



2012
ANNUAL
REPORT



PASSION
FOR OUR
CUSTOMERS



PASSION
FOR WHAT
WE DO

PASSION TO
BE THE BEST



PASSION
FOR SERVICE



PASSION FOR
OUR PEOPLE



PASSION FOR WHAT WE DO

2012
ANNUAL
REPORT

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2012 ANNUAL REPORT

DECLARATION OF RESPONSIBILITY

This document contains accurate and sufficient information regarding the business performance of Interseguro Compañía de Seguros S.A. during the 2012 calendar year. Without prejudice to the issuers' responsibility, the undersigned assumes responsibility for the content pursuant to the applicable legal dispositions. This statement is issued in compliance with the regulatory requirements for the preparation of annual and quarterly reports approved by the General Management Resolution No. 040-99-EF94-11.

San Isidro, February 26, 2013

Gonzalo Basadre
General Manager



PASSION
FOR OUR
CUSTOMERS



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FOR SERVICE



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OUR PEOPLE



PASSION TO
BE THE BEST

1st PLACE

IN THE LIFE ANNUITIES
MARKET FOR THE THIRD
CONSECUTIVE YEAR.

S/. 3,103
MILLION
IN ASSETS

1st PLACE
IN THE GREAT PLACE
TO WORK RANKING.

S/. 446.6
MILLION
IN PREMIUMS

NET PROFIT OF
S/. 189.2
MILLION,
THE HIGHEST IN
THE INDUSTRY

RETURN ON EQUITY OF
44.1%

PASSION FOR WHAT WE DO

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LETTER FROM THE PRESIDENT



▲ **Felipe Morris Guerinoni**
President

TO OUR SHAREHOLDERS, BOARD MEMBERS, COLLABORATORS, CLIENTS AND FRIENDS:

Interseguro had an excellent performance in 2012, producing the highest profit in the industry, not only as regards average return on assets but also in absolute terms. The firm also achieved other important successes such as having been elected as the best place to work among medium-sized companies and scoring 16th among the top 50 Best Workplaces of National Companies in Latin America, in the prestigious rankings of the Great Place to Work Institute. We also maintained the certification of the ABE (Association of Good Employers) awarded by the American Chamber of Commerce in Peru. These recognitions reflect our concern for the well-being of our collaborators, a fundamental feature of our corporate culture.

Interseguro generated a net profit of S/. 189.2 million, an all-time record for the firm, an amount that

represents a return of 44.1% over average assets, the highest in the industry. This level of profitability was possible due to the performance of the Interseguro investment portfolio which turned in record results during the year of S/. 344.8 million. This result can be attributed to growth of the portfolio under administration, good management of the portfolio and the realization of part of the profits from real estate investments held by Interseguro.

The commercial management arm of Interseguro also had a successful year in 2012 as all its business lines posted significant growth, achieving total sales of S/. 446.6 million, an 11.1% share in life annuities and a 5.7% share of the entire market.

The management of life annuities consolidated our stature as industry leaders as we sold the highest number of premiums and for the third consecutive year won first place in the ranking that combines premiums of all categories—Ordinary Retirement

Interseguro produced a net profit of S/. 189.2 million, a record for the company. This represents a return of 44.1% on average assets, the highest in the industry.

at Legal Age, Special Regime of Early Retirement (REJA), Survivor's and Disability—and secured a market share of 24.2%. Other insurance products also performed well reaching growth rates, year on year, of 10.4% in sales of policies of Mass Insurance, 14.4% in Bank Insurance and 7.2% in Non-life Insurance.

We are very satisfied with the excellent results of the company in 2012, but we are conscious that we cannot be complacent, and as a result we will redouble our efforts to meet our goals and address the challenges that arise in the coming year. Consequently, we will be implementing a series of actions to improve our operating systems and products to better serve our clients. This plan includes: putting in place a new comprehensive system for managing our Individual Life, Collective and Mass Market insurance products; perfecting our data systems, web services and other mechanisms of communication with clients and introducing a series of new products throughout the year.

We are very optimistic about the performance of Interseguro in 2013 since the company is very well positioned to take advantage of the positive environment of the Peruvian economy, a middle class that is gaining strength and expected growth above 6%. The financial consolidation and strengthening of assets in the firm in 2012 will contribute to increasing the confidence of our clients and facilitating the sale of our products

in an increasingly competitive market. Lastly, we will continue taking advantage of the distribution channels afforded us by virtue of our relationship with Interbank and with the various retail firms of InterCorp.

Finally, I wish to thank the loyalty of our clients and the support of our collaborators and directors who make indispensable contributions to the success of the firm and its consolidation as a leading company in the businesses in which we participate, making 2012 one of the best in the company's history. We are convinced that the Interseguro team, made up of the directors and management executives and our collaborators, have the knowledge, ability and motivation to confront challenges and take advantage of the opportunities that will arise.

Felipe Morris Guerinoni
President

PASSION

FOR OUR
CUSTOMERS

17,150
PEOPLE
RECEIVE
AN INTERSEGURO
MONTHLY PENSION

WE CHANGE OURSELVES CONSTANTLY
TO RESPOND BETTER TO OUR CUSTOMERS' NEEDS.



▲ César Corbella | Olga Marín | José Barrantes

BRIEF SUMMARY OF THE COMPANY

Interseguro was founded on June 16, 1998, the result of an association between Grupo Intercorp and Bankers Trust Company. Later, in 2001, Grupo Intercorp acquired the totality of shares of the Company and brought in the International Finance Corporation, a subsidiary of the World Bank, as a shareholder. Subsequently, in 2007, Grupo Intercorp combined its financial businesses in Peru by forming a financial holding company, Intergroup Financial Services Corp. (IFS), which consolidates the holdings of Interbank and Interseguro. Today, the company is one of the leading Peruvian insurance firms, specialized in life annuities, life insurance, bank insurance and non-life insurance.

During 2012, Interseguro produced successful results. Policies generated totaled S/.446.6 million and net profit was S/.189.2 million, with market shares of 11.1% in life insurance and 5.7% in the insurance market as a whole. In the life annuities

segment, we reached first place with a market share of 24.2% and consolidated our historic leadership with a share of 25.2% since 1998.

At the close of 2012, the company's staff numbered 483 collaborators including the in-house sales force (70%) and administrative personnel (30%). The firm maintains a presence in the major cities of Peru and administers assets that total S/. 3,103 million.

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S/.144.3
MILLION
IN PAYMENTS TO
OUR CUSTOMERS



▲ Analía Serpa | Elisa Jara | Christian Ipince

PLEADING FINANCIAL INDICATORS (In millions of soles)	Dec-12	Dec-11	Dec-10	Dec-09	Dec-08
General Balance					
Total assets	3,103.0	2,690.3	2,320.1	1,971.6	1,856.8
Total liabilities	2,566.3	2,284.1	1,957.7	1,697.3	1,655.0
Total equity	536.6	406.2	362.3	274.3	201.8
Earnings and Losses					
Premiums assumed	446.6	457.7	471.2	235.2	211.4
Technical margin	-85.6	-70.1	-56.1	-42.8	-64.3
Investment income, net	344.8	316.9	194.1	156.1	73.1
Administrative expenses	-70.0	-59.4	-53.4	-37.1	-32.7
Operational result	189.2	187.5	84.5	76.1	-23.8
Other net revenues	-2.1	0.0	0.0	0.0	30.4
Deferred income tax and workers' participation	0.0	0.0	0.0	0.0	0.0
Net profit	189.2	187.5	84.5	76.1	6.6
Profitability ratios					
ROE	44.1%	56.7%	28.0%	31.6%	3.1%
ROA	6.6%	7.4%	3.99%	4.0%	0.4%

Source: Audited Financial Statements of Interseguro

Interseguro

**WE WORK IN A
CORPORATE
CULTURE
BASED ON VALUES**

VISION

To be the most successful insurance Company in Peru.

MISSION

To protect families economies and bestow peace of mind and confidence through the best financial and insurance solutions.

VALUES

Commitment

We identify with the Company and the human potential it embodies, we respond to the needs and expectations of our collaborators and we support their development and self-image.

Honesty

We are consistent in our policies and actions, always striving for transparency and integrity in our activities.

Innovation

We seek to be different, exploring new products and investment markets to achieve success for the Company and our collaborators.

Service Orientation

We are completely available to serve our external clients and collaborators, providing them proactively with timely and accurate information.

Teamwork

We are a team that coordinates its efforts to achieve the objectives set by the Company.

Spirit of Excellence

We wish to continue growing, and we strive constantly to be the best.



▲ Patricia Iparraguirre | Paolo Passoni | Ursula Erazo | Patricia Alvarado

GOOD GOVERNANCE PRACTICES

Interseguro, in tandem with Grupo Intercorp, has adopted the principles of the Organization for Economic Co-operation and Development (OECD) for good practices in corporate governance and applies high international standards which make it possible to generate significant value added for the various stakeholders.

As a fundamental part of these principles, the company adheres to five guiding rules of conduct:

- Creation of value as the foremost priority and fundamental objective.
- Independence in management as a requisite for acting with transparency.
- Communication and transparency in the internal and external dissemination of relevant, precise and timely information.
- Efficiency in the functioning of and interaction among corporate governance bodies.
- Equitable treatment for all shareholders.

In observance of these rules of conduct, the company has developed a regulatory framework to assure compliance with practices of Good Corporate Governance which includes principally the following documents:

- Statutes.
- Code of Good Practices of Corporate Governance.
- Code of Ethics of Grupo Intercorp and Policies regarding Conflicts of Interest.
- Rules of Order for Meetings of the General Assembly of Shareholders.
- Rules of Order for Meetings of the Board of Directors.
- Code of Ethics and Standards of Professional Conduct.
- Internal Labor Regulations.
- Manual for Prevention of Laundering of Assets and Financing of Terrorism.

The respect for and observance of the regulatory framework provide irrefutable proof of Interseguro's commitment to the development of a system that safeguards the professional and efficient management of the company.

AS PART OF
GRUPO INTERCORP
WE APPLY HIGH INTERNATIONAL STANDARDS OF BEST PRACTICES IN CORPORATE GOVERNANCE.

The governance structure of Interseguro is defined in the Statutes and applies to the General Assembly of Shareholders, the Board of Directors and the General Manager. To comply with its powers and responsibilities, the Board of Directors is supported by two special committees: the Auditing Committee and the Risk Committee. In addition, the company management structure includes a Management Committee, an Investment Committee and a System for Prevention of Laundering of Assets and Financing of Terrorism. Thanks to this committee system, the knowledge of our collaborators regarding prevention of asset laundering and the importance of identifying and reporting on suspicious transactions in timely fashion has been reinforced.

The respect for and observance of the regulatory framework provide irrefutable proof of Interseguro commitment to the development of a system that safeguards the rights and interests of its shareholders and also ensures professional and

efficient administration of the Company. As evidence of this, Interseguro publishes financial information monthly and always provides to the market whatever information that has repercussions for the value of the Company and the shares it has issued.



▲ Carlos Uchofen

PASSION FOR SERVICE

1.6
MILLION
CUSTOMERS

WE DEDICATE OURSELVES TO PROVIDING CONVENIENCE TO
OUR CUSTOMERS THROUGH QUICK AND EFFICIENT SERVICE.



▲ José López | Ana Lucía Grimaldi | César Serna | Julissa Guzmán | Diego Vingerhoets

COMMERCIAL MANAGEMENT

The past year, 2012, has been a successful one for Interseguro in commercial management, a year in which many of the business lines achieved significant growth.

In the management of Life Annuities, we consolidated our position as industry leaders. Revenues for Life Annuities Premiums sold totaled S/. 326.5, which represents a market share of 24.2%; and sales put the company in first place in both Lima and in the provinces with market shares of 25.5% and 23.9%, respectively.

For 2013, the plan for the Life Annuities segment is to continue offering pensions in indexed Soles and pensions adjusted in Soles and Dollars so that future retirees can choose the option best suited to their needs. To that end, we have improved procedures to be able to continue offering quality service based on transparency and information;

similarly, through new systems of management and structure, we are directing our operations to differentiate ourselves by specializing in this segment.

In Mass Insurance, sales of premiums reached S/. 99.6 million, 10.4% higher than in 2011. This growth was due to consolidation of products launched during 2011 through the financial channel and in retail channels of distribution.

In the case of Non-life Insurance, growth was 7.2% over sales in 2011, pushed primarily by placements of insurance to protect credit cards and the penetration of guarantees extended in the financial and retail channels of distribution.

In regards to Mandatory Traffic Accident Insurance (SOAT), during last year we focused on processes and operations where we succeeded in reducing claims despite a growing market.

During 2013 we will focus on the launch of new products, our consolidation in the financial channel and on growth in the retail business, exploiting to the maximum the synergies in distribution channels of the group.

24.2%
MARKET SHARE
IN LIFE ANNUITIES

For 2013, the plan of Mass Insurance IS focused once again on the launch of new products, the consolidation of our presence in the financial channel and the growth of the retail business, exploiting to the maximum the synergies in distribution channels of the group.

For Individual Life, 2012 was also a successful year given that sales increased by 20.1%. This has been possible thanks to the launch of a new life product, "Education Guaranteed", which reached a market share of 22% during the year. Also, the implementation of indicators and a management system has allowed us to increase the persistence of the clients in the short term, and puts us in a competitive position in the market.

During 2013, Life Insurance will focus on the improvement and launch of new products.



▲ Lourdes Sheen | Percy Osorio | Claudia Yauri



▲ Sally Silvestre | Luis Ayma | Gianinna Soto

INVESTMENT MANAGEMENT

The 2012 year proved to be historic for the investment portfolio of Interseguro. At the end of this period, the company registered an administered portfolio of S/. 3,055.1 million, 15.7% greater than during 2011, and obtained a yield on investments of S/. 344.8 million, 8.8% more than the previous year.

This is the highest result in the history of the company and is the product of growth in the portfolio under management, good management of the fixed and variable income portfolios, and the liquidation of part of the earnings from real estate holdings that Interseguro has been developing over several years.

During 2012, global economic growth came under pressure and was held to a growth rate of 3.2%, lower than the 3.9% level of 2011. Once again, worldwide growth was affected by the poor economic performances of the Eurozone and the United States, with growth estimates of -0.4% and 2.2%, respectively. Emerging nations were affected

by a drop in GDP growth which increased by 5.1% in 2012, compared to expansion of 6.3% in 2011. Despite the decline in growth rates in emerging nations, these countries continued to display better fundamentals than the developed countries.

Despite the low rates of growth, stock markets showed positive yields thanks to the improved outlook for the European economy after the European Central Bank established mechanisms for avoiding a deeper deterioration of the sovereign debt and the financial system. Thus, the Eurostoxx 50 index, which lists the leading European companies, rose 13.8% for the year. At the same time, the principal stock indexes in the United States also turned in a positive performance. The S&P500 index rose 13.4%, aided by positive outlooks for the housing sector, employment and the expansive monetary policy of the Federal Reserve.

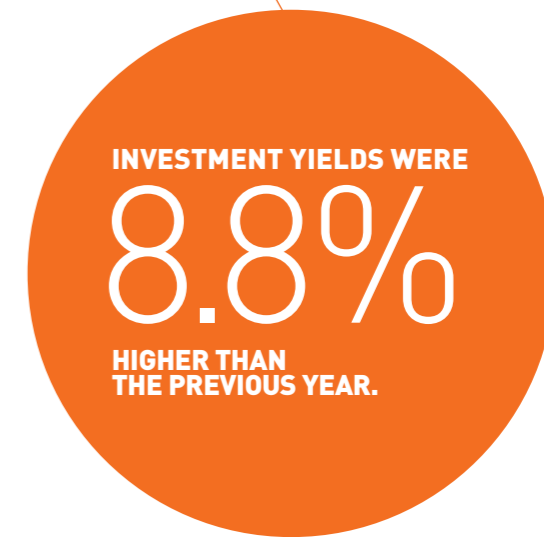
In 2012, in line with a rigorous investment policy based on portfolio diversification and strict supervision of risk, the investment strategy of Interseguro remained focused on emerging markets, in particular Peru and the rest of Latin America where, we believe, the greatest opportunities for growth and the best economic fundamentals are found. This strategy has proven positive for the portfolio given the good performance of Latin American fixed and variable rate instruments.

The Peruvian economy had an outstanding performance, with GDP growth of 6.3% in 2012. This growth was reflected in the good performance of the Select Index of the Lima Stock Exchange, which rose 13.4%. Similarly, long-term sovereign bonds in Soles and Dollars also reported positive returns, of 23.3% and 17.8%, respectively. As of December 2012, 76.6% of the Interseguro portfolio was invested in Peru which demonstrates the company's commitment to contributing to the improvement of productivity and growth of the country's economy.

In Variable Income, our portfolio profile, with low-volatility shares, generated a return of 25%, far above that of the [representative] Select Index of the Lima Stock Exchange. In line with this, the strategy for Fixed Income was oriented to investing in corporate bonds of solid firms with relatively attractive yields. During 2012, we continued investing in infrastructure projects such as Vía Parque Rimac and the H20lmos irrigation project. In addition, as part of the diversification strategy, we invested in eight new issuers, local and foreign. Also, and in line with the growth of reserves in New Soles and in Soles indexed to inflation, we expanded our portfolio in those denominations, principally through the purchase of sovereign and corporate bonds.

Real estate investments continued showing excellent results, the fruit of the strategy and experience of Interseguro in this type of asset.

In the second quarter of 2012, Interseguro finalized the sale of part of its real estate investments with the purpose of using that income for developing new



projects. This operation generated a profit of S/. 106.3 million, and will allow for the development of new real estate investments such as office buildings and shopping centers in Lima and in the provinces. It is noteworthy that Interseguro has been a pioneer in the construction of shopping centers in the provinces, generating significant economic and social impacts in the zones of influence around where they are built.

As of December, 2012, our investment portfolio is composed principally of fixed income instruments (72.8% of the portfolio), which offers great stability to the returns. Investments in bonds are decided by basic principles of high creditworthiness of the issues and an adequate match of tenor and currency. Aligned with the policies of the firm and the regulatory framework, investments in foreign bonds are concentrated in instruments with an investment grade credit rating. At the close of 2012, the composition of the Interseguro portfolio was as follows:

Fixed Income	72.8%
Real Estate	14.2%
Variable Income	12.8%
Others	0.2%



▲ Paola Ríos | Carlos Tinoco | Julia Fuentes | Yessenia Dioses

ADMINISTRATIVE MANAGEMENT

HUMAN RESOURCES

Interseguro has been committed, since its creation, to cultivating a positive and pleasant work environment that promotes full development of the entire professional team. Therefore, the relationships between the company and its collaborators extend beyond the strictly professional realm and, over the years, we have established close ties, fostering a balance between family and work life and promoting the participation of spouses and children.

The company also continued forming and strengthening knowledge by investing in training 100% of the collaborators, stimulating their participation in the courses given at Universidad Corporativa Intercorp and in in-house programs of commercial training. The company covers 100% of the cost of these programs. In addition, Interseguro has signed agreements with prominent educational institutions in order to obtain discounts for our collaborators and their family members.

This genuine interest in the advancement and well-being of the company's collaborators is recognized at the national and international levels. In 2012, for the sixth consecutive year, Interseguro was ranked among the best workplaces in Peru by the Great Place to Work Institute (GPTW). However, this year was exceptional because we obtained first place in the medium enterprises category, and became the only Peruvian Enterprise that has ever received this award. We also placed number 16 in the ranking of the 50 best national companies for employees in Latin America organized by the Great Place to Work Institute (LATAM).

Our commitment for 2013 is even greater, and we will continue working to maintain our ranking as the best medium-sized company workplace in Peru.

OPERATIONS

During 2012, the Operations area upheld its firm commitment to offering efficient and timely support to all business lines of the company. We are conscious of the growing needs of our customers (internal and external) and of the new opportunities for market growth, we decided to acquire a comprehensive new system for managing all operating processes for our Individual, Collective and Mass Life products. This new system will allow us to increase our levels of service based on process automation, information control and reduction of operating costs.

In 2013, the new integrated operations system will be implemented; the company will also continue analysis and optimization of processes, aiming to increase efficiency and reduce the time and operating costs.

SYSTEMS

The Systems unit continued during 2012 to optimize the speed and functionality of information systems, contributing to reducing the time consumed by operating procedures of the company and the number of incidents reported. We implemented a customer management model as well as an integrated information management system that will increase the effectiveness of both commercial and financial management.

During 2013, we will continue to perfect information systems to achieve greater exploitation of new channels and enter in new product lines. We will also implement a new system of operations support as well as new web services and new communication mechanisms with customers, in line with the new technological trends.

SOCIAL RESPONSIBILITY

During 2012, Interseguro maintained its association with United Way Peru, a non-governmental organization affiliated with United Way International, whose mission is to foster sustainable social changes in education and health by investing in

high-impact projects in the country's neediest communities. Thanks to the contributions of collaborators and to the fund donated by the company, we were able to see important educational projects become reality.

In addition, we carried out corporate volunteer activities, such as the improvement of the installations of a PRONEI Estrellitas de Belén in San Juan de Lurigancho and the Christmas Party for children in affiliated schools.

In 2013, we will strengthen our association with United Way, and more volunteer activities will be launched throughout the year that involves not only collaborators but also their families.

We placed number one in the GPTW ranking, being the only Peruvian enterprise to receive that award.



▲ Vania Damián | Daniel Nuñez
Ana María Hilasaca | Vanessa Malaver



▲ Giovanna Bianchini | Paola Salazar

RISK MANAGEMENT

In Interseguro, we have designed a solid structure that allows us to manage efficiently, in a single administrative area, both financial and operational risks tied to the operations of the business. Thanks to this structure, we are able to protect on a permanent basis against the deterioration of the value of the company's procedures and strategies.

FINANCIAL RISK

Market, credit and liquidity risks are the principal financial risks that are monitored. Interseguro uses the best tools to analyze individually the diverse instruments that make up investment portfolio with the objective of optimizing its management. To ensure the company's solvency, we verify that the acquired assets profile is consistent with liabilities generated by the business.

OPERATIONAL RISK

The analysis of the value chain of each product has allowed us to identify, detect and manage operational risks using qualitative analysis and to analyze operational loss events analysis of greater impact.

EFFECTIVE EQUITY

40%

HIGHER THAN THE
REGULATORY REQUIREMENT

We manage efficiently and under a single manager, the investment and operations risks, both linked to the core business operations.



▲ Sally Chumpitaz | María Cristina Gutierrez



1st PLACE
IN THE MEDIUM ENTERPRISES
CATEGORY IN THE RANKING
GREAT PLACE TO WORK IN PERU

483
COLLABORATORS



PASSION

FOR OUR
PEOPLE

WE STRIVE TO CREATE A WORK ENVIRONMENT
BASED ON A SOLID CORPORATE CULTURE WHICH
FOSTERS AND LOOKS OUT FOR THE WELL-BEING
AND GROWTH OF OUR COLLABORATORS.



▲ Victor Yuera

VISION FOR THE FUTURE

The Peruvian economy registered growth of 6.3% during 2012 and thus consolidated the development the country has experienced in recent years. The expansion of economic activity is explained by the dynamism in internal demand motivated principally by the growth of private investment and by private and public consumption.

This growth was reflected in the insurance industry. In 2012, the industry grew by nearly 9.6% in total volume of premiums sold. The life insurance and non-life insurance markets grew by 7.9% and 10.6%, respectively. However, the life annuities market contracted by 3.9% due to a 30-percent reduction of the Special Regime of Early Retirement (REJA) in its third year of operations. Even so, this regime will function for one more year since it was extended and will remain in force until December of 2013.

With regard to Life Annuities, during 2012 there was a marked preference for pensions in soles, and these moved from making up 40% of total pensions requested in 2011 to 86% in 2012. This increase can be explained by the strength of the Nuevo Sol throughout the year, and by the greater confidence among people in the local currency.

The prospects for growth, both in the Peruvian economy and in the insurance industry, are quite encouraging. It is expected that in 2013 Peru's GDP will grow about 6.2%, stimulated principally by construction and other service activities. These expectations constitute a solid sign of confidence in the development of the Peruvian economy.

Accompanying this economic growth is the emergence of a middle class that, as it grows

S/. 276.6
MILLION
IN INVESTMENTS
ABOVE THE
REGULATORY
REQUIREMENT

It is expected that penetration of insurance in Peru will reach levels comparable to those in other countries of the region, and Interseguro is in a privileged position for capitalizing on new opportunities.

stronger, will require new products better suited to its needs. As a result, it is expected that the penetration of insurance in Peru will grow significantly in coming years and reach levels comparable to those of other countries in the region.

Interseguro finds itself in a privileged position for capitalizing on new opportunities. The work of previous years has made us an insurance company with excellent capitalization, and this allows us to confront the future from a solid platform. In 2013, we expect to implement new information systems and to maximize the synergies with the other companies in Grupo Intercorp. Our objective is to serve better our clients and continue strengthening the company.

▲ Luis Espinoza | Jacqueline Raymundo
Carlos Vereau | Myluska Cueva



▲ Angelo Sotomayor | Liz Díaz | Ariana Bossano | Fiorela Gardini

INSTITUTIONAL ACHIEVEMENTS

WE ARE THE BEST PLACE TO WORK

Interseguro was recognized as the Best Workplace in Peru in the medium enterprises category in the Great Place to Work Institute (GPTW) ranking. These recognitions reflect the value our collaborators place on the human resources policies and confirm the solidity of our culture which fosters and looks out for the well-being and growth of our collaborators and allows us to reach the goals we set with discipline, enthusiasm and plenty of creativity. Interseguro has been part of GPTW ranking since 2007 when the company ranked eleventh.

In April 2012, Interseguro was awarded sixteenth place in the ranking of the 50 Best Workplaces of National Companies in Latin America of the Great Place to Work Institute Latin America (LATAM).

Also, in line with our concern for the well-being of our collaborators, we maintained the Association of

Good Employers (ABE) certification, granted by the American Chamber of Commerce of Peru, which signifies full compliance with the company's policies and supervision of good labor practices with our clients and providers.

LEADERS IN LIFE ANNUITIES

For the third year in a row, Interseguro consolidated its position as the leader in life annuities, with a market share of 24.2% as of December 2012 and a historic share of 25.2% since 1998. Leadership in this market is the result of the training and commitment of our sales force.

FINANCIAL ACHIEVEMENTS

Interseguro stands out as one of the companies with the highest ratios of solvency and the highest return on equity in the industry. At the close of 2012, Interseguro had a Surplus of Effective Equity reaching S/. 75.7 million (40% higher than the

We are recognized as the best workplace in Peru, a recognition that confirms the solid corporate culture of Interseguro

3 CONSECUTIVE YEARS AS MARKET LEADER IN LIFE ANNUITIES

ONE OF THE 50 BEST WORKPLACES IN LATIN AMERICA

regulatory requirement) and a return on equity of 44.1%, the highest in the industry which, as a whole, reported an average return of 17.3%.

The return on administered assets of Interseguro was 6.6% in 2012. In 2013, Interseguro will continue its conservative investment policy, focused on generating solid results.



PASSION TO BE THE BEST

WE WANT TO OFFER OUR CUSTOMERS
THE BEST INSURANCE SOLUTIONS:
SIMPLE, CONVENIENT AND ACCESSIBLE.

▲ Fanny Quiroz | Malena Díaz | Victoria Yamasaki

PROFITS
S/.189.2
MILLION
THE HIGHEST IN THE INDUSTRY



▲ Allison Vidaurre | Miguel Bazán | Giselle Gayoso

THE PERUVIAN ECONOMY 2012

ECONOMIC OUTLOOK

During 2012, Peru's economy grew 6.3%, thanks to domestic demand which compensated for the deceleration of exports in the adverse international scenario, principally due to circumstances in the Eurozone. The increase in domestic demand is explained by the rise in private investment throughout 2012.

Despite the turbulent external conditions, the exchange rate closed at S/.2.55, with an annual appreciation of 5.4 % during the year. This revaluation was due to a greater supply of dollars, coming principally from private agents such as mining companies and retail clients, in spite of

being partially compensated for by the demand of non-resident agents in the forwards market and intervention by Banco Central de Reserva del Peru (BCRP).

The current account deficit was the equivalent of 3.6% of GDP. This was due to deterioration of the terms of trade, an increase in non-traditional exports and greater volumes of imported goods. Also, the deficit was caused, in part, by a greater influx of foreign capital in the form of bonds issued abroad by the private sector (financial and non-financial entities), given the circumstances of high international liquidity and the demand for assets of countries with better prospects for growth.

Fiscal accounts reached a surplus of 2.1% of GDP. This is due to the increase in tax revenues, reflecting low refunds of taxes as well as increases in the income tax. Inflation returned to its target range, marking a reversion of supply factors that had affected food prices for more than a year. In this context, the BCRP decided to maintain the reference rate at 4.25%. The central bank also holds the view that inflation will remain within its target range of 2%.

OUTLOOK FOR 2013

Looking at prospects for 2013, global economic activity has shown signs of stabilizing which has reduced uncertainty from the year before although regional disparities remain. Among the most important risks is the fiscal cliff in the United States and a worsening of indebtedness in the Eurozone. If these contingencies became reality, economic activity would drop worldwide and the terms of trade would deteriorate. In addition, the increase in global uncertainty could generate a sudden and massive withdrawal of foreign capital.

In the case of the Eurozone, recent indicators show signs of deceleration of exports and consumption in its leading economies, such as Germany and France. To this it must be added that, with the exception of Germany, the countries are carrying out adjustment programs that will imply negative fiscal momentum in 2013. Given this, the projection for global growth during 2013 has been lowered from 3.5% to 3.2%.

In this scenario, the central bank will utilize international reserves, along with diverse mechanisms for injecting liquidity, with the aim of lessening the impact of this shock to domestic financial conditions.

In the international context, an improvement in Peru's terms of trade is foreseen, given that, during the 2013-2014 periods, a moderation of growth in domestic demand and a recovery of net exports are expected. Momentum from the construction sector is triggering an upward adjustment to the GDP projection for 2013 from 6.0% to 6.2%. For 2014, the growth projection remains at 6.3%, driven by investment projects that will begin operations.



▲ Gabriela Bustillos



▲ Noelia Villacorta | Erick Coral

THE PERUVIAN INSURANCE MARKET

The Peruvian insurance market is made up of 14 companies. Five of these are focused exclusively on non-life insurance, five on life risks, accidents and illness and four operate in both fields. This market is highly concentrated in terms of generating revenues; in the non-life area, the country's two leading companies account for 63.3% of the market while in the line of life risks, accidents and illness, the three largest firms make up 58.6% of the market.

In 2012, the insurance industry grew by 9.6% from the previous year, and total sales reached S/. 7,905.9 million. This growth is explained principally by non-life insurance policies which surpassed S/. 3,157.7 million, an increase of 10.6% over 2011.

In the area of accidents and illness, premiums rose to S/. 1,072.5 million, which represents an expansion of 12.9% during the year.

The life insurance business posted cumulative growth of 7.9%. This line is divided into two categories: Life Insurance and Private Pension System Insurance. Life Insurance showed the greatest growth in percentage terms with a 15.1% increase, while the Private Pension System Insurance grew by only 2.8%, a performance explained principally by contraction of the early retirements (REJA) market.

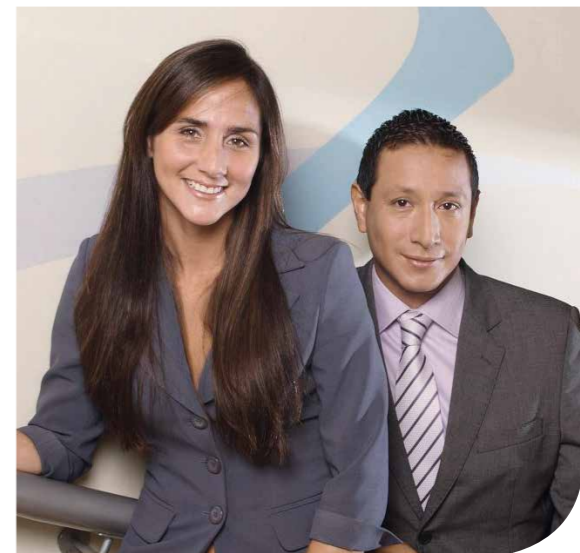
Sustained economic growth, low penetration of insurance in the country and development of new distribution channels and products, will be key factors for expansion of the sector.



Industry-wide, at the close of 2012, profits of insurance companies in the market reached S/. 685.7 million, a drop of 23.8% over 2011, attributable primarily to a greater number of claims settlements and higher administrative costs.

Return on equity (ROE) fell from 23.5% in 2011 to 16% in 2012 while return on assets (ROA) declined from 4.8% to 3.2% in the same period.

It is expected that sustained economic growth and the low penetration of insurance in the country, combined with the development of new distribution channels and products, will be key factors for expansion of the sector.



▲ Claudia Brescia | Alejandro Sifuentes



▲ Ricardo Supo | Wilma Abregú

MANAGEMENT PRESENTATION OF RESULTS

In 2012, Interseguro reported a record profit of S/. 189.2 million, surpassing the profit earned in 2011. Annual ROE rose 44.1 and ROA was 6.6%.

The increase in the 2012 result was due to an increase in the yield on investments which was partially counteracted by a more negative technical margin. The increase in yield on investments is attributed to the good results of the real estate portfolio. The greater negative technical margin is explained by the lower sales of premiums and the increase in pension payments, both linked to life annuities.

Total premiums reached S/. 446.6 million, which implies a reduction of 2.4% YoY that is explained

by fewer Life Annuities premiums and a 20% contraction of the market. However, this contraction was partially compensated by Group and Life sales, which increased 15.0% and 6.7% respectively. At the close of 2012, Interseguro maintained its leadership in life annuities for the third consecutive year with a market share of 24.2%.

RESERVES, CLAIMS AND OPERATING COSTS

The change in the reserve position decreased in line with the drop in life annuities premiums.

Claims expanded 11.2% due to the increase of claims in Group and Life Annuities, in line with the increased volume of these business lines.

At the close of 2012, Interseguro maintained its leadership in life annuities for the third consecutive year with a market share of 24.2%.

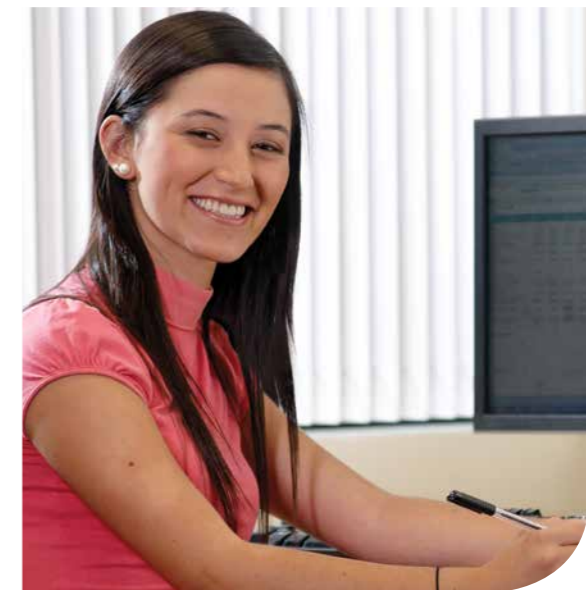
S/. 446.6
MILLION
IN PREMIUMS

PORTFOLIO INCOME

The yield on investments was S/. 27.9 million greater than in 2011.

This annual growth is explained by two factors: first, thanks to an investment strategy pursued for nine years which has begun to bear fruit and, second, an increase in profits derived from the fixed income instruments portfolio.

In 2012, the investment portfolio grew by 15.7% due to the premiums received derived from insurance sales and appreciation of the value of Interseguro's portfolio.



▲ Laura Aragón

INCOME STATEMENT

S/. millions	2011	2012	% change YoY
Premiums assumed	457.7	446.6	-2.4%
Premiums ceded	-8.9	-4.7	-47.5%
Commissions	-13.2	-15.4	16.3%
Claims	-130.9	-145.6	11.2%
Change in reserves	-374.2	-364.4	-2.6%
Diverse income, net	-0.5	-2.1	301.7%
Technical margin	-70.1	-85.6	22.2%
Administrative expenses	-59.4	-70.0	18.0%
Investment income, net*	316.9	344.8	8.8%
Net profit	187.5	189.2	0.9%
ROE	56.7%	44.1%	

* Incluye diferencia en cambio

NET PREMIUMS BY BUSINESS LINE

S/. millones	2011	2012	% var YoY
Life	27.3	29.1	6.7%
Annuities	346.6	326.5	-5.8%
Retail	48.4	55.6	15.0%
Survivorship & Disability	0.4	-0.2	-43.5%
Mandatory traffic accident insurance (SOAT)	23.9	23.2	-2.8%
Non-life	11.0	11.8	7.6%
TOTAL	457.7	446.6	-2.4%

VARIATION IN RESERVES FOR PREMIUMS BY BUSINESS LINE

S/. millions	2011	2012	% change YoY
Life	7.6	9.1	20.2%
Annuities	363.9	353.7	-2.8%
Retail	1.0	0.8	-27.2%
Mandatory traffic accident insurance (SOAT)	0.0	-0.9	n.r
Non-life	0.8	1.7	123.0%
TOTAL	374.2	364.4	-2.6%

CLAIMS PER BUSINESS LINE

S/. millions	2011	2012	% change YoY
Life	1.3	2.1	56.7%
Annuities	97.2	105.8	8.8%
Retail	11.1	17.7	59.8%
Survivorship & Disability	11.9	10	-16.5%
Mandatory traffic accident insurance (SOAT)	8.9	9.6	8.8%
Non-life	0.5	0.5	-4.2%
TOTAL	130.9	145.6	11.2%

YIELD ON INVESTMENT PORTFOLIO

S/. millions	2011	2012	% change YoY
Income:			
Fixed income	159.2	177.1	11.2%
Interest	118.9	119.3	0.3%
Profits realized	40.2	57.7	43.5%
Stock and mutual funds	51.4	30.5	-40.7%
Real estate	113.3	142.2	25.5%
Total income	323.8	349.7	8.0%
Expenses	-4.9	-3.7	-24.6%
Differences in change and others	-2.1	-1.2	-40.2%
TOTAL	316.9	344.8	8.8%

INVESTMENT PORTFOLIO

S/. millions	2011	2012	% change YoY
Fixed income	1,897.0	2,224.3	17.2%
Stock and mutual funds	296.0	392.3	32.5%
Real estate	443.5	433.6	-2.2%
Others	4.8	5.0	3.1%
TOTAL	2,641.4	3,055.1	15.7%

2012 ANNUAL REPORT

INTERSEGURO COMPAÑÍA DE SEGUROS S.A.

Financial statements as of December 31, 2012 and 2011
together with Independent Auditors' Report

CONTENT

INDEPENDENT AUDITORS' REPORT

FINANCIAL STATEMENTS

Balance sheets
Statements of income
Statements of changes in shareholders' equity
Statements of cash flows
Notes to the financial statements



Translation of independent auditors' report and financial statements originally issued in Spanish - Note 32

Independent Auditors' Report

To the Shareholders of Interseguro Compañía de Seguros S. A.

We have audited the accompanying financial statements of Interseguro Compañía de Seguros S.A. (a Peruvian company, subsidiary of Intercorp Financial Services Inc. - a subsidiary of Intercorp Perú Ltd.) which comprise the balance sheets as of December 31, 2012 and 2011, and the related statements of income, changes in shareholders' equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting standards prescribed by the Superintendencia de Banca, Seguros y AFP for Peruvian financial entities, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with generally accepted auditing standards in Peru. Those standards require that we comply with ethical requirements and plan and perform the audits to obtain a reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence on the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the Company's internal control relevant to the preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate under the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.



Translation of independent auditors' report and financial statements originally issued in Spanish - Note 32

Independent Auditors' Report (continued)

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Interseguro Compañía de Seguros S.A. as of December 31, 2012 and 2011, as well as its financial performance and cash flows for the years then ended, in accordance with accounting standards prescribed by the Superintendencia de Banca, Seguros y AFP for Insurance entities; see Note 2.

Lima, Peru,
February 18, 2013

Countersigned by:

Medina, Zaldívar, Paredes & Asociados


Victor Camarena

C.P.C.C. Registration No.22566

BALANCE SHEETS

As of December 31, 2012 and 2011

	NOTE	2012 S/.(000)	2011 S/.(000)
Assets			
Current assets			
Cash and banks	4	50,108	6,680
Fair value through profit or loss investments		-	3
Held to-maturity-investments, net	9	-	274
Accounts receivable from insurance operations	5	12,161	6,739
Other accounts receivable	6	15,660	18,267
Accounts receivable to reinsurers and coinsurers	2(h)	34	-
Prepaid taxes and expenses	7	10,922	16,118
Total current assets		88,885	48,081
Available-for-sale investments, net	8	1,526,594	1,100,940
Held-to-maturity investments, net	9	1,040,316	1,106,128
Real estate investments, net	10	253,357	165,434
Other investments	11	179,072	257,283
Property, furniture and equipment, net	12	12,216	11,364
Intangible and other assets, net		2,682	1,111
Total assets		3,103,122	2,690,341
Off-balance sheet accounts	18	40,604	21,892

	NOTE	2012 S/.(000)	2011 S/.(000)
Liabilities and shareholders' equity			
Current liabilities			
Financial debt	13	-	250
Accounts payable to reinsurers and coinsurers	2(h)	739	1,295
Taxes and other accounts payables	14	95,458	75,635
Total current liabilities		96,197	77,180
Subordinated bonds	15	12,750	13,480
Technical reserves for premiums and claims	16	2,455,955	2,178,079
Deferred income	17	1,617	15,425
Total liabilities		2,566,519	2,284,164
Shareholders' equity			
Capital stock		167,308	147,308
Legal reserve		58,557	51,557
Unrealized results, net		120,954	19,736
Retained earnings		189,784	187,576
Total shareholders' equity		536,603	406,177
Total liabilities and shareholders' equity		3,103,122	2,690,341
Off-balance sheet accounts	18	40,604	21,892

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

STATEMENTS OF INCOME

For the years ended December 31, 2012 and 2011

	NOTE	2012 S/.(000)	2011 S/.(000)
Premiums assumed	30	446,636	457,656
Premiums ceded	30	(4,663)	(8,889)
Adjustment of technical reserves	30	(364,449)	(374,169)
Net premiums		77,524	74,598
Claims on premiums assumed		(148,816)	(137,060)
Claims on premiums ceded		3,186	6,151
Net claims	30	(145,630)	(130,909)
Gross technical result	30	(68,106)	(56,311)
Commissions from premiums written		(15,362)	(13,212)
Other technical income		3,709	4,561
Other technical expenses		(5,856)	(5,095)
Net technical loss		(85,615)	(70,057)
Investment income, net	21	346,110	306,860
Administrative expenses	22	(70,021)	(59,362)
Exchange difference, net	2(c) y 3	(1,266)	10,019
Income before income tax		189,208	187,460
Income tax	2(t)	-	-
Net income		189,208	187,460
Basic and diluted earnings per share (stated in Nuevos Soles)	19(e)	1.131	1.120
Weighted average number of outstanding shares (in thousands of units)	19(e)	167,308	167,308

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

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

For the years ended December 31, 2012 and 2011

	Number of outstanding shares (in thousands)	Capital stock S/.(000)	Legal reserve S/.(000)	Unrealized results, net Note 19(c) S/.(000)	Retained earnings S/.(000)	Total S/.(000)
Balance as of January 1^o, 2011	147,308	147,308	51,557	76,186	87,260	362,311
Dividends declared and paid, Note 19(d)	-	-	-	-	(84,500)	(84,500)
Realized gains of the Exchange of certificates of participation, Note 11(b)(i)	-	-	-	-	(2,644)	(2,644)
Change in unrealized results on available-for-sale investments, Notes 8(a) and 19(c)	-	-	-	(53,167)	-	(53,167)
Exchange difference from equity instruments classified as available-for-sale investments, Notes 3 and 19(c)	-	-	-	(3,283)	-	(3,283)
Net income	-	-	-	-	187,460	187,460
Balance as of December 31, 2011	147,308	147,308	51,557	19,736	187,576	406,177
Capitalization of retained earnings, Note 19(d)	20,000	20,000	-	-	(20,000)	-
Transfer to legal reserve, Note 19(d)	-	-	7,000	-	(7,000)	-
Dividends declared and paid, Note 19(d)	-	-	-	-	(160,000)	(160,000)
Change in unrealized results on available-for-sale investments, Notes 8(a) and 19(c)	-	-	-	105,136	-	105,136
Exchange difference from equity instruments classified as available-for-sale investments, Notes 3 and 19(c)	-	-	-	(3,918)	-	(3,918)
Net income	-	-	-	-	189,208	189,208
Balance as of December 31, 2012	167,308	167,308	58,557	120,954	189,784	536,603

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

STATEMENTS OF CASH FLOWS

For the years ended December 31, 2012 and 2011

	2012 S/.(000)	2011 S/.(000)
Operating activities		
Net income	189,208	187,460
Plus (less) – Adjustments to conciliate the income net to the cash provided by the operating activities		
Adjustment of technical reserves, net	278,086	312,334
Depreciation and amortization	6,765	5,754
Net income for financial investments sales	(89,001)	(76,142)
Gain from land sale	-	(685)
Net gain from equity method in subsidiaries and Interproperties	(8,141)	(19,897)
Net loss from derivative investments	-	858
Loss from adjustment to land value	-	1,650
Gain from sale of certificates	(98,450)	(83,937)
Provision for receivable accounts	1,033	10,585
Interest of effective interest rate method and VAC adjustments	(7,281)	(29,843)
Exchange difference from debt instruments	89,101	58,698
Exchange difference from subordinates bonds	(730)	(565)
Changes in operating asset and liability accounts		
Operating assets		
Increase of accounts receivable from insurance contracts	(5,422)	(1,078)
Decrease (increase) of accounts receivable to reinsurers and coinsurers	(34)	514
Decrease of other accounts receivable, prepaid taxes and expenses	8,558	965
Operating liabilities		
(Decrease) increase of accounts payable to reinsurers and coinsurers	(556)	964
Increase of taxes and other accounts payable	19,823	58,904
Decrease of deferred income	(4,526)	(730)
(Decrease) of technical reserves for claims	(210)	(3,877)
Cash provided from operating activities	378,223	421,932

	2012 S/.(000)	2011 S/.(000)
Investing activities		
Purchase of investments	(2,197,205)	(1,636,028)
Sale of investments	2,079,813	1,416,268
Settlements by maturity and capital amortization	69,348	13,706
Contributions to Interproperties	(46,697)	(66,713)
Amortization of Interproperties yields	1,950	6,710
Increase of real estate investments	(86,460)	(41,573)
Sale of real estate investments	-	2,934
Additions in property, furniture and equipment	(2,354)	(610)
Additions in intangibles	(1,943)	(483)
Net cash used in investing activities	(183,548)	(305,789)
Financing activities		
Net decrease of financial debts	(250)	(41,473)
Dividends received	-	281
Dividends payment	(160,000)	(84,500)
Cash used in financing activities	(160,250)	(125,692)
Net increase (net decrease) in cash	34,428	(9,549)
Cash balance and cash equivalents at the beginning of the year	6,680	16,229
Saldo de efectivo y equivalentes de efectivo al final del año, nota 4	41,108	6,680
Non – generating cash flow transactions		
Reclassification from available-for-sale to held-to-maturity investments	-	269,284
Certificates of participation swap	27,204	-
Disposal of land	63,315	17,603

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

NOTES TO THE FINANCIAL STATEMENTS

As of December 31, 2012 and 2011

1. IDENTIFICATION, BUSINESS ACTIVITY AND OTHER RELEVANT INFORMATION

(a) Identification

Interseguro Compañía de Seguros S.A. (hereafter "the Company" or "Interseguro") is a subsidiary of Intercorp Financial Services Inc. (hereafter "Intercorp"), a company established in Panama in September 2006 which is also a subsidiary of Intercorp Perú Ltd. and holds 99.99 percent of the capital stock. The Company's legal domicile is located at Av. Pardo y Aliaga N°640, Floor 2, San Isidro, Lima, Peru.

(b) Business activity

The Company's operations began in 1998 and are ruled by the "General Law of the Financial and Insurance Systems and Organic of the SBS - Law N°26702. The Company with the authorization of the "Superintendencia de Banca, Seguros y AFP" (the Peruvian Superintendence of banking, insurance and private pension funds administrator, hereafter the "SBS" for its Spanish acronym), operates in the writing of life insurance, as well as, other activities that the legislation in force allows to be performed by life insurance companies.

On the other hand, in June 2008, under SBS Resolution N°1816-2008, the Company obtained the approval to operate as an insurance company which conducts both type of risks, life insurance risks and property and casualty risks. As of December 31, 2012 and 2011, assets, liabilities, revenues and expenses related to the activity of general risk are significant for the financial statements to such dates.

The Company, for the development of its operations, holds trust participations to which have transferred real state investments (henceforth "The Trust"); and owns 75 percent of its subsidiary Centro Comercial Estación Central S.A. capital stock, see Notes 2(k) and 11. As indicated in Note 11(b), during 2012, the Company made transfers of real estate investments and certificates of participation at market value which generated a gain of approximately S/.98,450,000, included in the "investment income, net" caption of the statement of income.

(c) Exchange of shares of subsidiaries

As of December 31, 2011, the Company hold an investment of 99.99% in the capital stock of Interproperties Perú S.A. and Real Plaza S.A. On the Board meeting dated May 22, 2012 and as part of the corporate reorganization of Intercorp Perú Group, the contribution of all the shares of this company for InRetail Real Estate Corp. for a total value of S/.2,775,000 (equivalent to approximately US\$1,040,000) was approved, and in return Interseguro received shares of capital stock of InRetail Real Estate Corp.

On August 10, 2012 as a part of the reorganization initiated by Intercorp Perú Group, the Company sold to InRetail Peru Corp. the shares of InRetail Real Estate Corp. by its book value amounted to S/.2,775,000 (equivalent to approximately US\$1,040,000) and the Company received 93.157 shares InRetail Peru Corp., valued at issuance in S/.29.79 (equivalent to US\$11.16) each. As of December 31, 2012, these shares are included in the "Investments available for sale, net" caption of the balance sheet.

(d) Financial statements

The financial statements as of December 31, 2011 and for the year ended that date have been approved by the General Shareholder's Meeting held on March 12, 2012. The financial statements as of December 31, 2012 were approved by the Management and are subject to final approval by the Board of Directors and General Shareholder's Meeting to be held during the first quarter of 2013. In Management's opinion, the accompanying financial statements will be approved without modifications.

The Company's Management does not prepare consolidated financial statements including its subsidiaries and the Trust, for the following reasons:

- (i) The Headquarter of the Group, Intercorp Financial Services Inc., incorporates in its consolidated financial statements, the individual financial statements of the Company and its subsidiaries.
- (ii) The minority shareholders of the subsidiary (Real Plaza S.R.L.) have been duly informed that consolidated financial statements for the Company and the subsidiaries will not be prepared and they have raised no objections, and because its subsidiary remains "Intercorp Perú Ltd" as minority shareholder.

The main financial information of the Subsidiary is presented in Note 11.

(e) Law of Reformation of Private Pensions System

In July 2012, Law N° 29903 "Ley de reforma del Sistema Privado de Pensiones" was published, which introduced modifications to the Consolidated Text of the Law of Private Pensions System (hereinafter "SPP" by its spanish acronym), approved through Supreme Decree N°054-97-EF which has the objective to line up the interests of affiliated and the Pensions Funds Administrators (hereinafter "AFP"), promoting a higher profitability of the funds that will be designed for pensions, increase of coverage of affiliates, as well as the improvement of the services rendered by AFP's.

Some of the services provided by AFP's to their affiliated, are the disability, survival, and burial expenses insurance; which is granted by a life insurance company with anual term coverage and the prime determined on the basis of a tender between the insurance companies supervised by SBS.

Due to these changes, the Company is evaluating its participation in the tender of pension insurance, since that would allow the Company to:

- (i) Obtain market share related to this service.
- (ii) Diversify the claims rates.
- (iii) Share primes and claims proportionally through coinsurance.
- (iv) Increase the investments portfolio and keep an appropriate profitability.

NOTES TO THE FINANCIAL STATEMENTS

As of December 31, 2012 and 2011

(f) International Crisis

During 2012 and 2011, the countries of the European Community (EC) and United States of America (U.S.A.) have shown negative trends in their economies influenced by the debt crisis of some EC countries, and rising unemployment in this area, and for the over-indebtedness of U.S.A.; this situation significantly affected to the financial markets, mainly in relation to the reduction of interest rates and volatily foreign exchange, as well as lower secondary markets for financial instruments, therefore the market value of financial assets show a greater volatility. It should be noted that the expectations of the markets is that in 2013 remains the uncertainty on international financial markets, which have a tendency to restructure the portfolios by investors. Management is monitoring the situation continuously, and considers the impact of this international uncertainty will not affect significantly to the Company, due to the diversification of financial instruments and appropriate risk management.

(g) Law of insurance contract

In November 2012, with Law N° 29946, the "Law of Insurance Contract" was established, which has the objective to promote transparency in the hiring of insurance and to regulate the principles and contents that must rule over insurance contracts, as well as the elimination of abusive clauses and policies. This law will be effective since May 27, 2013 or when the respective bylaw be publish; it applies to all classes of insurance and is mandatory, unless otherwise expressly permits, notwithstanding contractual stipulations beneficial for the insured will be considered as valid.

The main dispositions of the law are described below:

- The insurance contract is entered by consent of the parties, although the policy is not issued neither prime payment is performed. The request, does not commit the parties. Such request must be signed by contracting party, except in cases of contracts commercialized at distance.
- Special conditions prevails over particular conditions and these prevails over general conditions. Handwritten or typewritten clauses predominate over printed clauses.
- Insurance contracts are renewed automatically, in the same conditions of the prior period, when such clause is included. In case of ammendments, the insurer must communicate the contracting party with anticipation of not less than 45 days previous to maturity; and contracting party has not less than 30 days to manifest its rejection, otherwise the new proposed conditions are considered accepted.
- Breach of primes payment originates the automatic suspension of coverage once transcurred 30 days since the maturity date, as long as additional term for payment has not been agreed.
- Suspension of coverage is not applicable when the contracting party has paid, proportionally, a prime equivalent or higher than contractual term transcurred. The extinction of the contract is originated if the insurer does not claim for prime payment in the 90 days subsequent to maturity.
- Insurer may elect to resolve the contract when this is suspended for breach of payments and will be effective in the term of 30 days of the reception of a written communication by the contracting party.

- Practices that predetermine the name of insurance companies through connected contracts, are prohibited, so that the freedom of choice is limited for potential insured.

- Law penalizes the use of abusive clauses in the insurance contracts, and it establishes a list of clauses prohibited to be included in the insurance policies.

- Law defines an abusive clause as a stipulation not negotiated that affects the requirement of good faith, to the detriment of the insured, in important disequilibrium of the rights and obligations of the parties.

- Likewise, this law establishes the specific dispositions relative to insurance of damage to property, personal insurance, group insurance, and reinsurance contracts.

Management of the Company is evaluating the impact of the application of this Law would have on its processes and in the development of its operations.

2. ACCOUNTING PRINCIPLES

The main accounting principles used in the presentation of these financial statements are presented below:

(a) Basis of presentation and accounting changes

(i) Basis of presentation

The accompanying financial statements have been prepared in Nuevos Soles from the Company's accounting records, which are maintained in nominal monetary terms at each transaction's date, except for financial instruments classified as: (i) available-for-sale investments and (ii) at fair value through profit or loss investments, which are measured at fair value; in accordance with SBS regulations in force in Peru as of December 31, 2012 and 2011. In a supplemental manner, in the absence of specific SBS regulation, the Company should follow the International Financial Reporting Standards - IFRS approved in Peru through resolutions issued by the Accounting Standards Council (CNC for its Spanish acronym) at those dates. These accounting principles are applied consistently in the years 2012 and 2011.

As of the date of these financial statements, is in effect the application of IFRS 1 to 9 and IAS 1 to 41, and pronouncements 7 to 32 of the Interpretation Committee (SIC), as well as the International Financial Reporting Interpretations Committee (IFRIC) 1 to 14; however, as described in note 2(w), the SBS by Resolution N°16131-2009 dated December 30, 2009, deferred the implementation of IFRS 4, 7 and 8 for insurance entities as of December 31, 2012 and 2011; and, as indicated in Note 2(y.3), SBS approved changes to the manual of accounts and framework which application is in force from January 1, 2013 on a prospective basis, among which includes aspects of these IFRS.

Financial statements are denominated in Nuevos Soles (S/.) and all monetary items are rounded to the nearest in thousand (S/.000), unless otherwise indicated.

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(ii) Accounting changes

a. Amendments to Plan of Accounting for Insurance System Companies

In September 2012, the SBS through Resolution SBS N°7037-2012, modified the Accounting Plan for Insurance System Companies effective from January 1st, 2013. The changes consider the following aspects:

- (a) Modifications to the accounts list;
- (b) New ways for preparation and presentation of financial information; and for the notes to financial statements for year 2013; the information will be comparative to year 2012, to the extent practicable;
- (c) Modifications to accounting conceptual framework, including the preparation of a manual of accounting policies.

Modifications proposed by SBS will be in force from January 2013, except for changes to the accounts list that will apply to financial information of December 2012; however, in accordance to Resolution SBS N°9305-2012, SBS modified the Article N° 5 of Resolution SBS N° 7037-2012 and extended the effectiveness of changes to accounts list to January 2013.

The SBS requires the preparation of a plan of implementation approved by the Board of Directors of the Company; as a consequence the Company has prepared an implementation plan for accounting changes to be performed since January 2013. Up to date, Management of the Company is in process to measure the effects that such changes would have over its financial statements as of January 1, 2013, that will be reported since year 2013.

b. New Regulations for Classification and Valuation of Investments for insurance companies

In September 2012, the SBS through Resolution SBS N° 7034-2012, established the new Regulations for classification and valuation of investments for insurance companies, which will be effective since January 1, 2013.

The main criteria incorporated in this regulation is described below:

b.1 Classification

- (i)* Incorporates the designation of an investment instrument under the category of investments at fair value through profit or loss since the moment of initial accounting; and it will be performed only if that allows to obtain more relevant information due to:
 - As a consequence, inconsistencies or asymmetries in recognition or valuation are eliminated or significantly reduced (also denominated accounting asymmetries) that would arise from the valuation of assets or liabilities or from the recognition of gains or losses, with different criteria.

- A group of financial assets, or financial assets and financial liabilities are managed, and their performance is assessed on the basis of their fair value, in accordance to risk management or documented investment.

(ii) It is required that companies must have the financial capability to maintain held-to-maturity investment when they are designated as such.

(iii) Incorporates additionally IAS 28 "Investments in associated" and IAS 31 "Interests in joint ventures", the definition of control for classification of investments in subsidiaries, associates and interests in joint ventures in accordance to Resolution SBS N° 445-2000 Special Standards for Affiliation and Economic Group.

b.2 Subsequent measurement

The Company must consider the following criteria:

(i) Investments at fair value through profit or loss and available-for-sale investments

For debt instruments, previous to valuation at fair value, the companies must update the accounting of the amortized cost applying the effective interest rate method and from amortized cost obtained gains and losses must be recognised from changes in fair value.

(ii) Held-to-maturity investments

Interests will recognised using the effective interest rate method, which incorporates interests receivable as well as the amortization of the prime or discount at acquisition.

(iii) Investments in subsidiaries, associates and interests in joint ventures

In accordance to IAS 28 "Investments in associates", gains and losses from transactions between investor and subsidiary or associate, will be recognised in the financial information of the investor only to the extent that they correspond to interests of other investors in the subsidiary or associate non related to the investor.

b.3 Changes in classification category

(i) Investments at fair value through profit or loss

An exception is included to the prohibition of reclassifications of an investment instrument from or to investments at fair value through profit or loss, which consists of those investment instruments that are: i) granted in guarantee; and, ii) reported or transferred through a reporting operation or repurchase agreement, that represent a secured loan; shall be reclassified to available for sale.

b.4 Impairment of financial investments

At the quarterly financial statements date, Management must assess whether there is evidence that an instrument classified as available-for-sale investment, held-to-maturity investments, investments in subsidiaries, associates and interests in joint ventures has impairment.

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For the assessment of impairment, the following must be considered:

(i) Instruments classified as available-for-sale and held-to-maturity

The identification for impairment of instruments classified as available-for-sale investments and held-to-maturity investments will be performed applying the "Standard Methodology for Identification of Impairment of Financial Instruments". This methodology establishes a "First filter" previous to the assessment of circumstances and/or objective evidence (Second filter).

The first filter must be assessed for all the representative portfolio of debt and capital exposed to impairment, at the date of the quarterly financial statements, considering the following:

- a)** Significant decline of fair value: in case fair value at the closing date decreases down to 50 percent below its cost.
- b)** Prolonged decline in fair value. In case monthly average fair value decreases consecutively during the last twelve months, and cumulative decline in fair value is at least 20 percent.

Such analysis must be performed in the original currency of the financial instrument, in order to separate the changes from currency exchange. This is regardless of the accounting of impairment, for which functional currency must be considered. In case one of the conditions above mentioned (a or b), must be assess whether these scenarios are justified by the circumstances mentioned in the second filter.

In case a company wants to apply a methodology of identification of impairment more sophisticated and different to the methodology described above, it must request the authorization from SBS. The "Methodology of Identification of Impairment Report" must detail at least the qualitative and quantitative criteria for impairment identification, support for the consideration of every criteria, sources of information of such criteria, reasons for considering that proposed methodology will identify impairment in a more precise manner and other relevant respects.

Once impairment is recognised, subsequent assessments must be performed on the basis of books value of instruments net of impairment losses previously recognised.

(ii) Investments in subsidiaries, associates and interests in joint ventures

The Company must assess whether there is an indicator about impairment of a subsidiary, associate and interests in joint ventures considering IAS 39 "Financial Instruments: Recognition and Measurement".

(iii) Real estate investments

When one or more real estate investments measured at cost has an impaired, such impairment must correspond to the difference between books value and the investment's recoverable amount. The recoverable amount must be determined following the criterie of IAS 36 "Impairment of assets".

b.4.1 Accounting of impairment

(i) Available for-sale-investments

For equity instruments not listed in an active market, measured at cost, impairment loss must recognise in the period. Impairment must be the difference between books value and the present value of future cash flows, updated at a rate in the market for other similar instruments. For impairment estimation, books value of the investment shall not be higher than proportional interests in the equity of the investment.

(ii) Real estate investments

Books value of the investment will decrease to its recoverable amount. Impairment loss will be immediately recognized in the statement of income.

b.4.2 Recovery of impairment

(i) Investments in subsidiaries, associated and interests in joint ventures

The Company will assess whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such case, the Company estimates again the recoverable amount of the investment. The reversal of impairment loss is recognized in the statement of income of the period. The reversal will not exceed the recoverable amount that the investment would have if the equity method had always been applied.

(ii) Real estate investments

The Company will assess whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates again the recoverable amount of the investment. The reversal of impairment loss is recognised in the income statement.

b.5 Cost of sales of financial investments

In case that several purchases of the instrument had been made, the average cost method will be used for equity instruments, and formula FIFO (first in, first out) for debt instruments.

b.6 Investment properties

The standard states that this type of assets correspond to real estate held to earn rentals of for capital appreciation, or both; and it states that investment properties are initially measured at fair value which corresponds to transaction price. Subsequent measurement is left to the Company's choice between the cost model or the fair value model, and this policy will be applied to all investment properties.

If the Company choose the fair value model for investment properties measurement, the methodology that shall be applied for such valuation must be previously authorized by SBS.

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The measurement of the impacts that the application of these accounting policies would have, has not yet been determined by the Company and it is expected to be determined in the near term. Management is assessing the effects of such impacts on its financial statements.

c. Exceptional treatment for sale of held to maturity investments due to matching

In June 2012, SBS through Resolution SBS N°3569-2012, has established an exceptional treatment for sales of held-to-maturity investments due to asset liability matching, which includes the following:

- Gains from any sale of held to maturity investment, will be recognised along the period of the remaining life of the held-to-maturity investment subject to sale, using the straight line method. On the other side, if such sales have generated losses, these will be recognized in the same period of such sale.
- For cases when the Company holds investments in an instrument classified in the categories "Held-to-maturity investments" and "Available-for-sale investments", if the Company decides to sell such instrument, it must sell the available-for-sale investments first and held to maturity investments after.

As of December 31, 2012, the Company holds financial investments classified as "held-to-maturity", however it has not performed sales of investments since the issuance date of the standard.

(b) Use of estimates

The preparation of financial statements requires Management to make estimates that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities as of the date of the financial statements, as well as the reported amounts of revenues and expenses during the current period. Actual results may differ from those estimates. The most significant estimates in the accompanying financial statements concern the valuation of investments, allowance for doubtful accounts, accounts receivable from insurance operations, useful life and recoverable value of real estate investments, of property, furniture and equipment, intangibles, technical reserves for premiums and claims, assets and valuation of derivatives. Any difference between such accumulated amounts and estimates and subsequent disbursements is recorded in the results of the year in which they occur.

However, in Management's opinion any variations that may occur between estimates and the actual amounts will not be significant. Information about such judgments and estimates is contained in the Company's accounting policy and/or the notes to the financial statements, which criteria are described further.

(c) Transactions in foreign currency

Transactions denominated in foreign currency are initially recorded in Nuevos Soles using the change rates in force at transaction dates. Assets and liabilities denominated in foreign currency are subsequently adjusted to functional currency using exchange rates in force at the statements of financial position date, published by SBS. Gains or losses from exchange difference resulting

from the settlement of such transactions and from translation of monetary assets and monetary liabilities in foreign currency at exchange rates of the statements of financial position dates, are recognized in the statement of income, see Note 3, except for the exchange difference originated from the equity instruments from third parties and/or subsidiaries or associates classified as available for sale and as long as they are not hedge transactions, they will be recognized directly in equity, see Note 19(c), in accordance to Article 11 of Resolution SBS N°513-2009.

Non-monetary assets and liabilities denominated foreign currency recorded at historic cost are converted into Nuevos Soles at the exchange rate in force at the date of the transaction.

(d) Financial instruments

Financial instruments are classified as assets, liabilities or equity according to the substance of their respective contractual arrangements. Interest, dividends, gains and losses relating to financial instruments classified as an asset or liability are recorded as income or expense. Financial instruments are offset when the Company has a legally enforceable right to offset them and the intention to either settle them on a net basis or to realize the asset and settle the liability simultaneously.

Financial assets and liabilities reported on the balance sheets include cash and banks, investments at fair value through profit or loss, available-for-sale investments, held-to-maturity investments, accounts receivable, and all liabilities, except for the deferred income and technical's reserves for premiums and claims. All derivative instruments are also considered financial instruments.

The specific accounting policies for recognition and measurement of each of these items are disclosed in the respective accounting policies included in this note.

(e) Cash and cash equivalents

Cash and cash equivalents include all balances held in cash and banks investments at fair value through profit or loss presented in the balance sheet, which original maturities are less than 90 days and which risk of changes in their value are insignificant, see Note 4.

(f) Accounts receivable from insurance operations (premiums)

The accounts receivable from insurance operations are expressed at its nominal value. Accounts receivable relating to the period provided in the insurance contract, are recognized at the beginning of the coverage period. In case of the non-payment of dues, The Resolution SBS [Resolution N° 225-2006, dated February 16, 2006 amended by SBS Resolution N° 077-2007 in force since January 25, 2007, and SBS Resolution N°495-2006, dated April 11, 2006], establishes the suspension of the coverage and authorizes the Company to automatically resolve the insurance contract or to suspend the coverage, in which case shall recognized an allowance for doubtful accounts as described in Note (g) below. Management uses both considerations for the recognition of impairment of accounts receivable for insurance operations.

The accounts receivable from insurance operations include receivable accounts from "Profuturo AFP S.A." related to individual capitalization accounts from deceased or disabled affiliates of the survivorship and disability insurance contract, which are excluded of the term established in the Regulation of premiums payments of insurance contracts.

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The individual capitalization accounts from the survivorship and disability insurance contract, include the funds paid in by affiliates until the date of the claim occurrence; as well as a recognition bonus if applicable. Accounts receivable from the AFP of this concept are credited to "Claims on premiums assumed" caption of the statement of income. The recording of these accounts is based on the report sent by the AFP of the updated value of the funds paid in and the recognition bonus.

Additionally, accounts receivable insurance operations include balances receivable disencumbrance insurance premiums, which are estimated in a monthly basis, according to the average of actual sales for the last three months.

(g) Allowance for doubtful accounts

With the entry in force of SBS Resolution N°225-2006 since June 2006, (amended by Resolution N°077-2007 in force, since January 25, 2007) the receivable accounts of insurance operations except for the individual capitalization that have a non-payment over 90 days and whose contract is not automatically resolved from lack of payment, whether in the case of fractional share or one-time fee, are considered doubtful to determine the appropriate allowance. The allowance is determined by debtor considering all fees due and over come, by deducting to the amount of premium subject to the allowance the value added tax. This allowance is charged to "Other technical expenses" caption of the statement of income. These considerations are in force until December 31, 2012 due to changes in accounting policies adopted by the SBS described in Note 2(y).

Likewise, the allowance for doubtful accounts relating to receivable from reinsurers and coinsurers, is regulated by Resolution SBS No. 10839-2011, modified by Resolution SBS N°2842-2012 dated on May 11, 2012, which replaces Resolution No. 288-2002 SBS in force until 21 October 2011. The constitution of these reserves is established based on certain percentages established by the SBS taking into account the age of the item and the last movement. For other accounts receivable that had no movement for equal or higher periods than three months are provisioned by 50 percent and those without movement for equal or greater than six months at 100 percent.

The provision for doubtful accounts relating to accounts receivable number is regulated by Circular SBS N° 570-97, in force up to December 31, 2012 as described in the following paragraph (y) which states that the accounts receivable of several debtors who have no movement for equal or higher periods than three months are provisioned on a 50 percent and those without movement for equal or greater than six months at 100 percent. This provision is recorded in the "Investment income, net" caption of the statement of income, see Note 21.

(h) Operations with reinsurers and coinsurers

Reinsurers and/ or coinsurers receivable accounts arise from:

- (i) claims for which the Company assumes the responsible to indemnify the insured party, recognizing reinsurers and/ or coinsurers receivable accounts over the basis of the percentage of the premium, crediting the "Claims on premiums ceded" caption of the statement of income; and

- (ii) premiums of reinsurance accepted in favor of other insurance companies, are recognized every time an agreement or cover note (for reinsurance) clause and/ or coinsurers clause is signed.

The reinsurance contracts do not relieve to the Company of its obligations with its insured parties.

Accounts payable to reinsurers and coinsurers originate from:

- (i) Premiums ceded determined over the basis of the evaluation of the assumed risk, which is established by the Company (reinsurance).

These accounts payable are recognized every time an insurance contracts is issued as mentioned in Note 2(s), recording a charge to the "premiums ceded" caption of the statement of income and simultaneously recording a credit to the "reinsurers and coinsurers accounts payable" caption of the balance sheet; such transactions are supported by an agreement or cover note signed with the reinsurer; and with the dense of co-insurer ceded.

- (ii) Claims arising from accepted reinsurance and the signed clauses of assumed coinsurance, which are recognized every time a collection note is received from the reinsurance companies for insurance premiums and accepted reinsurance.

The accounts receivable or payable to reinsurers and coinsurers are derecognized when the contractual rights expire or when the contract is transferred to a third party.

The Company complies in all respects with the provisions of the Resolution SBS N ° 10839-2011 "Guidelines for the control of accounts receivable and payable to reinsurers and co-insurers" and No. 2982-2010, "Guidelines for the Recruitment and Management of Reinsurance", as amended by Resolution No. 2842-2012, dated May 11, 2012. As of December 31, 2012 and 2011, foreign reinsurers with which the Company contracts meet and exceed the classifications required by the Resolution.

(i) Derivative financial instruments

The SBS Resolution N°514-2009, "Standards for trading and accounting derivative financial products in insurance entities" and its amendments in June of 2009, establishes the criteria for the accounting of transactions with derivatives classified as trading and hedging, as well as embedded derivatives, as explained below:

(i) Trading

Derivative financial instruments are initially recognized in the balance sheets at cost and are subsequently carried at fair value, recognizing an asset or liability on the balance sheet and any resulting gain and loss in the statements of income, see Note 21.

Fair values are determined based on market exchange and interest rates. Gains and losses due to changes in the fair value are recorded in the results of the year.

As of December 31, 2011, the Company only had a "exchange forward" that qualifies as trading derivative.

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(ii) Hedging

A derivative financial instrument which purpose is an economic hedging for a specific risk is treated as a hedging instrument if, on its trading date, it is expected that changes in its fair value or cash flows will be highly effective in offsetting changes in the fair value or cash flows of the item hedged from the inception. This expectation must be documented when the derivative instrument is first traded and throughout the period during which the hedge is in effect. A hedge is considered as highly effective if it is expected that changes in the fair value or cash flows of the hedged item and the hedging instrument are correlated in a range between 80 and 125 percent.

The effective portion of changes in the fair value of these derivatives is recognized in equity and the gain or loss relating to the ineffective portion is recognized immediately in the statement of income. Amounts accumulated in equity for cash flow hedges are taken to the income statement in the periods when the hedged item is recorded in the statement of income.

In the case that the SBS considers the documentation insufficient or meets weaknesses in the methodology applied, it may require to eliminate the hedging accounting and request to be recognized as for trading the derivative financial instrument.

As of December 31, 2012 and 2011, the Company does not hold derivate financial instrument for hedging.

(iii) Embedded derivatives

Certain derivatives incorporated in other financial instruments (main or host contract) are denominated "embedded derivatives". These derivatives are separated from its host contract when their risks and economic characteristics are not closely related to the contract's risks and when the host contract is not recorded at fair value through profit and loss. These embedded derivatives are separated from the host instrument and measured at fair value with changes in fair value recorded in the statement of income. This incorporated derivatives are recorded in a separately basis and their fair value is recognized in the statement of income.

As of December 31, 2012 and 2011, the Company maintains some instruments classified as held-to-maturity investments that include an embedded derivative related to issuer's repurchase option. The Company does not require to separate embedded derivatives because the option execution allows the substantial recovery of amortized cost of these instruments according with the SBS standards requirements, see the following paragraph (j.1).

(j) Financial investments

In accordance with SBS Resolution N°513-2009, issued on January 30, 2009, the criteria for the classification and valuation of financial investments is as follows:

(j.1) Classification

The criteria for the classification and valuation of investments in its different categories are as follows:

(i) Investments at fair value through profit and loss

This category has two sub-categories: investment instruments acquired for trading and investment instruments at fair value through profit and loss designated on initial recognition. An investment instrument is classified as acquired for trading if it is acquired for the purpose of selling it or repurchasing it in the short term, or if it is part of a portfolio of identified financial instruments that are managed together and for which there has been demonstrated a recent pattern of taking gains in the short term.

The Company has not classified any investment at fair value through profit and loss designated on initial recognition.

(ii) Available-for-sale investments

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

The estimated fair value of investments available-for-sale is determined primarily on the basis of market quotations or, in the absence of these, based on discounted cash flows using market rates with the credit quality and maturity of the investment.

The investments in equity which do not have a quoted market value, and which the fair value can not be reliable measured, are value at their cost.

(iii) Held-to-maturity investments

The investment instruments classified in this category, must meet the following requirements:

- To be acquire for the purpose of holding until their maturity date. It is considered that the intention exists, only if the politics of investment of the Company foresees the possession of these instruments under conditions that impede its sale, transfer or reclassification.
- Companies must have the financial capability to hold investment instruments to maturity.
- They are different instruments than: i) those who, at the initial recognition, the company has designated to account at fair value through profit or loss, ii) that the company designates as available-for-sale.
- Others the SBS establishes through rule of general application.

Companies must assess if they have financial capacity and the intent to hold these investments until their maturity, every time they decide to classify an investment and at the year end.

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Cannot be classified in this category:

- a. Financial instruments of investments that the company plan to maintain for a specific period of time;
- b. Financial instruments issued by the same business or by businesses of its economic group;
- c. The instruments that hold a call option of the issuer, unless from the conditions of the instrument it is determined that the execution of the option does not allow that the Company recover in a substantial manner the amortized cost of such instruments, understanding as such recoverability equivalent at least 90 percent of the amortized cost; and provided that the Company has the intent and capability to hold until redemption or maturity;
- d. Those that hold a call option of the Company as an investor;
- e. Perpetual debt instruments that earn interest payments for an indefinite period; and
- f. Other that SBS establishes through the general application standard.

The Company holds certain investments-as held-to-maturity that includes an embedded derivative, as indicated in paragraph (i) previous.

(j.2) Initial recognition

The financial investments classified in any of the categories described in paragraph (j.1) previous are recorded at the value determined in the acquisition or negotiation date.

(i) Investments at fair value through profit or loss

The initial recognition of the Investments at fair value through profit or loss is at their fair value excluding transactions costs associated to such investments which are recognized as expense.

(ii) Available-for-sale and held-to-maturity investments

The initial recognition is the fair value which corresponds to the transaction price, except a proof on the contrary, including the transaction costs directly attributable to the acquisition of such investments.

(j.3) Subsequent measurement

The subsequent measurement of the financial investments, the Company considers the following criteria:

(i) Investments at fair value through profit or loss

These investments are measured at their fair value through their individual valuation, recognizing the profits and losses in the account valuation of investments at fair value through profit or loss, in the caption "Investment income, net" of the statement of income.

(ii) Available for sale investments

The subsequent measurement of available for sale instruments is performed at their fair value and the gains and losses resulted from the variation of the fair value are recognized in the "Unrealized results, net" of the shareholders' equity net.

When the instrument is sold or the gains or losses are realized previously recognized as a part of the equity, are transferred to the results of the year.

Interests provided from debt instruments are calculated and recognized in accordance to the effective interest rate method.

(iii) Investments held-to-maturity

Investments held-to-maturity are recognized at their amortized cost using the effective interest rate and are not measured at their fair value.

When these investments are sold and the Company repurchases the financial instruments of the same issuer, these could not be recognized in this category unless that a written authorization issued by the SBS exists.

Exceptionally and previously Board of Directors authorization, the Company could make advance sales of investments recorded in this category for reasons of matching of assets and liabilities, based on established in Resolution No. 562-2002 SBS "Regulations on the Establishment of Mathematical Reserves of Insurance on the Basis of matching of assets and liabilities of Insurance Companies".

In accordance to Resolution SBS N° 3569-2012 gains from any sale generated for the reasons described above, will be recognized along the period of the remaining life of the held to maturity investment subject to sale, using the straight line method. On the other side, if such sales have generated losses, these will be recognized in the same period of the sale.

For cases when the Company holds investments in an instrument classified in the categories "Held-to-maturity investments" and "Available for-sale-investments", if the Company decides to sell such instrument, it must sell the available for sale investments first and then the held-to-maturity investments.

(j.4) Exchange difference recognition

(i) Fair value through profit or loss investments

The variations of exchange difference are recorded in the results of the period.

(ii) Available-for-sale investments

Difference exchange gains or losses related to the amortized cost of debt instruments or the cost of the investments funds of debt instruments affect the results of the year and the difference between the change related to the amortized cost and the fair value are recognized as a part of unrealized gain or loss in the shareholders' equity, provided that no case of instruments used for hedging purposes. In the case of equity

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instruments, they are considered non-cash items and therefore, maintained at their cost in local currency, so exchange differences are part of their valuation and are recognized in the unrealized results in the net equity.

(iii) Held-to-maturity investments

The variations of Exchange difference are recognized in the results of the year, provided that no case they are not hedging instruments.

(j.5) The available-for-sale and held-to-maturity investments with less than 12 months of maturity are classified as short term included in current assets on the balance sheet.

(j.6) Reclassification from "Available-for-sale investments" to "Held-to-maturity investments"

During May 2011, the Company reclassified certain instruments to the category of held-to-maturity investments. The amortized cost of this investments as of May 30, 2011 amounted to S/.269,284,000, of which that approximately S/.6,216,000 corresponds to the unrealized losses resulted from compare of the fair value and the amortized cost at the reclassification date. In accordance with Article 15 of the Resolution SBS 513-2009 the book value of the investment fair value in that date must be the new cost or the amortized cost, as the case. Any previous result of such instrument, which previously was recognized in the net equity, is recorded as the following criteria: gains or losses are recognized in the results over the remaining life held to maturity, using the effective interest rate method. Any difference between the new amortized cost and the amount held to maturity will be amortized over the remaining life of the instrument using the effective interest rate method, as similar manner the amortization of the premium or discount.

The Company reports the mentioned reclassification to The SBS in a communication on June 15, 2011.

(j.7) Impairment of financial investments

The Company evaluates at each balance sheet date if there is objective evidence that a financial asset or group of financial assets has impairment. A financial asset or group of financial assets has impairment and generate temporary losses only if there is objective evidence of impairment as a result of one or more subsequent events to initial recognition of an asset (an incurred loss event) and when the temporary losses has an impact on the estimated projected cash flows of a financial asset or group of financial assets that can be estimated reliably. This evidence of impairment may include any of the following reasons: (i) significant financial difficulties in the issuer that implies an impairment in the credit quality of itself, (ii) forced renegotiation of the contractual terms of the instrument, (iii) noncompliance in the payment of the nominal value or interest, (iv) the issuer enters into a bankruptcy process or the risk of bankruptcy is very high, (v) changes in legislation or regulation that materially affect the future development of the issuer and (vi) unexpected negative event that affect the financial capacity of the issuer.

In any case listed above, where it exists some distortion in the calculation of impairment or is noted the need of recognition of an impairment, the SBS may require the Company to justify the calc or proceed to establish additional provisions.

(j.7.1) Impairment recognition

(i) Available-for-sale investments

When one or more of the investment instruments classified as available for sale has a decrease in the fair value and additionally verify that have an impairment loss in accordance with the methodology developed by the Company, the cumulative loss that has been recognized in the category of "unrealized results, net" in equity, shall be removed from this and recognized in the statement of income of the year, although such investment instruments are not made or written off.

(ii) Held-to-maturity investements

The amount of the loss incurred impairment is calculated as the difference between book value (amortized cost) at the moment of the detection of the impairment and the present value of future cash flows that need to recover given the conditions of risk identified, discounted at the original effective interest rate (IRR purchase) if it is an investment that has a fixed rate, or the current effective interest rate for the period (the rate at the date of the financial statements), according to the contract, if it's an investment that has a variable rate. The book value will be reduced and the amount of the loss is recognized in the statement of income of the period.

(j.7.2) Impairment recoverability

(i) Debt instrument

The impairment losses that correspond to debt investment instruments are reversed through the results of the year, whenever the increase of fair value of such instrument could be related objectively to a favorable event occurred after the loss.

(ii) Equity instrument

In the case of impairment losses that correspond to equity instruments would not be reversed.

As mentioned in 2(a)(ii)(b), since January 1, 2013, entered in force the SBS Resolution N°7034-2012, being derogated from that date the Regulation on Classification and Valuation of investments by insurance companies approved by Resolution No. 513-2009.

(k) Other investments (subsidiaries and certificate participations)

The Company records its investment in Subsidiaries and certificate participations under the equity method, as result, net gains or losses generated by the subsidiaries are included in the income statement in an amount proportional to the Company's participation in the subsidiary's and the certificate participations net results. According to this method, cash dividends and advanced dividends received are recorded by decreasing the investment value and the capital contributions increase the investment.

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(l) Investments in real estate projects

Corresponds to the disbursements made for the building of real estate projects in third parties' ownership, which the Company holds the rights over the income that produce for a determined term. These projects are recorded in their original currency and its profitability is estimated based on the expected return rate of the project; which is reviewed by the SBS. Pursuant to what is established by the SBS, such investments are classified as "Held-to-maturity financial investments" and are amortized during the term of any contract using the effective interest method.

(m) Investments in real estate

Real estate investments correspond to land and buildings acquired for lease or to generate surplus property. They are valued at the lower of their acquisition or construction cost or market value (determined based on technical appraisals performed by independent professionals). The property that is being constructed or developed for future use as investment property are recorded at cost until it is finished.

Depreciation of the buildings is computed using the straight-line method considering an estimated useful life of 20 years in the case of buildings constructed in own lands and in the case of buildings constructed under surface, see Note 10.

Income from real estate leases and rental agreements are recognized as the installments established in the lease agreements are accrued, and depreciation expenses and expenses directly related to the maintenance of the leased assets are recorded when accrued in the "Investment income, net" caption in the statement of income, see note 21.

(n) Property, furniture and equipment

Property, furniture and equipment is presented at cost, net of the corresponding accumulated depreciation, which does not exceed the market value and if applicable, impairment of long-term assets when granted.

The initial cost of property, plant and equipment includes (i) the purchase price and non-refundable purchase taxes, (ii) any costs directly attributable to locate and let the asset in working conditions and use, and (iii) the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs as a result of using the item during a particular period.

Disbursements incurred after such assets have been put into operation, such as repairs and maintenance expenses and refurbishment, are included to the results of the period in which such costs are incurred. In case it is clearly demonstrated that the expenditures will result in future benefits from the use of assets of their original performance standard, such expenditures are capitalized.

Land is not depreciate. The depreciation is calculated using the straight line method using the following estimated useful lives, which are determined based on the tax requirements in Peru:

	Años
Properties	20
Installations	10
Furniture	10
Sundry equipment	10
Computer equipment	4
Vehicles	5

Residual values, useful lives and depreciation methods are reviewed and adjusted prospectively at each date of exercise if applicable.

When disposals or sale of assets occurs, depreciation and cost is eliminated, and any loss or gain is included in the statement of income.

(o) Intangible

Intangibles are mainly related to investment in the acquisition of computer software used in the Company's own operations and are initially recognized at cost. An intangible asset is recognized as it is probable that future economic benefits will flow to the Company and its cost can be measured reliably. After initial recognition, intangible assets are measured at cost less accumulated amortization and any accumulated impairment loss. Intangible assets are amortized on a straight-line basis over the estimated useful life of four years. The amortization period and method are reviewed and adjusted prospectively each applicable date of exercise.

(p) Impairment of long-term assets

On each reporting date the Company examines whether there is any evidence of impairment of long-term assets. The Company prepares an estimate of the recoverable value of the asset when there is evidence of deterioration or when an annual deterioration test annual is required for any asset. The recoverable value of an asset is the greater of the reasonable value of the cash generating unit less the cost of sale and the value in use, whichever is greater, and is determined for individual assets unless the asset does not generate an independent cash flow. When the book value of an asset exceeds its recoverable value, the asset is considered to have lost value and it is reduced to its recoverable value. When calculating the value in use, the estimated cash flows are discounted at their present value using a discount rate which reflects actual market conditions and the specific risks of the asset.

Impairment losses are recognized in the statement of income. An impairment loss recognized in previous years is reversed in the event of a change in the estimates used on the last occasion on which the said loss was recognized.

NOTES TO THE FINANCIAL STATEMENTS

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(q) Technical reserves for premiums

- Mathematical reserves of annuities, disability and survival pensions from old regime, annuities reserves and complementary insurance for high-risk jobs and life

Are recorded over the basis of actuarial calculations made by the Management, in accordance with the methodologies established by SBS, which also permit the recording of additional reserves.

This reserve is equivalent to the present value of all future payments that the Company shall give to the insured party and beneficiaries, including those expired payments not yet made.

The annuities reserves are determined in conformity with the methodology established in the "Standard of Matching", Resolution SBS N°562-2002, modified by Resolution SBS N°978-2006, and N°8421-2011, this last modification incorporates the possibility to contract pensions in Nuevos Soles and US dollars updated at a fixed rate, which will not be less than 2 percent, as noted in Article 105° of Supreme Decree N°104-2010-EF and Resolution N°1481-2012, this last one defines the fixed rate as the discount rate used for calculations of mathematical financial reserve at no matching; likewise it requires to incorporate as note to the financial statements, the calculations of the entire mathematical financial reserves for annuities determined under the anchor rate, see Note 16(f).

Also, by Resolution No. 354-2006, the SBS approved the use of the mortality table "RV-2004 Modified", for the retirement contracts sold starting from August 2006 and "RV-85" for the retirement contracts before such date. The mortality tables MI-85 and B-85, are used for the calculation of the reserve of disability and survival contracts, respectively.

In 2010, SBS published Resolution SBS No 17728-2010, approving the use of mortality tables RV-2004 B-85 modified and adjusted and B-85 adjusted for calculating mathematical reserves for annuities for retirement and survivors, respectively, whose applications are available for trading as of June 1, 2011.

The Company recognizes additional reserves for annuities contracts issued from 2010, which are determined according to a methodology that incorporates actuarial life tables for MI-2006 and B-2006 (based on Chilean experience) for invalids and beneficiaries; as well as tables RV-2004 modified and adjusted and RV-2004 modified for the beneficiaries not invalid. The amount of these reserves amount to approximately S/.30,808,000 and S/.25,246,000, as of December 31, 2012 and 2011, respectively.

The disability and survival pensions from old regime and complementary insurance for high-risk jobs are determined in accordance with the methodology established in the Resolution SBS N°309-93 according to the different types of claims and their conditions.

The mathematical reserves of life are calculated according to the methodology considered in the development and that is contained in the respective technical notes approved by SBS. This methodology varies according to the characteristics of the product and the defined coverage.

The adjustments to the technical reserves are recorded with a charge in the caption "Adjustment of technical reserves for premiums" of the statement of income.

The survival and mortality tables and rates applied by the Company related to the determination of these technical reserves are disclosed in Note 16(g).

- Unearned premium reserve

The unearned premium reserve is determined in accordance with the Resolution SBS N°1142-1999 of December 31, 1999 and its details and / or amends SBS established by Resolution N°779-2000. It establishes that the calculation must be performed for each policy or certificate of coverage, applying to the basis of calculation the portion of risk not accrue exposure by number of days. In the event that the reserve of unearned premiums is insufficient to cover future risks for the period of coverage not extinguished to its date of calculation, it constitutes a reserve for insufficient premiums, being applicable the dispositions issued by the SBS.

(r) Technical reserves for claims

The Company records its claim reserves based on estimates for loss claims, even though the final adjustment has not been made. Any difference between the estimated amount of the claim and the final disbursements is recorded in the results of the year in which the final adjustment is made. Technical reserves for claims are presented net of the reinsurance corresponding to premiums ceded.

The disability and survival claims from new regime are determined according to the methodology established in the Circular SBS N°603-2003 and its amending Circular SBS No. 651-2012, pursuant to the different types of claims and their status. The reserve rate used by the Company is determined and communicated by SBS monthly.

The loss reserves of SCTR (settled and pending settlement) are calculated according to the methodology established in the Resolution SBS No. 309-93.

The technical reserve for claims also includes an estimation of claims incurred but not reported (IBNR), which purpose is to meet the costs of the incurred claims as the date of the balance sheets, but are not reported to the Company yet, for the products of group life, collective life, supplementary insurance for high-risk jobs, compulsory traffic accident insurance and survivorship and disability contracts. This estimation is calculated by applying the certain percentages established by SBS over the basis of the amount of retained claims recorded during the last twelve months as of the date of the calculation of the estimation (for insurances with durations of one year or more) or to the monthly average amount of retained claims recorded during the last six months as of the date of the computation (for insurances with durations of less than one year).

In relation with the compulsory traffic accident insurance, the Company determines, if is technically necessary, additional reserves to the required by the SBS for IBNR. Such reserves are determined using the Chain Ladder methodology. As of December 31, 2012 and 2011, these reserves amounts to S/.2,363,072 and S/.1,612,000, respectively.

The amount of these reserves is recorded charging the caption "Claims on premiums" of the statement of income.

NOTES TO THE FINANCIAL STATEMENTS

As of December 31, 2012 and 2011

(s) Income and expenses from insurance operations and investments

Income and expenses from insurance operations and investments are recorded as follows:

- Premiums, are recognized as income when they become enforceable in accordance with the contractual conditions entered into with policyholders.

The premiums revenue corresponding to the period contracted and / or accrued under insurance contracts are recognized in the date of the origination of the coverage without considering the status of the collection of the premium. Coverage begins on the date of acceptance of the insurance application by the Company and the collection of the premium, which may be for the whole or for the fractionated amount of the premium or the deferred amount in the case of single premium.

- Expenses on reinsurance and coinsurance and commissions and other income and expenses relating to the issuance of insurance policies are recognized at the same time as premium income.

- Income and expenses for reinsurance and coinsurance accepted are recognized when the corresponding settlements are received and approved and not necessarily while the insurance is in force.

- Interest on investments is recorded in the results of the period in which it accrues as a function of the period of validity of the investments which generate it and the interest rates established at the time of acquisition. In accordance to the SBS Resolution 16131-2009, interests of debt instruments are calculated by the effective rate interest method, that includes the interests for the nominal interest rate (coupon rate) and the amortization of any difference between the initial amount and the reimbursement at the maturity of the instruments.

- The valuation of the quotes from mutual and investment funds is at their fair value at the date of the financial statements. Dividends are recorded as income when they are declared.

- To determine the cost of sale of its investments, the Company follows the method First in First out (FIFO) for debt instruments, and the average cost method for capital instruments. The income or loss in the sale of investments is recognized in the results of the period in which they are made.

- Interest expenses are recorded in the results of the period in which it accrues.

- The lease revenue and the corresponding cost is recognized when accrue and are recorded in the periods in which they are related.

- Payment for right keys of the tenants at the initial moment to entry to the Shopping Centers to develop their operations, are recognized as the accrued method based on the duration of the lease.

(t) Income tax

Current income tax

Assets or liabilities arising from current income Tax are measured as the tax expected to be recovered or paid. Income tax is calculated on the basis of the Company's individual financial information and in basis of the tax rules in force.

Deferred income tax

These are recorded using the liability method based on temporary differences between the tax base of assets and liabilities and their book values for financial purposes as at the date of the balance sheet.

Deferred assets and liabilities are recorded without taking into account the time at which the temporary differences are expected to be reversed.

Deferred assets are recognized when there are likely to be sufficient future tax benefits for the deferred asset to be applied. At the date of the balance sheet, the management assesses unrecorded deferred assets and the balance of recorded assets; recording previously unrecorded deferred assets when it is likely that future tax benefits will enable them to be recovered, or reducing deferred assets when it is unlikely that sufficient future tax benefits will be available to enable the use of all or part of the deferred assets recorded in the accounts.

The book value of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is not probable that sufficient taxable income against which to offset all or part of the deferred asset to be used. Deferred tax assets not recognized are reevaluated at each balance sheet date and are recognized to the extent it is probable that future taxable profit possible to recover the deferred asset. Deferred tax assets and liabilities are recognized without taking into account the time at which the temporary differences are expected to be reversed.

The deferred assets and liabilities are measured using statutory rates expected to apply in the year in which the asset is realized or the liability is settled, based on rates which have been issued or substantially issued at the balance sheet date.

Deferred assets and liabilities are offset, if there is a legal right to offset current taxes against current liabilities and deferred taxes are related to the same entity and the same Tax authority.

(u) Provisions and contingencies

Provisions are recorded when the Company has a current obligation (legal or implicit) deriving from a past event, it is likely that a cash disbursement will be made to liquidate the obligation and the value of this obligation can be reliably estimated. Expenses related to a provision are shown in the profit and loss account, net of any reimbursement. If there is a significant change in the value of money over time, the provisions are discounted using an interest rate that reflects the specific risks of the liability. When the provisions are discounted, an increase in the provision due to time elapsed is recognized as financial expense.

Contingent liabilities are not recorded in the financial statements. They are disclosed in the notes to the financial statements, unless the possibility of an outflow of economic benefits is remote.

NOTES TO THE FINANCIAL STATEMENTS

As of December 31, 2012 and 2011

Contingent assets are not recorded in the financial statements; however, they are disclosed if it is probable that an inflow of economic benefits will be realized.

(v) Earnings per share

Basic earnings per share are computed dividing the net income among the weighted average number of shares outstanding at the balance sheet dates, shares issued as a result of the capitalization of profits, constitute a division of shares and for the calculation of the weighted average number of shares, these shares are considered as if they always were outstanding.

As of December 31, 2012 and 2011, the Company has no financial instruments with potentially dilutive effect and, therefore, the basic and diluted earnings per share are the same.

(w) Segment information

A segment of the business is a group of activities providing products or services that are subject to risks and benefits that are different to other segments of the business. The Company, in accordance with the requirements of the SBS, provides this information on the basis of technical risks, which are described in Note 30.

(x) Comparative financial statements

It has made the following reclassifications on the balance as of December 31, 2011 in order to do comparative financial statements as of December 31, 2012:

- Cash corresponding to the drawdown of Value Added Tax done by their suppliers and deposited in the Banco de la Nación by S/.108, 000, because it will be applied against the payment of this tax has been reclassified to "Taxes and prepaid expenses".

(y) New accounting pronouncements

(y.1) International Financial Reporting Standards- IFRS issued and in effect in Peru, but not adopted by the SBS for insurance entities until December 31, 2012 .

IFRS 4, 7 and 8 were authorized by the CNC for application in Peru starting January 1, 2009; however, the SBS deferred their application by insurance entities through the Resolution SBS N°16131-2009; until December 31, 2012. However, as result of the adoption of Resolution No. 7037-2012, in force from January 1, 2013 these standards will be considering applying the criteria described in (y.3) below.

These IFRS address the following aspects:

- IFRS 4 "Insurance contracts". The objective of this standard consists on specifying the financial information that the issuer entity must offer about the insurance contracts; this standard requires: to perform a joint of limited improvements in the accounting of the insurance contracts by the insurers and; to disclosure information that identifies and explains the insurance contracts' amounts in the financial statements of the insurers for purposes of providing the users of such financial statements, their understanding over the amount, schedule and uncertainty of the future cash flows proceeding from such contracts.

- IFRS 7 "Financial Instruments: Disclosures". The objective of this standard is to provide financial statements to enable users to assess the relevance of financial instruments in the company's financial position and profitability, through understanding the nature and extent of risks arising from financial instruments to which the company is exposed, as well as the methods used by the company to manage the risks related to those instruments.

- IFRS 8 "Operating Segments". This standard replaces IAS 14, "Segment Reporting", and determines that reporting by segments must be done in agreement with Management's approach; that is, using the same internal information formats used by Management in decision-making.

As indicated in (y.3) below, the SBS adopted its amendments to the Plan and Accountant Framework in which partially incorporated certain criteria required by IFRS 4. With respect to IFRS 7 will be fully applied, and IFRS 8 disclosures are not required under the criteria established by this rule.

(y.2) International Financial Reporting Standards- IFRS issued and not mandatory as of December 31, 2012

- IAS 1 "Presentation of Items of Other Comprehensive Income (amendments)", effective for periods beginning on or after January 1, 2013.

- IAS 32 "Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities (amendments)", effective for periods beginning on or after January 1, 2014

- IAS 19 "Employee Benefits (amendments)", effective for periods beginning on or after January 1, 2013.

- IAS 28 "Investments in Associates and Joint Ventures (revised)", effective for periods beginning on or after January 1, 2013.

- IFRS 7 "Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities (amendments)", effective for periods beginning on or after January 1, 2013.

- IFRS 9 "Financial Instruments: Classification and Measurement", effective for periods beginning on or after January 1, 2015.

- IFRS 10 "Consolidated Financial Statements", effective for periods beginning on or after January 1, 2013.

- IFRS 11 "Joint Arrangements", effective for periods beginning on or after January 1, 2013.

- IFRS 12 "Disclosure of Interests in Other Entities", effective for periods beginning on or after January 1, 2013.

- IFRS 13 "Fair Value Measurement", effective for periods beginning on or after January 1, 2013.

NOTES TO THE FINANCIAL STATEMENTS

As of December 31, 2012 and 2011

- Improvements to IFRS (issued on May 2012)

IASB published an advance of amendments and improvements to the IFRS. The amendments have not yet been adopted because their dates of effectiveness start on periods beginning on or after January 1, 2013.

The SBS, as indicated in the following paragraph is in process of harmonization of accounting practices established and IFRS. Therefore SBS is expected to include IFRS criteria described above as part of all standards evaluated in the harmonization process with the purpose of proceeding to assess their impact on the financial statements.

(y.3) Process of harmonization of IFRS by SBS for insurance companies

On September 19, 2012, the SBS issued the Resolution SBS N° 7037-2012, which approves the amendments to the Accounting Plan and Conceptual Framework for companies of the insurance system, in accordance to the International Financial Reporting Standards (IFRS), and it will be effective for information of January 2013.

The main guidelines are detailed below:

(i) Financial statements

- Incorporation of comprehensive results under the model of two statements: (i) statement of income and (ii) statement of income and other comprehensive income.
- The Nuevo Sol is established as functional and presentation currency for insurance companies.
- Changes in accounting policies and estimations will be performed in accordance to IAS 8, except for the effect of corrections of misstatements corresponding to investments which will be recognised in the statement of income; likewise, when an accounting standard is issued by SBS indicates a specific treatment.

(ii) Notes to anual audited financial statements

The main changes in the minimal information to disclose are detailed below:

- For disclosure of related parties transactions, "related parties" will refer to natural and legal persons related to the entity in accordance to the Resolution SBS N°445-2000 "Special Standards about vinculation and economic group" and amendments.
- Disclosures under IFRS 7 "Financial instruments: Disclosure information" related to classification, objectives, policies and processes, exposition to credit, liquidity and market risks, risk concentration in financial instruments, fair value, reclassifications, financial assets transfers, sensitivity analysis of interest rates and classification of financial liabilities by maturities.

- Disclosures under IFRS 4 "Insurance contracts", the main disclosures are, among others:

- (i) Reconciliations of changes in liabilities and assets from reinsurance contracts and related acquisition costs.
- (ii) Basis used in the liabilities adequacy test.
- (iii) Objectives, policies and processes to manage risks arisen from insurance contracts and methods applied for management of these risks.
- (iv) Information about the insurance risk, including the sensitivity to insurance risk, risks concentration and claims received compared to previous estimations.
- (v) Investments from life insurance contracts on which the contracting party assumes total or partial investment risk, including the composition, valuation and accounting treatment applied to these investments.

(iii) General criteria for recognition and basis of valuation

- General criteria for recognition is defined as the criteria of "Non offsetting" which means that the balances of assets and liabilities, as well as income and expenses, may not offset, unless it is required by SBS.
- The general rule for valuation basis is eliminated which considered that the assets of an entity must be carried at the lower of cost or adjusted cost or market; or by the cash amounts that are expected from its realization at the financial statements' date; and it incorporates the definitions of amortized cost, historical cost, necessary costs of sales, recoverable amount, value in use, books value and net realization value.

(iv) Implementation of IFRS 4 "Insurance contracts" in connection to the following linings

- Insurance contract
The definition of insurance contract and the evaluation of significant risk are included, for that reason this evaluation is required by contract and not by portfolio, mainly in life insurance contracts.
- Dissociation of the deposit component
The dissociation of the deposit component is mandatory to financial reinsurance transactions in which the restitution of the deposit component is not reflected on the financial statements.

For life insurance in which the contracting party assumes total or partial risk of investment, the separation will be mandatory only if the corresponding technical reserves do not recognise the entire obligations from the contract. Therefore, the portion of the prime corresponding to the investment will be recognised as financial liabilities and the related assets shall be identified.

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- Components of discretionary participation

When the components of discretionary participation are recognised through the calculation of technical reserves, they are not required to be valued separately; likewise, the participation of profits is not required to be separate.

- Liabilities adequacy test

In general, the insurance companies that constitute technical reserves in accordance to the dispositions of SBS meet the minimal requirements in the liabilities *cumplen con los requerimientos mínimos exigidos en el liabilities adequacy test.*

- Transactions with reinsurance

Insurance contracts denominated "fronting", in which an insurer assumes a risk, and at the same time, it transfers its entire or largely coverage to other insurers or reinsurers, will continue to be recorded as an insurance contract.

Offsetting of receivables and payables from reinsurance contracts are not allowed, except when SBS allows by disposition.

Casualties receivable from reinsurers corresponding to technical reserve of casualties of given primes will be recognised as assets from reinsurance transactions and will not reduce the liabilities from casualties payable to insured.

- Policies acquisition expenses

It is allowed to continue the deferral of acquisition expenses of life insurance policies for those entities that applied that accounting treatment at the date of adoption of the standard. The method of amortization shall be applied consistently from year to year.

- Income from direct insurance, reinsurance and coinsurance prime

The accounting of the income from primes must include the entire of the prime corresponding to the period contracted in accordance to the policy and must coincide with the start of the coverage, recognizing in parallel the expenses from the adjustment of primes technical reserves.

(v) Receivables from insurance contracts (insurance, coinsurance and reinsurance transactions)

- Receivables and payables from reinsurance and/or coinsurance must not offset, except when there is an agreement or commitment that allows offsetting.

- Unpaid primes for sixty (60) and ninety (90) days or more, must be provisioned applying a ratio of fifty (50) and one hundred (100) percent, respectively. Likewise, the primes claimed legally will be individually impaired in accordance to the circumstances of each case.

- Receivables from reinsurance and coinsurance held without activity for periods of six (6) and twelve (12) months, must be provisioned at fifty (50) and one hundred (100) percent, respectively, over the individual amounts receivable or the net balance receivable, as applicable, except for the automatic reinsurance contracts.

- The provision corresponding to automatic reinsurance contracts is recorded for the debtor balance of the respective current account with each reinsurer.

- The breach of the obligation by reinsurers corresponds to impairment of receivables, for that reason the evaluation about the existence of the following situations is required:

- Express denial of the payment of the casualty by the reinsurer and/or coinsurer for six months or more since the date of knowledge about the final adjustment to the casualty.

- Litigations in legal and arbitral process with reinsurers and/or coinsurers for collection of right from the reinsurance contract.

- Receivables from inactive current accounts with reinsurers, for more than twenty four months.

- Indications about impairment of assets representative of given reinsurance, in the following cases:

- Reinsurance contracts that fulfill the conditions of insecure practice for more than twelve months. Insecure practice consists in that contract with reinsurers that are not enabled by SBS or that have an effective classification considered as vulnerable, that means that not meet the qualification of minimal risk; and its measurement includes these reinsurers in the total of given primes during a period.

- Contracts that not have the note of coverage subscribed by the reinsurance broker and the leader reinsurer, at least at thirty days since the beginning of effectiveness.

(vi) Property, plant and equipment and real estate investments

- The option to elect between the following accounting treatments for components of an element of property, plant and equipment is included: (i) to register and depreciate separately or (ii) to treat as one element for register and depreciation purposes.

- Includes the option to elect as accounting policy for subsequent recognition of real estate investments at the cost model or fair value model and this policy will be applied to every real estate investments. Fair value will be determined on the basis of the methodology of discounted cash flows and appraisal value for real estate that generate or not rentals or periodic flows, respectively.

NOTES TO THE FINANCIAL STATEMENTS

As of December 31, 2012 and 2011

For purposes of preparing and presenting financial statements of the year 2013, the insurance companies must consider the preparation of financial information on the basis of the following:

- 1) Initial balances of 2013 will be adjusted to new accounting policies, recording such effect on retained earnings.
- 2) For annual financial information corresponding to 2013, the disclosure in notes will be comparative to prior year, to the extent that it is appropriate to be presented (practicable).
- 3) New criteria considered for the assessment impairment of financial instruments will be applied prospectively.

On the other side, for distribution purposes, capitalization or any other form of application of the effects resulting from the adjustments to initial balances of 2013, it is required the revision of financial statements of 2013 by external financial auditors and the approval of the General Shareholders' Meeting.

At the date of this report, Management of the Company is in the process of measurement of the effects that these accounting changes would have on its financial statements as of January 1, 2013, to be reported in March 2013.

3. CURRENCY TRANSACTIONS POSITION AND EXCHANGE RISK EXPOSURE

Transactions in foreign currency are made using market exchange rates.

As of December 31, 2012, the market weighted average exchange rate published by the SBS for transactions in U.S. dollars was S/.2.549 per US\$1 for buying and S/.2.551 per US\$1 for selling (S/.2.695 per US\$1 for buying and S/.2.697 per US\$1 as of December 31, 2011, respectively). As of December 31, 2012, the exchange rate established by the SBS to record assets and liabilities in foreign currency was S/.2.550 per US\$1 (S/.2.696 as of December 31, 2011).

The table below presents the Company's assets and liabilities in foreign currency, stated in thousands of U.S. dollars:

	2012 US\$(000)	2011 US\$(000)
Cash and banks	7,836	912
Fair value through profit or loss investments	-	1
Accounts receivable from insurance operations	302	235
Other accounts receivable	5,244	3,677
Available-for-sale investments, net	379,579	339,765
Held-to-maturity investments, net	250,389	268,630
	643,350	613,220
Financial debt	-	93
Subordinated bonds	5,000	5,000
Accounts payable to reinsurers and coinsurers	289	615
Taxes and other accounts payable	13,288	22,078
Technical reserves for premiums and claims	590,895	582,450
	609,472	610,236
	33,878	2,984
Forwards transactions - Net long position	-	7,500
Net asset position	33,878	10,484

The Company, to reduce its exposure to exchange risk, performs certain sell and purchase transactions of forward contracts. During the year 2012, the Company performed purchase operations by approximately US\$20,000,000 (nominal value of the operations), equivalent to approximately S/.54,698,000, which were settled before December 31, 2012; while in 2011 performed purchase operations by approximately US\$152,500,000, equivalent to approximately S/.427,144,000. As of December 31, 2012 and 2011, losses from this transactions amounted S/.1,904,000 and S/.11,921,000, respectively, included in the "Investment income, net" of the statements of income, see Note 21.

During 2012, the Company have recorded a net loss for exchange difference for approximately S/.1,266,000 (net gain by S/.10,019,000 on December 31, 2011), which is presented in the statement of income. Likewise, the capital financial instruments classified as available-for-sale investments, as described in Note 2(j.4), the Company during the years 2012 and 2011, recognized as a part of the fair value a net loss for exchange difference, by approximately S/.3,918,000 and S/.3,283,000, respectively, which is presented in the caption "Unrealized results, net" of the statement of changes in shareholders' equity.

NOTES TO THE FINANCIAL STATEMENTS

As of December 31, 2012 and 2011

4. CASH AND BANKS

(a) This item is made up as follows:

	2012 S/.(000)	2011 S/.(000)
Cash and fixed funds	11	9
Current and savings accounts (b)	3,924	2,891
Time deposits (c)	37,173	3,780
Cash and cash equivalents present in the Statements of Cash Flows	41,108	6,680
Time deposits with mature more than 90 days (d)	9,000	-
Total	50,108	6,680

(b) The Company maintains current and savings accounts in domestic banks, both in Nuevos soles and U.S. dollars, which are freely available and saving accounts accrue interests at market rates.

(c) As of December 31, 2012, term deposits are constituted in local entities, accrued annual effective interest rate between 1.00 and 1.45 percent in dollars and between 4.00 and 4.20 percent in Nuevos Soles (between 3.90 and 4.00 percent at December 31, 2011) and have original maturities less than 90 days. These deposits are not subject to restrictions and are freely available.

(d) As of December 31, 2012, corresponds to a term deposit in Nuevos Soles with Banco Internacional del Perú S.A.A.- Interbank, which accrued an interest rate VAC +0.5 percent and matures in February 2015.

5. ACCOUNTS RECEIVABLE FROM INSURANCE OPERATIONS

(a) This item is made up as follows:

	2012 S/.(000)	2011 S/.(000)
Life		
Individual capitalization accounts and recognition bonds (b)	1,832	1,709
Accounts receivable from Interbank (c)	5,658	4,136
Accounts receivable from "Supermercados Peruanos S.A." (d)	1,258	429
Others (e)	1,646	25
	10,394	6,299
General risks		
Accounts receivable from Interbank (f)	1,767	440
	12,161	6,739

(b) As of December 31, 2012 and 2011, it corresponds mainly to individual capitalization accounts, including the estimated value of the recognition bonds of the deceased or disabled affiliates of "Profuturo AFP S.A." The Management evaluates the collection of these accounts on a monthly basis and adjusts the value of these accounts receivable when there are significant changes in value. In Management's opinion at the present financial statements no allowance for doubtful accounts related to credit risk is necessary for these balances.

(c) Corresponds to accounts receivable generated on December by the sale of credit disencumbrance insurance made through "Banco Internacional del Peru - Interbank" (a related company); derived from the Contract of Credit Disencumbrance under particular conditions signed in November 2004. This balance has been collected during the first day of January 2013.

(d) Corresponds to accounts receivable generated by the sale of compulsory traffic accident insurance - SOAT carried out through "Supermercados Peruanos S.A." (a related company). This balance has been collected during the first day of January 2013.

(e) As of December 31, 2012, corresponds mainly to receivables generated from the sale of life insurance, which have been collected in January 2013.

(f) Corresponds to receivable accounts generated by the sales of insurance for credit cards carried out through "Banco Internacional del Perú - Interbank" (a related entity). These balances have been collected during the first day of January 2013.

(g) The accounts receivable from insurance operations, except for paragraph (b), are less than 90 days old and in Management's opinion no allowance for doubtful accounts is necessary for overdue accounts in the financial statements as of December 31, 2012 and 2011.

6. OTHER ACCOUNTS RECEIVABLE

(a) This item is made up as follows:

	2012 S/.(000)	2011 S/.(000)
Third parties		
Construcciones Interamericanas S.A.C. - COINSA (b)	12,892	13,191
Leases receivable (c)	5,271	4,096
Life insurance loans (d)	3,163	3,136
Accounts receivable from sale of investment (e)	1,044	-
Other accounts receivable	210	720
	22,580	21,143
Less- Provision for doubtful accounts (i)	(9,745)	(9,773)
	12,835	11,370
Related parties		
Shopping Center "Estación Central S.A." (f)	2,170	2,752
Urbi Propiedades S.A. (g)	1,102	1,792
Interproperties (h)	-	1,425
Less receivable (c)	252	1,037
Other accounts receivable	493	485
	4,017	7,491
Less - Provision for doubtful accounts (i)	(1,192)	(594)
	2,825	6,897
Total	15,660	18,267

NOTES TO THE FINANCIAL STATEMENTS

As of December 31, 2012 and 2011

(b) As of December 31, 2012 and 2011 corresponds to the sale of a land located in the district of Callao, which generated a gain of approximately S/.14,816,000. As of December 31, 2012, the Management of the Company maintains a provision for doubtful accounts amounted to S/.8,440,000 see (i). In Management opinion, it is not necessary to constituted an additional provision, because it believes that the balance will be fully recovered in the short term.

(c) As of December 31, 2012 and 2011, corresponds mainly to rental of premises from Centro Comercial Real Plaza Centro Cívico y Centro Real Plaza Piura (As of December 31, 2011, corresponded mainly to rental of premises from Centro Comercial Real Plaza Centro Cívico). In application of the doubtful account policy described in Note 2(g). As of December 31, 2012 the Company has recorded a provision amounted to S/.525,000 (S/.1,333,000 as of December 31, 2011), see (i).

(d) As of December 31, 2012 and 2011 corresponds to loans granted to policyholders. In Management opinion, it is not necessary to record a provision for these receivables because they are secured by their surplus accounts of life insurance contracts individually.

(e) As of December 31, 2012, corresponds to accounts receivable from sale of debt and equity financial instruments, which have been charged the first days of January 2013.

(f) Corresponds to payments in advanceto its subsidiary "Centro Comercial Estación Central S.A.", for the construction of their main asset (real estate investment). In Management opinion the balance will be returned in the short term and is not necessary to record a provision for doubtful accounts. During 2012, the Company received refunds of approximately S/.582, 000.

(g) As of December 31, 2012 and 2011 represents the accrued interests on a real estate project that the Company has with Urbi Properties S.A., in Primavera Park Plaza Shopping Center, see Note 9 (e) (i). At December 31, 2012, the balance is fully provisioned, see (i), and at December 31, 2011, a provision was maintained up to S/.594, 000.

(h) As of December 31, 2011, represented the sale of the participation in class 12 to Interproperties Holding, see Note 11(b)(v). This balance was collected during the first half of 2012.

(i) As of December 31, 2012 and 2011 the movement of the provision for doubtful accounts is as follows:

	2012 S/.(000)	2011 S/.(000)
Balance as of January, 1	10,367	-
Additions, see Note 21	1,033	10,585
Exchange difference adjustments	[463]	[218]
Balance as of December, 31	10,937	10,367

As of December 31, 2012 and 2011, in the opinion of Management of the Company, the provision for doubtful accounts recorded, adequately covers the credit risk.

7. PREPAID TAXES AND EXPENSES

(a) This item is made up as follows:

	2012 S/.(000)	2011 S/.(000)
Credit for income tax (b)	7,195	13,146
ITAN payments (c)	2,168	1,924
Drawdowns (d)	587	108
Value added tax(d)	349	-
Other	623	940
	10,922	16,118

(b) As of December 31, 2012 and 2011, correspond mainly to the balance in favor for this concept determined in 2008. According to the described in note 20(b), the gains and rents of the assets backing the technical reserves of life insurance contracts are not taxable; the Company will not obtain taxable income for purposes of this tax.

(c) As of December 31, 2012 and 2011, corresponds to temporary tax payments of net assets (ITAN at its spanish acronym). During 2012, the Company has requested the return of this credit to the Tax Authority for an amount of S/.1,924,000. In August 2012, the Superintendency of Tax Administration (SUNAT at its spanish acronym) proceeded to pay such concept.

(d) As of December 31, 2012, corresponds to value added tax (VAT) credit paid to the Tax Authority and value added tax drawdowns made by their suppliers and deposited in Banco de la Nación. In Management´s opinion, these credits will be applied to the balances of the tax payable in the short term.

NOTES TO THE FINANCIAL STATEMENTS

As of December 31, 2012 and 2011

8. AVAILABLE-FOR-SALE INVESTMENTS, NET

(a) This caption is made up as follows:

	2012					2011				
	Unrealized gross amount, Note 19(c)					Unrealized gross amount, Note 19(c)				
	Cost S/.(000)	Interests (i) S/.(000)	Gains S/.(000)	Losses S/.(000)	Fair value S/.(000)	Cost S/.(000)	Interests (i) S/.(000)	Gains S/.(000)	Losses S/.(000)	Fair value S/.(000)
Investments available-for-sale										
Public treasury bonds (c)	141,455	2,163	5,211	(394)	148,435	88,423	372	224	(80)	88,939
Corporate and financial Local bonds (d)	622,977	7,689	28,504	(930)	658,240	380,385	5,327	1,646	(12,129)	375,229
Corporate and financial Foreign bonds (e)	303,380	4,108	21,814	(397)	328,905	271,663	4,848	2,687	(1,766)	277,432
Peruvian private sector shares (g)	172,268	-	35,798	(566)	207,500	104,489	-	11,675	(1,770)	114,394
Credit Suisse Nassau y London Branch, variable coupon principal and guaranteed capital notes (Royalty) (h)	-	-	-	-	-	40,360	-	25,989	-	66,349
Investment funds participations (i)	107,120	-	48,360	(667)	154,813	111,673	-	4,429	(5,431)	110,671
Foreign shares(j)	31,937	-	-	(3,236)	28,701	65,039	-	2,887	-	67,926
	1,379,137	13,960	139,687	(6,190)	1,526,594	1,062,032	10,547	49,537	(21,176)	1,100,940

(i) Corresponds to the accrued interests as the date of the Balance Sheet; and in accordance to the established in Resolution y SBS N° 16131-2009, in force since May, 2010, are included in this caption.

NOTES TO THE FINANCIAL STATEMENTS

As of December 31, 2012 and 2011

(b) The table below shows the movement of this caption as of the date of the Balance Sheet:

	Bonds S/.(000)	Shares S/.(000)	Notes S/.(000)	Investment Funds S/.(000)	Total S/.(000)
Balance as of January 1, 2011	677,938	177,035	73,924	58,512	987,409
Purchase	881,674	241,648	-	87,149	1,210,471
Sales	(528,810)	(197,465)	(8,279)	(22,676)	(757,230)
Settlement due	(1,461)	-	-	-	(1,461)
Reclassifications (*), see Note 9 (d) and (i)	(269,284)	-	-	-	(269,284)
Interests by effective interest rate method	13,012	-	-	-	13,012
Effect of VAC adjustments	1,511	-	-	-	1,511
Net change in unrealized results recorded in equity	(11,819)	(37,629)	2,654	(6,373)	(53,167)
Exchange difference recorded in equity	-	(1,269)	(1,823)	(191)	(3,283)
Exchange difference recorded in results	(21,161)	-	(127)	(5,750)	(27,038)
Balance as of December 31, 2011	741,600	182,320	66,349	110,671	1,100,940
Balance as of January 1, 2012	741,600	182,320	66,349	110,671	1,100,940
Purchase	1,885,651	184,837	-	2,464	2,072,952
Sales	(1,477,675)	(149,026)	(17,546)	(15,718)	(1,659,965)
Settlement due	(58,639)	-	-	-	(58,639)
Reclassifications (*)	-	-	(53,330)	53,330	-
Interests by effective interest rate method	23,274	-	-	-	23,274
Effect of VAC adjustments	(65)	-	-	-	(65)
Net change in unrealized results recorded in equity	63,226	19,204	10,434	12,272	105,136
Exchange difference recorded in equity	-	(1,134)	(2,040)	(744)	(3,918)
Exchange difference recorded in results	(41,792)	-	(3,867)	(7,462)	(53,121)
Balance as of December 31, 2012	1,135,580	236,201	-	154,813	1,526,594

(*)In accordance to the letter send in the first half of 2011, the Company informed to the SBS the reclassifications of debt instruments included in this category to held-to maturity-investments, see Note 2 (j.6).

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

	2012					2011				
	Unrealized results					Unrealized results				
	Cost S/.(000)	Interests (i) S/.(000)	Gains S/.(000)	Losses S/.(000)	Fair value S/.(000)	Cost S/.(000)	Interests (i) S/.(000)	Gains S/.(000)	Losses S/.(000)	Fair value S/.(000)
United States of America Sovereign Bond (i)	39,464	55	-	(263)	39,256	73,821	-	211	(77)	73,955
Peru Sovereign Bond (i)	98,883	2,106	5,193	(75)	106,107	14,602	372	13	(3)	14,984
Peruvian Guaranteed Bonds	3,108	2	18	(56)	3,072	-	-	-	-	-
	141,455	2,163	5,211	(394)	148,435	88,423	372	224	(80)	88,939

(i) As of December 31, 2012, certain financial instruments by approximately S/.34,333,000, were pending settlement by the broker. In the early days of January 2013, the payable account was liquidated and the liquidation values of these instruments did not differ from their acquisition, see Note 14 (a). As of December 31, 2011, financial instruments that were outstanding were approximately S/.56,213,000, they were settled during the first days of January 2012, see Note 14 (a) and Note 25.

As of December 31, 2012 corresponds to sovereign bonds available for sale issued by the Peruvian government denominated in Nuevos Soles and US Dollars, bearing an interest rate that is between 4.09 and 6.40 percent in Nuevos Soles and between 0.26 and 5.33 in US Dollars (6.46 and 6.64 percent in Nuevos Soles and between 0.95 and 2.96 US Dollars, to December 31, 2011), have maturities between November 2016 and February 2042.

As of December 31, 2012 and 2011 are under BBB credit rating issued by a foreign rating agency and the AAA credit rating issued by a local rating agency.

NOTES TO THE FINANCIAL STATEMENTS

As of December 31, 2012 and 2011

(d) As of December 31, 2012 corresponds to corporate bonds and local financial institutions mainly denominated in U.S. Dollars and Nuevos Soles, bearing an interest rate that is between 5.43 and 8.12 percent per annum in foreign currency (6.79 and 8.28 percent per annum to December 31, 2011), and between 4.08 and 8.64 percent per year in local currency (6.79 and 8.20 percent per annum to December 31, 2011).

As of December 31, 2012 and 2011 are on the following range of risk ratings issued by the local and foreign rating agencies:

	2012 S/.(000)	2011 S/.(000)
Instruments rated in Peru		
AAA	288,908	48,934
AA	9,395	-
AA-	22,037	-
A+	10,140	7,031
BBB+	19,331	-
Total	349,811	55,965
Instruments rated abroad		
BBB-	23,761	362
BB+ (*)	270,616	318,902
BB- (*)	14,052	-
Total	308,429	319,264
Total	658,240	375,229

(*) For Peruvian bonds with risk classification of BB- to BB+ it is designated the local classification of the issuer.

The corporate and financial bonds that have a AAA rating, awarded by the local rating agency, are mainly debt securities issued by: (i) H2 Olmos S.A. for an approximate amount of S/.102,396,000, of which at the balance sheet date outstanding is outstanding of the investment commitment by S/.22,208,000, see Note 14 (b), and (ii) Línea Amarilla S.A.C. for an approximate amount of S/.59,738,000, of which at the balance sheet date were outstanding at an amounting to approximately S/.14,284,000, which were settled the first days of January 2013, see Note 14(a).

The corporate and financial bonds have a BB + rating, provided by a foreign rating agency, are mainly bonds issued by local banks.

(e) As of December 31, 2012, corresponds to corporate bonds and foreign financial institutions mainly denominated in US Dollars, bearing an interest rate that is between 4.51 and 7.65 percent (5.04 and 7.65 percent to 31 December 2011).

As of December 31, 2012 and 2011 are on the following range of risk ratings issued by the major foreign rating agencies:

	2012 S/.(000)	2011 S/.(000)
Risk classification		
A	-	15,254
BBB+	20,950	20,207
BBB	90,625	50,490
BBB-	217,330	191,481
Total	328,905	277,432

As of December 31, 2012, these bonds issuers are primarily from Latin American countries and the United States of America, amounting to approximately S/.313,777,000 and S/15,128,000, respectively. As of December 31, 2011, issuers are primarily from Latin American, North American and other, amounting to approximately S/.188,292,000; S/.73,887,000, and S/.17,804,000, respectively.

(f) The credit risk of financial instruments in these categories is based in the risk ratings provided by a rating agency risk. For investments traded in Peru, risk classifications used are those provided by "Apoyo & Asociados Internacionales S.A.C." (a Peruvian rating agency approved by the regulator of Peru and related to Fitch Ratings) and "Equilibrium"; and for investments traded abroad, risk classifications used are those provided by Standard & Poors and Pacific Credit Rating.

(g) Correspond to shares of private sector companies, from corporate and financial entities; from the local market mainly in local currency, distributed in the following sectors:

	2012 S/(000)	2011 S/(000)
Energy (*)	135,436	87,002
Retail (*)	45,044	-
Financial services	16,594	12,216
Construction	5,371	11,323
Agroindustrial	5,055	3,853
Total	207,500	114,394

(*) Investments in the energy sector are mainly shares in Energía del Sur S.A. and Luz del Sur S.A.A., also investments in the retail sector are mainly related to shares in InRetail Perú Corp.

(h) As of December 31, 2011, corresponded to notes issued by the Credit Suisse Bank (CSB) branches in Nassau and London, with maturities in 2036 and 2038. These notes were issued in U.S. Dollars, are not liquid and have a fixed-yield component (zero coupon bonds) and a variable-yield component based on Royalty Pharma Cayman Partners LP (henceforth "Royalty Pharma") acquired with the issuance of the notes.

NOTES TO THE FINANCIAL STATEMENTS

As of December 31, 2012 and 2011

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

In August 2011, the Investment Committee of Royalty Pharma proposed an exchange offer among its investors and, consequently, the Company decided to participate in the exchange process with a percentage of the shares held in Royalty Pharma shares of RPI International Partners LP (henceforth "Royalty Pharma Investment"), it must note that these two funds remained the same underlying assets at the time of the exchange offer, differing only in the period of implementation of investments subsequent to December 31, 2011.

Likewise as part of the exchange offer that took place in 2011, the Company received a settlement of a percentage of the value of each share owned in both funds (Royalty Pharma and Royalty Pharma Investment, amounted to US\$5,242,000 (equivalent to approximately S/.14,351,000), recording a portion amounted to US\$ 2,218,000 (equivalent to approximately S/.6, 072,000) in the "Investment income, net" caption of the statement of income corresponding to the realized gains from this investment, and the difference was recorded reducing the cost of the instrument and the unrealized gain amounted to US\$3,024,000 (equivalent to approximately S/.8, 279,000) and US\$359,000 (equivalent to approximately S/.983,000), respectively.

As of December 31, 2011, the notes of Credit Suisse and Credit Suisse Nassau Branch London Branch classified as available-for-sale investments corresponds to 63,523 and 290,341 shares of Royalty Pharma and Royalty Pharma Investment, respectively for a total of approximately US\$2,639,000 and US\$17,235,000 and a financial instrument zero coupon issued by the CSB for about US\$4,736,000.

The market value of these structured notes, as of December 31, 2011, amounting to approximately US\$24,610,000 (equivalent to approximately S/.66,349,000), has been determined by the Company using market information.

In June 2012, the Company sold to Intercorp Financial Services Inc., its main shareholder, notes issued by the branch of Credit Suisse Bank in Nassau, for approximately US\$3,587,000 (equivalent to approximately S/.9,722,000), at their market value, the sale resulted in a gain of S/.1,506,000, included as part of the income from the sale and valuation of investments, net in the "investment income, net" caption of the the statements of income.

In August 2012, the Company executed the prepayment option established in the conditions of this note. Consequently, in accordance to the agreement, the Company received approximately US\$3,410,000 (equivalent to approximately S/.8,965,000) corresponding to the zero coupon bond settled, plus 54,978 and 251,286 participations of Royalty Pharma and Royalty Pharma Investment, respectively. Said settlement generated the realization of a loss amounting to US\$234,000 (equivalent to approximately S/.615,000) which was recorded as income from sale and valuation of investments, net in the "Investment income, net" caption of the the statements of income.

As of December 31, 2012, as a result of the transactions explained above, the Company do not held notes of Credit Suisse Nassau Branch and Credit Suisse London Branch and has participations of Royalty Pharma and Royalty Pharma Investment, totaling approximately US\$3,890,000 and US\$17.367 million (equivalent to S/.8,681,000, and S/.44 649,000), respectively, the same as are presented as participation in investment funds, see paragraph (i) below.

(i) Corresponds to participations in investment funds subject to supervision under the rules of the country's capital market in traded, amounted to S/.85,029,000 (S/.90,697,000 as of December 31, 2011), and fund shares private equity investing in debt instruments and shares amounted to S/.69,784,000; of this amount, S/.53,330,000 corresponds to Royalty Pharma y Royalty Pharma Investment (S/.19,974,000 as of December 31, 2011). These funds are recorded at market value, which is equivalent to its quotation value at the end of the month. Management estimates that the quote value is a reasonable approximation of market value.

(j) Corresponds mainly to equity instruments of foreign entities in foreign markets, related to public services as electricity and drinking water.

(k) The table below presents the balance of available-for-sale investments, by maturity date, as of December 31, 2012 and 2011:

	2012 S/.(000)	2011 S/.(000)
From 1 to 5 years	23,153	10,295
From 5 years to more	1,112,380	797,654
Without maturity	391,061	292,991
	1,526,594	1,100,940

9. HELD-TO-MATURITY INVESTMENTS, NET

(a) This item is made up as follows:

	2012 S/.(000)	2011 S/.(000)
Corporate and financial bonds (c) (*)	655,601	692,326
Sovereign bonds (d) (*)	382,315	390,484
Debt instruments investment	1,037,916	1,082,810
Real estate projects investment (e)	2,400	23,592
Total	1,040,316	1,106,402
Less - current portion	-	274
Non-current portion	1,040,316	1,106,128

(*) As of December 31, 2012 and 2011, includes accrued interests amounted to S/.13,903,000 and S/.14,913,000, respectively. In accordance with the Resolution SBS N°16131-2009, in force since May 2010, this interests are included in this caption.

NOTES TO THE FINANCIAL STATEMENTS

As of December 31, 2012 and 2011

(b) The table below presents the movement at the balance sheet date:

	Bonds S/.(000)	Real estate investments and others S/.(000)	Total S/.(000)
Balance as of January 1, 2011	780,459	26,469	806,928
Purchase	405,059	-	405,059
Sales, see Note 2 (j.3) (iii)	(346,284)	-	(346,284)
Settlement due	(10,407)	-	(10,407)
Reclassifications, see Note 9(d)(i)	269,284	-	269,284
Interests by effective interest rate method	4,983	-	4,983
Effect of VAC adjustments	10,337	-	10,337
Amortization	-	(1,838)	(1,838)
Exchange difference recorded in results	(30,621)	(1,039)	(31,660)
Balance as of December 31, 2011	1,082,810	23,592	1,106,402
Purchase	118,025	-	118,025
Sales, see Note 2 (j.3) (iii)	(101,912)	(19,582)	(121,494)
Settlement due	(9,164)	-	(9,164)
Interests by effective interest rate method	(23,205)	-	(23,205)
Effect of VAC adjustments	7,277	-	7,277
Amortization	-	(1,545)	(1,545)
Exchange difference recorded in results	(35,915)	(65)	(35,980)
Balance as of December 31, 2012	1,037,916	2,400	1,040,316

(c) Corresponds to corporate and financial bonds that present the following risk ratings:

	2012 S/.(000)	2011 S/.(000)
Instruments issued by local companies		
Instruments rated in Peru		
AAA	325,815	298,482
AA+	1,897	1,858
AA	30,120	28,632
Instruments rated abroad		
AAA	-	33,682
BBB+	30,744	-
BBB-	89,837	-
	478,413	362,654
Instruments issued by foreign entities		
Foreign classification		
A	27,319	27,279
BBB+	50,626	53,812
BBB	87,200	151,498
BBB -	12,043	97,083
	177,188	329,672
Total	655,601	692,326

These bonds have maturities between June 2014 and April 2041 (between October 2012 and November 2041 as of December 31, 2011) and accrue effective interest rates between 5.83 and 8.65 percent annual in foreign currency, 5.87 and 7.40 percent annual in local currency and VAC + 3.14 and VAC+ 6.60 percent annual in local currency (5.71 and 8.65 percent in foreign currency and VAC + 3.14 and VAC+ 6.60 percent annual in local currency, as of December 31, 2011).

Instruments issued by local companies rated: (i) AAA corresponds mainly in the telecommunications sector for approximately of S/.93,101,000 and energy sector for approximately S/.221,648,000.

Instruments issued by foreign companies rated: (i) BBB corresponds to mainly to investments in the telecommunications sector for approximately of S/.48,803,000, in the mining sector for approximately S/.19,565,000, and in the energy sector for approximately S/.18,832,000.

NOTES TO THE FINANCIAL STATEMENTS

As of December 31, 2012 and 2011

(d) The table below presents the balance corresponding to sovereign bonds:

	2012 S/.(000)	2011 S/.(000)
Peruvian sovereign bonds	144,933	146,609
Bonds granted by the Peruvian Government (i)	236,634	217,351
Foreign sovereign bonds (ii)	748	18,896
Bonds issue by Credit multilateral entities	-	7,628
	382,315	390,484

(i) Corresponds to debt financial instruments issued by concessionaries entities from the Peruvian Government, in order to finance public works and are guaranteed by the Peruvian Government to enforce the payment of such debt.

On May 2011, the Company made a reclassification of Sovereign Bonds classified in the category of "Available for sale" in this category, by the equivalent amount at amortized cost upward S/.296,284,000 and the unrealized loss amounting to S/.6, 216,000 at that date.

(ii) As of December 31, 2011, corresponds mainly to Bonds issued by Mexican Government, denominated in U.S. dollars. Then were sold, on February, 2012. As of December 31, 2012 and 2011 the interests range accrued by this bonds are specified in the following paragraph (iii).

(iii) As of December 31, 2012 and 2011, corresponds to sovereign bonds held to maturity by the Company denominated in Nuevos Soles and U.S. Dollars, bearing an interest rate that is between 5.57 and 7.74 percent per annum in foreign currency (5.62 and 7.74 percent at December 31, 2011), and between 6.16 and 7.90 percent per year in nominal soles VAC VAC + + 3.05 and 6.01 annual percent in local currency (6.16 and 7.09 percent in soles nominal VAC VAC + + 3.05 and 6.01 annual percent in local currency to 31 December 2011), have maturities between May 2018 and October 2110.

As of December 31, 2012 and 2011 are under BBB - credit rating issued by an outside rating agency and the AAA credit rating issued by a local rating agency.

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

	2012 S/.(000)	2011 S/.(000)
Primavera Park Plaza (i)	-	20,976
Cineplanet Piura (ii)	2,400	2,616
	2,400	23,592

(i) As of December 31, 2011; corresponds to funds given to "Urbi Propiedades S.A." (hereinafter "Urbi" a related company) 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.

In June 2012, Urbi and the Company subscribed a contract of mutual dissent through which they agreed to resolve in advance the Contract of Cession of Rights. As a result of this operation, the Company received approximately US\$12,466,000 (equivalent to approximately S/.33,770,000); which corresponded to the valuation of flows from the investment made for the usufruct right for approximately US\$8,733,506 (equivalent to approximately S/.23,659,000) and additionally they agreed the payment of a penalty for the resolution of the contract for approximately US\$3,733,000 (equivalent to approximately S/.10,111,000). The financial income resulting from this transaction is recorded in the "Income from investments, net" caption of the statement of income, see Note 21.

(ii) Corresponds to a contract signed between the "Company and Cineplex S.A." (a related company) by which this latter assigns its right to usufruct a shopping center located in the city of Piura, in the north of Peru, which was in force with "Multimercados Zonales S.A."; for a period of 10 years, renewable for a further 10 years at the discretion of the parties. As of December 31, 2012, the Company recognized revenue related to this contract of approximately US \$ 172,000 (equivalent to approximately S/.469, 000), included in the "Investment income, net" caption. This transaction and its accounting record was reported by the SBS.

(f) As of December 31, 2012 and 2011, the fair value of held-to-maturity in debt investments is as follows:

	As of December 31, 2012			As of December 31, 2011		
	Face value S/.(000)	Book value S/.(000)	Fair Value S/.(000)	Face value S/.(000)	Book value S/.(000)	Fair Value S/.(000)
Corporate and financial Bonds	595,737	655,601	737,659	637,075	692,326	713,447
Sovereign Bonds	386,251	382,315	447,769	389,496	390,484	407,691
	981,988	1,037,916	1,185,428	1,026,571	1,082,810	1,121,138

NOTES TO THE FINANCIAL STATEMENTS

As of December 31, 2012 and 2011

(g) The table below presents the balance of held-to-maturity in debt investments, by maturity date, as of December 31, 2012 and 2011:

	2012 S/.(000)	2011 S/.(000)
From 3 months to 1 year	-	270
From 1 to 5 years	65,139	18,602
From 5 years to more	919,249	1,031,291
	984,388	1,050,163

The rating given for each of these instruments issued by a rating agency. For investments traded in Peru, risk classifications used are those provided by Apoyo & Asociados Internacionales S.A.C. (Peruvian rating agency authorized by the regulator from Peru and related to Fitch Ratings) and for foreign investments traded risk classifications used are those provided by Standard & Poors and Pacific Credit Rating.

(h) The Company is subject to limits of diversification by issuer and economic groups, as well as other limits established by the SBS. At December 31, 2012 and 2011, the Company's Management believes it has complied with all the investment limits set by the SBS.

On the other hand, it should be noted that the Company maintain several portfolios that support its different technical obligations.

Management maintains a control and a continuous monitoring of the evolution of these indicators and, in its opinion, the investment portfolio adequately supports the technical obligations of the Company as of December 31, 2012 and 2011.

10. REAL ESTATE INVESTMENTS, NET

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

				2012	2011
	Land S/.(000)	Buildings S/.(000)	Work-in process S/.(000)	Total S/.(000)	Total S/.(000)
Cost					
Balance as of January 1	26,502	151,246	-	177,748	120,821
Additions (b)	88,763	25,818	35,194	149,775	59,176
Disposals (c)	(15,354)	(40,389)	(1,419)	(57,162)	(2,249)
Balance as of December 31	99,911	136,675	33,775	270,361	177,748
Land value adjustment					
Balance as of January 1	4,811	-	-	4,811	3,161
Additions, Note 21	-	-	-	-	1,650
Balance as of December 31	4,811	-	-	4,811	4,811
Depreciation					
Balance as of January 1	-	7,503	-	7,503	3,636
Additions, Note 21	-	4,891	-	4,891	3,867
Disposals	-	(201)	-	(201)	-
Balance as of December 31	-	12,193	-	12,193	7,503
Net book value	95,100	124,482	33,775	253,357	165,434

NOTES TO THE FINANCIAL STATEMENTS

As of December 31, 2012 and 2011

(b) As of December 31, 2012, the main additions of investment property corresponds mainly to the return of "Real Plaza Mall Piura" amounting approximately S/.63, 315,000, works for the expansion of the Mall for approximately S/. 33,775,000, and the purchase of land located in different cities of the country for an estimated cost of S/.49,422,000, of which S/.7,742,000 are outstanding, see Note 14(a).

In January, 2013, the Company made the sale of its investment property "Real Plaza Mall Piura", to the Patrimonio Fideicometido – D.S. N ° 093-2002-EF Interproperties Holding II, amounting to approximately S/.128,952,000, and held a portion of the land for approximately S/.8,557,000.

As of December 31, 2011, the main additions of real estate investments corresponds mainly to the construction of the "Centro Comercial Real Plaza Chorrillos", for an amount of approximately S/.40,389,000, and the return of the land on which they built this mall that until then was part of the assets to be contributed to class 5 of Interproperties Peru for approximately of S/.17,603,000.

(c) As of December 31, 2012, the main disposals of real estate investments correspond to the transfer in trust and no return of the land and building of Real Plaza Shopping Center Chorrillos to Patrimonio Fideicometido D.S. 093-2002-EF Interproperties Perú, amounting approached S/.56, 961,000, see Note 11 (b) (iv).

As of December 31, 2011, the withdrawal corresponds to the sale of a portion of the land located in Chorrillos to Colegios Peruanos S.A. (a related company), generating a profit amounting to S/.685, 000. The sale was made in cash.

(d) As part of the investment property include constructed assets on surface rights, which corresponds to the grant for the surface rights on the property designated Centro Cívico that maintained Centro Cívico S.A. with ONP, for a net amount of approximately S/.98,161,000. The term of this contract is 30 years renewable at maturity; and the payment to the ONP for an annual rent equivalent to 15 percent of the gross income derived from the exploitation of the shopping center, which shall not be less than US \$800,000. During 2012 and 2011, the Company has provisioned as expense for this concept an amount of S/.3,331,000 and S/.4,568,000, respectively.

(e) As of December 31, 2012 y de 2011, these properties generated rental income for an amount to S/.31,134,000 and S/.26,093,000, respectively, see Note 21.

(f) As of December 31, 2012 and 2011, the market value of those properties is approximately S/.330,600,000, which have been determined by an independent expert appraisal.

(g) As of December 31, 2012 y de 2011, the Company's management has determined that the carrying value of its investment property is greater than its book value.

(h) As of December 31, 2012, the Company holds leases with related parties and third parties from their real estate leases. The total future fixed minimum income until 2030, according to the currency, agreed to the date of the financial statements is as follows:

Year	Related parties		Third parties		Total	
	US\$(000)	S/.(000)	US\$(000)	S/.(000)	US\$(000)	S/.(000)
2013	685	7,397	2,321	10,360	3,006	17,757
2014	311	7,334	1,683	5,831	1,994	13,165
2015	24	7,097	761	4,642	785	11,739
2016	24	6,850	761	3,154	785	10,004
2017	24	6,215	668	2,220	692	8,435
2018-2030	-	44,163	895	4,608	895	48,771
Total	1,068	79,056	7,089	30,815	8,157	109,871

11. OTHER INVESTMENTS

(a) The table below presents the composition of this caption as of December 31, 2012 and 2011:

	2012 S/.(000)	2011 S/.(000)
Certificates of participation (b)	177,805	254,273
Investments in subsidiaries (e)	1,267	3,010
	179,072	257,283

NOTES TO THE FINANCIAL STATEMENTS

As of December 31, 2012 and 2011

(b) Correspond to certificates of participation in an special purpose entity named "Interproperties" established in April 2008, for consolidating real estate investment of the Company and other companies of the Interbank Group (denominated originators) oriented to the real estate business. The contributions (in cash or real estate investments) made by the originators are represented by certificates of participation of classes in which they participate. As December 31, 2012, "Interproperties" is composed of 14 classes of certificates of participation; from Class 3 to Class 16 (13 classes as of December 31, 2011, from 3 to Class 1 and Class 14).

Below is the movement of the transactions that the Company has made through this Trust as of December 31, 2012 and 2011:

	Balance as of January 1, 2011 S/.(000)			Balance as of December 31, 2011 S/.(000)			Balance as of December 31, 2012 S/.(000)		
		Additions S/.(000)	Deductions S/.(000)		Additions S/.(000)	Deductions S/.(000)		Additions S/.(000)	Deductions S/.(000)
Cash contribution (i)	69,175	66,713	-	135,888	46,697	-	182,585		
Land, buildings and lease hold contribution, see Note 10(c)	326,267	7,625	-	333,892	56,961	-	390,853		
Return of property from Interproperties Peru to originator, Note 10(b)	-	-	(17,603)	(17,603)	-	(63,315)	(80,918)		
Purchase and sale of certificates pending of payment, see (iii), Note 10(c)	69,648	20,498	(51,050)	39,096	-	-	39,096		
Certificate swaps (iv)	-	-	-	-	27,204	(56,961)	(29,757)		
Constitution of new classes with transfer of assets and liabilities of class 5, see (iii)	-	87,475	(87,475)	-	-	-	-		
Sales of certificates participation, see (v)	(21,632)	-	(104,269)	(125,901)	-	(90,425)	(216,326)		
Return of contributions	(66,215)	-	-	(66,215)	-	-	(66,215)		
Advance of returns	(70,209)	-	(6,710)	(76,919)	-	(1,950)	(78,869)		
Retained earnings	(2,789)	15,054	-	12,265	-	(1,788)	10,477		
Net income, see Note 21	15,054	19,770	(15,054)	19,770	7,109	-	26,879		
Total book value	319,299	217,135	(282,161)	254,273	137,971	(214,439)	177,805		

During the years 2012 and 2011 the following transactions have been done:

(i) During 2012 and 2011, the Company made cash contributions to Classes 3 and 5 of the trust estate for the construction and/or expansion of buildings in which they are developing shopping centers that make up the assets transferred to those classes.

(ii) In August, 2011; the certificates of participation in Class 7 was sold to IFS, by S/. 52,284,000 which generated a gain of S/.1,234,000, see Note 21. Such sale was collected in cash by S/.31,786,000 and a payment in certificates of Class 3 held by IFS in Interproperties Perú, by to S/.20,498,000. After this operation the Company holds the 100 percent of the Class 3 of Interproperties Perú. Additionally the Company recognized gains in the statement of income for S/.2,644,000 from unrealized gains generated in 2010, see Note 21.

(iii) Transfers of assets and liabilities related to Santa Clara and San Juan, Pro and Juliaca projects, included in the Class 5 of Interproperties Perú to create Classes 11,13 y 14, respectively in February and August of 2011. As mentioned in paragraph (iv) below, this Classes were sold to a related company.

(iv) On May 22, 2012, the Company transferred "Real Plaza Mall Chorrillos" from the category of investment properties to the Patrimonio Fideicometido D.S. 093-2002-EF Interproperties Peru, see Note 10 (c). This contribution is represented by the Participation Certificate of the Class 15. Also, on that date the Company and Supermercados Peruanos S.A. entered into a swap agreement whereby it was transferred to Supermercados Peruanos S.A. the ownership of the certificate of participation in class 15, with nominal value at that date was approximately S/.56,961,000, in exchange Supermercados Peruanos S.A. transferred to the Company a cash amount of approximately S/.29,757,000, and the ownership of certificates of participation in class 5 nominal with nominal value is approximately S/.27,204,000 comprising Pucallpa and Zapallal properties.

(v) As of December 31, 2012, mainly attributable to the sale certificates of Class 6 ("Centro Comercial Real Plaza Chiclayo") and Class 5 (Properties of Huanuco and Zapallal) to Interproperties Holding II for approximately to S/.188,875,000 generating a profit of S/.98,450,000. As of December 31, 2011, correspond to the sale of certificate participation of the Classes 8, 11, 12, 13 y 14 of Interproperties Perú to the "Patrimonio en Fideicomiso D.S. 093-2002-EF - Interproperties Holding", trust incorporated in order to reorganize the Classes of participation in which the Company participates, amounted to S/.184,328,000 generating a gain of S/.80,059,000, see Note 21.

The mainly transactions made during 2012, were realized as part of the reorganization explained in Note 1(b) of Intercorp Perú. During the year 2011, the investment reorganization was made for the purpose of issuing debt backed by these investments in order to continue the development of their real estate projects in the principal cities in Peru and amortized financial debt with related and non related entities through Interproperties Perú.

As of December 31, 2012 and after performing the above operations the Company holds 100 percent of Class 3 and 5. As of December 31, 2011 the Company participated in 100 percent of classes 3, 5 and 6 of Interproperties Peru.

NOTES TO THE FINANCIAL STATEMENTS

As of December 31, 2012 and 2011

(c) Below it is presented the main financial data of the Trust, as well as the classes in which the Company participates as of December 31, 2012 and 2011:

	Total		Participation at 100 percent (i)	
	2012 S/.(000) Non audited	2011 S/.(000) Audited	2012 S/.(000) Non audited	2011 S/.(000) Audited
Real estate investments (d)	1,129,948	848,000	168,679	271,258
Other assets	98,963	85,265	9,544	16,407
Total assets	1,228,911	933,265	178,223	287,665
Financial obligations (ii)	87,191	86,672	-	30,635
Other liabilities	36,680	19,445	418	2,757
Total liabilities	123,871	106,117	418	33,392
Total equity	1,105,040	827,148	177,805	254,273
Rent income	103,007	78,092	7,117	21,081
Operating income	65,536	40,997	3,877	16,442
Net income	59,074	25,206	3,841	13,338

(i) As of December 31, 2012, the Company participates in 100 percent of the classes 3 and 5 of "Interproperties" (classes 3, 5 and 6 as of December 31, 2011).

(ii) As of December 31, 2012 and 2011, corresponds mainly to leasing contracts for the construction of shopping centers.

(d) Below it is presented the assets that comprise the real estate investment of each one of the classes in which the Company participates:

	Book value		Appraisal value	
	2012 S/.(000) Non audited	2011 S/.(000) Audited	2012 S/.(000)	2011 S/.(000)
Class 3				
Avenue Haya de la Torre N° 4770 (Lot N° 3), (ex Av. Nicolás Ayllón) – Ate Vitarte – Lima (i)	65,786	65,630	150,193	128,755
Class 5				
"Real Plaza Piura" Shopping center (iii)	-	64,023	-	120,009
Avenue Paseo de la República 3071 and Calle Miguel Seminario N°365, 363 y 315 – San Isidro	52,054	46,709	64,896	54,168
Avenue La Molina 140 – Ate	26,849	27,256	94,139	78,453
Lot from 7 to 11 and 15 to 25 of 365 Mz- Regulator Plan Pucallpa Calleria, Yarinacocha district, province of Pucallpa and department of Ucayali	16,342	-	22,950	-
Lands	7,648	7,648	-	14,920
	102,893	145,636	181,985	267,550
Class 6				
"Real Plaza Chiclayo" Shopping center (ii)	-	59,992	-	130,582

(i) Real estate investment in process without flows generation.

(ii) Shopping centers are conformed mainly by supermarkets, department stores, cinemas, shopping stores and an entertainment area; for which it is obtained minimum monthly income for rents and variable rents according to the sales and other factors established in the lease contracts.

NOTES TO THE FINANCIAL STATEMENTS

As of December 31, 2012 and 2011

(e) This category includes shares in subsidiaries. The composition as of December 31, 2012 and 2011 is as follows:

	Shareholding percentage		Investment cost		Equity participation	
	2012 %	2011 %	2012 S/.(000)	2011 S/.(000)	2012 S/.(000)	2011 S/.(000)
Real Plaza S.R.L. See Note 1	-	99.99	-	926	-	2,340
Centro Comercial Estación Central S.A. (ii)	75.00	75.00	563	563	1,267	654
Inretail Properties Management S.R.L., See Note 1	-	99.99	-	30	-	16
			563	1,519	1,267	3,010

(i) Real Plaza S.R.L. is a company dedicated to the administration of shopping centers named "Centro Comercial Real Plaza", located in the cities of Chiclayo, Trujillo, Huancayo, Arequipa, Juliaca and various districts of Lima

(ii) Centro Comercial Estación Central S.A. , a company dedicated to all kinds of activities related to the design, modification, operation, maintenance of commercial area and restrooms of the Central Station Corridor High Capacity Segregated Buses - COSAC I, located in the Lima.

(f) The table below presents the movement of this caption for the years 2012 and 2011:

	2012 S/(000)	2011 S/(000)
Balance as of January 1	3,010	3,164
Received dividends (iii)	-	(281)
Net participation on subsidiary income, see Note 21	1,032	450
Correction of net participation on subsidiary corresponding to 2010 income	-	(323)
Shares swap, see Note 1	(2,775)	-
Balance as of December 31	1,267	3,010

(i) As of December 31, 2011, corresponds to dividends in advance of its subsidiary Centro Comercial Estación Central S.A.

(g) As of December 31, 2012 and 2011, the main unaudited financial information of the subsidiaries is as follows:

	Real Plaza S.R.L. (before Real Plaza S.A.)		Centro Comercial Estación Central S.A.		Inretail Properties Management S.R.L. (before Interproperties Perú S.A.)	
	2012 S/.(000) Non audited	2011 S/.(000) Audited	2012 S/.(000) Non audited	2011 S/.(000) Audited	2012 S/.(000) Non audited	2011 S/.(000) Audited
Total assets	-	9,067	4,135	4,339	-	178
Total liabilities	-	6,727	3,011	3,467	-	162
Shareholders' equity, net	-	2,340	1,124	872	-	16
Net income	-	(34)	271	615	-	24

NOTES TO THE FINANCIAL STATEMENTS

As of December 31, 2012 and 2011

12. PROPERTY, FURNITURE AND EQUIPMENT, NET

(a) The movement of the cost and accumulated depreciation accounts for the years ended December 31, 2012 and 2011 is shown below:

	Lands S/.(000)	Property S/.(000)	Installations and improvements S/.(000)	Furniture and fixtures S/.(000)	Computer equipment S/.(000)	Sundry equipment S/.(000)	Vehicles S/.(000)	Work-in progress S/.(000)	2012 S/.(000)	2011 S/.(000)
Cost										
Balances as of January 1	469	6,030	6,254	2,194	2,801	1,288	257	-	19,293	18,790
Additions (b)	-	580	560	76	283	78	109	668	2,354	633
Retirements	-	-	-	-	-	-	(126)	-	(126)	(130)
Balances as of December 31	469	6,610	6,814	2,270	3,084	1,366	240	668	21,521	19,293
Accumulated depreciation										
Balances as of January 1	-	401	3,190	1,151	2,242	688	257	-	7,929	6,601
Depreciation of the year	-	404	506	150	312	127	3	-	1,502	1,435
Retirements	-	-	-	-	-	-	(126)	-	(126)	(107)
Balances as of December 31	-	805	3,696	1,301	2,554	815	134	-	9,305	7,929
Net book value	469	5,805	3,118	969	530	551	106	668	12,216	11,364

(b) Corresponds mainly to the remodeling and expansion of the offices located in the building of Av. Pardo y Aliaga 640.

(c) Fully depreciated property, furniture and equipment in use as of December 31, 2012 amount to approximately S/.3,111,961 (approximately S/.3,031,182 as of December 31, 2011).

(d) As of December 31, 2012 and 2011, there were no pledges or guarantees to third parties affecting the Company's property, furniture and equipment. Likewise, at those dates, the Management considered that there were no circumstances indicating impairment in the net value of installation, furniture and equipment.

13. FINANCIAL DEBT

As of December 31, 2011, the balance of this caption amounted to S/.250,000 comprises mainly loans from Bear Stearns & Co, a division of JP Morgan and Citigroup Global Markets.

These loans have current maturities, bear Libor to 3 months interest rate and neither have specific guarantees nor conditions for its use.

NOTES TO THE FINANCIAL STATEMENTS

As of December 31, 2012 and 2011

14. TAXES AND OTHER ACCOUNTS PAYABLE

(a) The item is made-up as follows:

	2012 S/.(000)	2011 S/.(000)
Investment commitment, see Note 8(d)	22,208	-
Purchase of level, see Note 10 (b)	48,617	56,213
Payable investments, see Note 8(c) and (d) and Note 25	7,742	-
Bonus payable	2,941	3,965
Value added tax	-	2,550
Deposits in guarantee (c)	2,526	2,465
Suppliers (d)	2,290	1,958
Vacations payable	1,329	1,265
Contributions payable	1,775	1,249
Leasehold payable, Note 10(d)	1,661	1,123
Commissions payable	652	1,300
Derivatives (e)	-	858
Other	3,717	2,689
	95,458	75,635

(b) As of December 31, 2012, corresponds to the investment commitment for the purchase of Bonds H20lmos S.A., which has the execution date October 25, 2013. This commitment will generate a payment for the holder of 0.5 percent of the face value of the bond to execute this payment.

(c) It mainly corresponds to deposits received in guarantee from companies responsible for the tenants of the "Real Plaza Piura and Centro Cívico" shopping centers.

(d) The accounts payable to suppliers are denominated in Nuevos Soles and in U.S. Dollars. These items have current maturities, there are no specific guarantees granted and are under normal market conditions.

(e) As of December 31, 2011, corresponds to the fair value of the forward derivate contracts.

15. SUBORDINATED BONDS

On December 1, 2003, the Company made a public offering of bonds named Interseguro Subordinate Bonds - First issuance for US\$5,000,000 (equivalent to S/.12,750,000 and S/.13,480,000 as of December 31, 2012 and 2011, respectively) at a face value of US\$ 1,000 per bond.

As of Decemeber 31, 2012 and 2011, these bonds accrue an interest rate of 9 percent annual, payable quarterly; they have no specific guarantees and mature in November 2016. The Company does not have the right to rescue the issue or part of it, before the expiration date of the deadline.

Interest payable as of December 31, 2012 amounts to approximately S/.191,000 (S/.250,000 as of December 31, 2011) and is presented in the caption "Taxes and accounts payable" of the balance sheet.

16. TECHNICAL RESERVES FOR PREMIUMS AND CLAIMS

(a) This item is made up as follows:

	2012 S/.(000)	2011 S/.(000)
Technical reserves for premiums (b)	2,406,631	2,128,545
Technical reserves for claims (c)	49,324	49,534
	2,455,955	2,178,079

(b) Technical reserves for premiums disclosed by type of insurance is shown below:

	2012 S/.(000)	2011 S/.(000)
Life mathematical reserves		
Annuities reserves		
Matching (f)	2,102,167	1,827,082
Non Matching (*)	113,137	117,128
Disability and survival pensions from old regime	116,826	117,250
Life insurance	59,513	52,801
Complementary high risk - jobs insurance	3,633	3,638
Unearned premium reserve		
SOAT	8,535	9,458
General insurance	2,784	1,139
Personal accident	36	49
	2,406,631	2,128,545

(*) Includes voluntary reserves for approximately S/.30,808,000, and constituted reserves for the contracts prior to 2003 for approximately S/.82,329,000. These reserves are backed by eligible investments.

NOTES TO THE FINANCIAL STATEMENTS

As of December 31, 2012 and 2011

(c) Technical reserves for claims disclosed by type of insurance is shown below:

	2012		
	Claims reported S/.(000)	IBNR (e) S/.(000)	Total S/.(000)
Disability and survival from new regime	37,724	14	37,738
Life insurance	4,444	280	4,724
SOAT	1,626	2,898	4,524
Annuities reserves	1,478	-	1,478
Personal accident	823	-	823
General insurance	37	-	37
	46,132	3,192	49,324
	2011		
	Claims reported S/.(000)	IBNR (e) S/.(000)	Total S/.(000)
Disability and survival from new regime	39,572	14	39,586
Life insurance	2,892	174	3,066
SOAT	2,510	2,111	4,621
Annuities reserves	1,433	-	1,433
Personal accident	788	-	788
General insurance	40	-	40
	47,235	2,299	49,534

(d) In Management's opinion, these balances reflect the exposure to life and general insurance contracts as of December 31, 2012 and 2011, in accordance with SBS regulations.

(e) As of December 31 2012 and 2011, the incurred but not reported claims have been determined in accordance with in force regulations approved by the SBS. In such sense, in Management's opinion is adequate to properly respond to the incurred but not reported claims.

(f) The SBS Resolution No. 1481-2012, dated March 5, 2012, it is requires that as of December 31, 2012, it is calculated the annuity at the fixed rate liabilities that meet the criteria set forth in Resolution SBS No. 0562-2002 to discount nominal cash flows for each contract. The following is the unaudited results of the calculation in thousands of new soles:

Benefit	Indexed Soles		Adjusted Soles		Nominals US Dolars		Adjusted US Dolars		Total	
	Mathematical Reserves using fixed rate (**)	Mathematical Based Reserves (*)	Mathematical Reserves using fixed rate (**)	Mathematical Based Reserves (*)	Mathematical Reserves using fixed rate (**)	Mathematical Based Reserves (*)	Mathematical Reserves using fixed rate (**)	Mathematical Based Reserves (*)	Mathematical Reserves using fixed rate (**)	Mathematical Based Reserves (*)
Retirement	129,871	144,380	293,535	262,768	1,241,115	1,123,738	40,694	37,514	1,705,215	1,568,400
Disability	96,724	106,373	33,189	29,895	99,952	90,231	17,133	17,184	246,998	243,683
Survivalship	143,790	155,863	34,403	31,224	105,659	94,884	8,070	8,113	291,922	290,084
Total	370,385	406,616	361,127	323,887	1,446,726	1,308,853	65,897	62,811	2,244,135	2,102,167

(*) Matching resolution approved by SBS Resolution N°9562-2002 and amendements.

(**) Non audited.

(g) Below are the main assumptions for the estimation for annuities reserves, disability and survival reserves, and life insurance as of December 31, 2012 and 2011:

Type	Tables (*)	Technical interest %(*)
Annuities reserves	Contracts issued until July 2006: RV-85, B-85 y MI-85	
	Contracts issued from August 2006 to May 2011: RV-2004 modified, B-85 y MI-85.	
	Contracts issued from June 2011: RV-2004 Modified adjusted, B-85 adjusted and MI-85.	
	Contratos emitidos desde Junio 2011: RV-2004 Modificada Ajustada, B-85 Ajustada y MI-85.	3 - 4.7
Annuities reserves (additional reserve for longevity) (**)	Contracts issued from August 2006 to May 2011: RV-2004 modified, B-2006 and MI-2006.	
	Contracts issued from June 2011: RV-2004 modified adjusted, B-2006 and MI-2006.	
	Contratos emitidos desde Junio 2011: RV-2004 Modificada Ajustada, B-2006 y MI-2006.	3 -4.7
Disability and survival temporary regime	B-85 and MI-85.	3 -4.5
Disability and survival definitive regime	Claims with accrued date up to May 2011: B-85 and MI-85.	De acuerdo a la tasa comunicado mensualmente por la SBS
	Claims with accrued from June 2011: B-85 adjusted and MI-85.	
Complementary risk works insurance	Claims with accrued date up to May 2011: B-85 and MI-85.	
	Claims with accrued from June 2011: B-85 adjusted and MI-85.	3
Life insurance	CSO 80 adjusted.	3

(*) Corresponden a las tablas de mortalidad y tasas de interés autorizadas por la SBS.

(**) Corresponden a las tablas de mortalidad y tasas de interés utilizados por la Compañía para constituir reservas adicionales, las cuales se encuentran soportadas en criterios actuariales de aceptación internacional y han sido comunicadas a la SBS.

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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.

In accordance with SBS Resolution N°17728- 2010, issued on December 27, 2010, the SBS adopted new mortality tables to be used by insurance entities that provided annuities from the private pension system (PPS) and the supplementary risk work insurance, for contracts issued from June 1, 2010.

17. DEFERRED INCOME

(a) This item is made up as follows:

	2012 S/.(000)	2011 S/.(000)
Deferred gain for sale of real estate investment, (b)	-	9,425
Deferred gain from Royalty Pharma participations, Note 8(h)	-	3,446
Key rights (c)	1,341	1,389
Deferred premiums (d)	-	905
Others	276	260
	1,617	15,425

(b) As of December 31, 2011; corresponds to the deferred gain generated by financial transactions that the Company entered into with "Banco de Crédito del Perú" (hereinafter "BCP"), using the buildings which form part of the shopping center Real Plaza Chiclayo, that will be transferred to the operating results according to the remaining useful life of the asset. Likewise, the BCP transferred to the Trust "Interproperties", through a financial leasing contract.

In June 22, 2012 the Company sold the certificate of Class 6 to Interproperties Holding II recognizing deferred revenue in the caption "Investment income, net" in the statement of income.

(c) As of December 31, 2011; corresponds mainly to key money from the lessees of the "Real Plaza Centro Cívico, Piura and Chorrillos" shopping center.

(d) As of December 31, 2011; corresponds to the non accrued balance of a life insurance contract, whose terms was from January to December 2012, consequently there is no a technical risk of an insurance in force at the date of these financial statements.

18. OFF-BALANCE SHEET ACCOUNTS

(a) This item is made up as follows:

	2012 S/.(000)	2011 S/.(000)
Derivatives contracts (b)	-	20,220
Investment commitments (c)	27,602	-
Letter of guarantee to third parties (d)	13,002	1,672
	40,604	21,892

(b) As of December 31, 2011 corresponds to the reference value of derivative contracts of forward exchange rate reported as derivatives, signed with one local bank to perform the economic coverage of certain investment operations of financial instruments, which face amounts to US\$7,500,000 (equivalent to S/.20,220,000).

(c) Corresponds to a commitment to purchase corporate bonds that the Company has with a local company and must be conducted in 2013. The Company has no obligation to fulfill that commitment.

(d) Corresponds mainly to the establishment of a letter of guarantee issued by the Banco Internacional del Perú S.A.A. - Interbank for approximately S/.11,420,000, in favor of the Tax Authority.

19. SHAREHOLDERS' EQUITY

(a) Capital stock

It is represented by 167,307,666 common shares as of December 31, 2012 (147,397,666 common shares as of December 31, 2011), fully subscribed and paid up, with a face value of one Nuevo Sol per share.

As of December 2012 and 2011, the company's capital stock exceeded the minimum set by Law N° 26702 – General Law of the Financial and Insurance Systems and Organic of the SBS.

As of December 31, 2012 and 2011, the shareholding structure of the Company was as follows:

Holding	Number of shareholders	Percentage shareholding %
Less than 1 percent	1	0.01
More than 10 percent	1	99.99
	2	100.00

All the Company's shares carry the right to vote.

(b) Legal reserve

According to Law N° 26702 – General Law of the Financial and Insurance Systems and Organic of the SBS, a minimum of 10 percent of earnings after tax must be transferred to a statutory reserve until that reserve is equal to 35 percent of the company's capital. This legal reserve established by Peru's Companies Act can be used only to absorb losses.

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(c) Unrealized results on financial instruments

As of December 31, 2012, there have been recorded in unrealized results a sum of S/.120,954,000, (S/.19,736,000 as of December 31, 2011), which result from recording changes in fair value of available-for-sale investments. Below are the items that originate:

	Balance as of January 1, 2012 S/.(000)	(Charge)/credit in unrealized gains S/.(000)	Balance as of December 31, 2012 S/.(000)
Gains net from unrealized results provided by shares, Note 8(a)	37,779	41,910	79,689
Gains (losses) net from unrealized results provided by debt instruments, Note 8(a)	(9,418)	63,226	53,808
	28,361	105,136	133,497
Plus: Exchange difference loss from shares	(8,625)	(3,918)	(12,543)
	19,736	101,218	120,954

(d) Distribution of retained earnings

The General Shareholders' Meeting held on March 12, 2012, agreed to detract from retained of the year 2011 an amount by S/.7,000,000 for the constitution of the legal reserve, increase the share capital of the Company in S/.20,000,000; through capitalization of profits of 2011 and detract of retained earnings in the amount of S/.160,000,000 for the payment of dividends.

The Shareholders' General Meeting held on March 7, 2011 agreed to detract from retained earnings an amount by S/.84,500,000 for the payment of dividends.

(e) Earnings per share

The basic earnings per share have been determined over the basis of the weighted average number of the common shares outstanding at the date of the balance sheet. The shares issued by capitalization of earnings, constitute a division of shares and, therefore, to determine the weighted average number of the shares it is considered that such shares were always issued.

As of December 31, 2012 and 2011, the Company does not have dilutive financial instruments, for which the basic and dilutive earnings are the same.

The calculation of the earnings per share as of December 31, 2012 and 2011, is presented below:

	Outstanding shares S/.(000)	Shares basis for calculation S/.(000)	Effective days in the year	Weighted average number of common shares S/.(000)
Year 2011				
Balance as of January 1, 2011	147,308	147,308	365	147,308
Capitalization of earnings, see Note 19(d)	-	20,000	365	20,000
Balance as of December 31, 2011 (denominator)	147,308	167,308		167,308
Net income (numerator)				187,460
Basic and diluted earning per share				1.120
Year 2012				
Balance as of January 1, 2012	147,308	147,308	365	147,308
Capitalization of earnings, see Note 19(d)	20,000	20,000	365	20,000
Balance as of December 31, 2012 (denominator)	167,308	167,308		167,308
Net income (numerator)				189,208
Basic and diluted earning per share				1.131

20. TAX SITUATION

(a) The Company is subject to the Peruvian Tax regime. As of December 31, 2012 and 2011, the statutory income tax rate is 30 percent a taxable income.

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

(b) Since January 1, 2010, are non taxable the rents and gains generated by the asses which are backing the technical reserves from life insurance entities constituted or established in the country, for retirement, disability and survivorship pensions from the private pension funds administrators, according to law.

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Likewise, are non taxable the rents and gains generated by the asses which are backing the technical reserves determined by law of the annuities pensions different from mentioned in previous paragraph and the technical reserves that commercialize the life insurance entities, even these products include a saving or investment component.

Such exemption will be maintained while the rents and gains continue to backing the technical obligation previously mentioned. To proceed the exemption, the composition of the assets which are backing the technical reserves for which the rents and gains are non taxable, shall be report monthly to the SBS, within the terms it indicates, discriminately and with a similar level of detail required by the private pension funds administrators, for the investment that are made with the resources of the managed funds.

Furthermore, since January 1°, 2010, only are non taxable the interests and capital gains from bonds issued by Peruvian Government, as well as the interests and capital gains from deposit certificates of the central bank of Peru, used with the purpose of monetary regularization. Similarly, are not taxable the interests and capital gains from bonds issued before March 11, 2007.

On the other hand, also from the year 2010, are taxable the capital gains from the sale, redemption or rescue of securities through centralized trading mechanisms in Peru.

In this context, the Income Tax Law required that to establish the gross rent originated for the sale of securities acquired before January 1°, 2010 and registered in the Public Registry of Securities Market, the computable cost of such securities will be the market price at the close of the taxable year 2009 or the acquisition cost or the income value to the equity, whichever is greater.

This rule is applicable for legal entities when the securities are disposed of in or out of a centralized trading mechanism in Peru.

Likewise, also when there is a disposal, redemption or rescue of share and participations acquired or received by the taxpayer in several forms or opportunities, the computable cost will be the weighted average cost. The weighted average cost will be equivalent to the result obtained by dividing the sum of the computable costs of each security purchased at a determined time by the number of shares, divided between the total shares purchased.

On the other hand, should be noted that pursuant the law N°29966 published December 18, 2012, it was extended until December 31, 2015, the exemption from the Value added tax (VAT) on the interests generated by securities issued through a public offering by legal entities constitutes or established in the country, as long as the issuing is performed under the Security Exchange Law, aproved by legislative Decree N° 861 or by the Investment Funds Law, approved by Legislative Decree N°862, as appropriate.

(c) For purposes of calculating income tax and value added tax, transfer prices of transactions with affiliated companies and companies domiciled in tax havens must be supported by documentation and information on the valuation methods applied and criteria used in the determination of such prices.

Based on analysis of the Company's operations, Management and its legal counsels are of the opinion that as a result of applying these standards, do not arise contingencies relevant to the Company as of December 31, 2012 and 2011.

(d) The Tax Authority is legally entitled to review and, if necessary, adjust the Income Tax computed by the Company during a term of four years following the year in which a tax return was filed. The Income Tax returns and Value Added Tax returns of the years 2010, 2011 and 2012 are pending to be reviewed by the Tax Authority. Given the possible interpretations that the Tax Authority may give to the law in effect, to date it is not possible to determine whether or not any review to be conducted would result in liabilities for the Company, any increased tax or surcharge that could arise from possible tax reviews would be applied to results of the period in which such is determined.

However, in Management's and legal advisors' opinion, any additional tax assessment would not be significant to the financial statements as of December 31, 2012 and 2011.

(e) The Management's Company, in base of its operating results and the fact that the capital gains of the investments that are backing the technical obligation are non taxable, as indicated in paragraph (b) previous, established a tax loss by the period 2012 by S/.77,500,000 (S/.67,500,000 as of December 31, 2011) for the period 2011. Nevertheless, because the Company will not generate future taxable income, decided to not recognize a deferred asset of income tax, for such concept.

21. INVESTMENT INCOME, NET

(a) This item is made up as follows:

	2012 S/.(000)	2011 S/.(000)
Income		
Interest and commissions of financial instruments	129,400	119,891
Gain from sales of certification, Note 11(b) and (v)	98,450	83,937
Revenue from investment sales (b)	90,387	82,863
Property lease, Note 10(e)	31,134	26,093
Equity method in subsidiaries, Note 11(b) and (f)	8,141	19,897
Received dividends	15,346	16,014
Real estate revenues	2,421	3,763
Various financial income	295	494
Sale property	-	685
	375,574	353,637
Expenses		
Net - loss on derivatives instruments, Note 3	1,904	11,921
Provision for doubtful accounts, Note 6(i)	1,033	10,585
Expenses in the investment area and other expenses (c)	8,184	8,818
Cost of sales of investments	1,386	6,721
Real estate depreciation, Note 10(a)	4,891	3,867
Interests and commission	11,421	2,793
Adjustment to land value, Note 10(e)	-	1,650
Expenses for real estate investments	645	422
	29,464	46,777
Total, net	346,110	306,860

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(b) As of December 31, 2012, corresponds mainly to the gain on the sale of investment of Peruvian and foreign central governments, financial and corporate instruments amounting to approximately S/.59,780,000, gains by real state projects amounting to approximately S/.14,188,000 gain in the sale of shares amounting to approximately S/.15,400,000, and the settlement of local and foreign mutual funds amounting to approximately S/.1,019,000.

As of December 31, 2011, corresponds mainly to the gain on the sale of investment of Peruvian and foreign central governments, financial and corporate instruments amounting to approximately S/.49,495,000, gain in the sale of shares amounting to approximately S/.28,649,000, and the settlement of local and foreign mutual funds amounting to approximately S/.4,899,000.

22. ADMINISTRATIVE EXPENSES

This item is made up as follows:

	2012 S/.(000)	2011 S/.(000)
Personnel expenses, Note 23	41,235	38,651
Services rendered by third parties	7,794	7,918
Sundry administrative expenses	7,915	6,442
Provisions	4,107	3,961
Taxes	1,874	1,887
Amortization and depreciation	7,096	-
Others	-	503
	70,021	59,362

23. Personnel expenses and average number of employees

This item is made up as follows:

	2012 S/.(000)	2011 S/.(000)
Commissions	10,611	9,432
Salaries	10,531	9,172
Regular bonuses	5,074	4,148
Special bonuses	6,024	7,637
Health provisions	2,420	2,187
Severance indemnities	2,846	2,565
Vacations	2,266	2,182
Other social expenses	1,463	1,328
Total personnel	41,235	38,651
Average member of employees	481	429

24. REGULATORY NET EQUITY

In accordance with SBS Resolution SBS N°1124-2006, amended by the Resolutions SBS N° 8243-2008, N° 12687-2008 y N° 5587-2009, the Company is forced to maintain a regulatory net equity with the purpose of maintain a minimal equity intended to support the technical risks and other risks that could affect it. The regulatory net equity shall be 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 solvency net equity is represented by the solvency margin or the minimal capital, the greater. As of December 31, 2012, the solvency net equity is represented by the solvency margin which amounts to approximately S/.140,336,000 (approximately S/.122,462,000 in 2011), being the minimal capital approximately S/.6,237,000 as of December 31, 2012 (approximately S/.6,212,000 in 2011). As of December 31, 2012, the technical obligations by an amount of S/.2,629,037,000 are being backed by assets of the Company which amount approximately S/.2,905,682,000.

According to Resolution N° 5587 -2009 modified by Resolution N°2742 - 2011 dated on February 25, 2011 and Multiple Office N°13681-2011 dated on March 17, 2011, net unrealized gains as a result of changes in fair value of available-for-sale investments are not included in the regulatory net equity. Also in the case of unrealized losses as a result of the above value changes, are deducted from the regulatory net equity. The unrealized gains of the available - for - sale investments considered in the regulatory equity until February, 2011, are presented separately in this caption.

The regulatory net equity as of December 2012 and 2011, comprises:

	2012 S/.(000)	2011 S/.(000)
Capital paid	167,308	147,308
Legal reserve	58,557	51,557
Counted portion of subordinated debt (*)	7,650	10,784
Net income (**)	31,680	-
Regulatory net equity	265,195	209,649

(*) In accordance with SBS Resolution N° 6599 -2011, dated June 3, 2011 for purposes of computing redeemable subordinated debt in regulatory capital, a proportionally annual discount factor of 20% was applied on the principal balance of the subordinated debt, a factor to be used during the five (5) years prior to maturity, so that in the last year is not computable.

(**) In Shareholders Meeting dated May 28, 2012, approved the capitalization of earnings for the period 2012 for purposes of determining the regulatory net equity S/.31,680,000.

The solvency margin is the complementary support that shall maintain the entities to deal with possible situations of excess claims not foreseen in the constitution of technical reserves. The total solvency margin corresponds to the sum of the solvency margins of the type of insurance which the Company operates.

Furthermore, the guarantee fund represent the additional equity support that that shall maintain the entities to deal with other risks that can be affect them and that are not covered by the regulatory net equity, as the investment risks and other risks. The monthly amount of such fund must be equivalent to the 35 percent of the regulatory net equity, in accordance the Resolution SBS N°1124-2006. As of December 31, 2012, the guarantee fund amounts to approximately S/.49,118,000 (approximately S/.42,862,000 as of December 31, 2011).

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

	2012 S/.(000)	2011 S/.(000)
Regulatory net equity total	265,195	209,649
Less:		
Solvency equity	140,336	122,462
Guarantee fund	49,118	42,862
Surplus	75,741	44,325

25. SUPPORT TO THE TECHNICAL RESERVES AND THE SOLVENCY NET EQUITY

In accordance with article 311 of Law 26702 - the Financial System and Financial Regulatory Act, and SBS N° 039-2002 modified by SBS Resolutions N°1149-2002, N°1183-2007, N°1850,2007, N°799,2008, N°1105-2009, , N°14292-2009, N°16130-2009, N°15333-2010, N°17009-2010 and N°18030-2010, the Company must support all of its technical reserves and regulatory equity with eligible investments within the limits set forth in the above-mentioned regulations.

The Company held the following eligible investments as support, which fully covers the obligation as of December 31, 2012 and 2011:

	2012 S/.(000)	2011 S/.(000)
Eligible investments		
Cash and banks	4,623	3,344
Term deposits	46,173	3,781
Shares and mutual fund investments	317,815	273,020
Bonds (*)	1,942,380	1,623,522
Foreign investments	105,784	146,419
Loans guaranteed by insurance policies	1,832	1,709
Accounts receivable for insurance operations	3,163	3,136
Real estate investments	94,267	34,059
Other eligible investments	389,645	499,743
Total assets accepted as support	2,905,682	2,588,733

	2012 S/.(000)	2011 S/.(000)
Technical obligations		
Technical reserves	2,439,584	2,154,974
Margin for solvency, Note 26	140,336	122,462
Guarantee fund, Note 24	49,118	42,862
Total technical obligations	2,629,038	2,320,298
Surplus	276,644	268,435

(*) As of December 31, 2011, includes public bonds that were settled on January 2012 for approximately S/56,213,000 see Note 8(c) and 14. In Management opinion, these investments qualify as eligible assets accepted as support of its technical obligations as of December 31, 2011.

The assets of the Company which are backing technical obligations can not be taxable, are not subject to restriction or other preventive acts, or contract that prevent or limit their free availability.

Management maintains a continuous control and monitoring of the evolution of such indicators and, in its opinion, the portfolio of investment adequately support the technical obligations of the Company as of December 31, 2012 and 2011 and are free of any charge at the date of the present financial statement.

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26. MARGIN OF SOLVENCY

According to the article N° 303 of the law N°26702 General Law of the Financial and Insurance Systems and Organic of the SBS, and the Resolution SBS N°1124-2006 modified by Resolution SBS N° 8243-2008 and N°12687-2008, the Company is forced to calculate the solvency margin as one of the parameters used in determining the coverage of the regulatory equity net, referred in Note 25. Such margin is basically the greater amount resulting of applying certain percentages to the production of premiums of the twelve last months on the expenses for claims for the last thirty-six months.

As of December 31, 2012, the margin of solvency calculated by the Company amounted to approximately S/.140,336,000 (approximately S/.122,462,000 as of December 31, 2011) which has been computed mainly based on the general risk and life risk premiums.

27. TRANSACTIONS WITH RELATED PARTIES

(a) The table below presents the main balances of the accounts that the Company maintains with related parties as of December 31, 2012 and 2011:

	2012									
	Interbank S/.(000) (b)	Interfondos S.A. S/.(000) (c)	Urbi Propiedades S/.(000) (d)	Cineplex S.A. S/.(000) (e)	Supermercados Peruanos S.A. S/.(000) (f)	Real Plaza S.R.L. S/.(000) (g)	Tiendas Peruanas S.A. S/.(000) (h)	Intercorp Financiera Services Inc. S/.(000) (i)	Financiera Uno S.A. S/.(000) (j)	Centro Comercial Estación Central S.A. S/.(000) (k)
Assets and liabilities										
Term deposits	8,996	-	-	-	-	-	-	-	-	-
Current and savings deposits	3,681	-	-	-	-	-	-	-	-	-
Accounts receivable from insurance operation	5,775	-	-	-	-	-	-	-	-	-
Other accounts receivable	-	-	-	-	-	-	-	-	-	2,170
Investments at fair value through profit and loss	-	-	-	-	-	-	-	-	-	-
Available-for-sale investments	-	-	-	-	-	-	-	3,450	-	-
Held-to-maturity investments	-	-	-	-	-	-	-	-	-	-
Other accounts payable	(1,203)	-	-	-	-	-	-	-	-	-
Results										
Income of investments	1,287	-	15,007	312	-	-	-	1,506	-	-
Rental income	2,885	-	-	1,915	3,100	322	2,052	-	57	-
Claims	-	-	-	-	-	-	-	-	-	-
Comission expenses	(13,312)	-	-	-	(143)	-	-	-	(315)	-
Administrative expenses	-	-	(87)	(52)	(664)	(1,296)	(184)	-	(254)	-
Other expenses	(353)	-	-	-	-	-	-	-	-	-
Premiums revenue	-	-	-	-	-	-	-	-	213	-

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	2011										
	Interbank S/.(000) (b)	Interfondos S.A. S/.(000) (c)	Urbi Propiedades S/.(000) (d)	Cineplex S.A. S/.(000) (e)	Supermercados Peruanos S.A. S/.(000) (f)	Real Plaza S.R.L. S/.(000) (g)	Tiendas Peruanas S.A. S/.(000) (h)	Intercorp Financial Services Inc. S.A. S/.(000) (i)	Financiera Uno S.A. S/.(000) (j)	Centro Comercial Estación Central S.A. S/.(000) (k)	
Assets and liabilities											
Term deposits	3,780	-	-	-	-	-	-	-	-	-	-
Current and savings deposits	2,460	-	-	-	-	-	-	-	-	-	-
Accounts receivable from insurance operation	4,760	-	-	-	-	-	-	-	-	-	-
Other accounts receivable	-	-	-	-	-	-	-	-	-	-	2,752
Investments at fair value through profit and loss	-	3	-	-	-	-	-	-	-	-	-
Available-for-sale investments	-	-	-	-	-	-	-	-	-	-	-
Held-to-maturity investments	-	-	20,976	-	-	-	-	-	-	-	-
Other accounts payable	(2,713)	-	-	-	-	-	-	-	-	-	-
Results											
Income of investments	833	-	2,127	376	-	-	-	-	-	-	-
Rental income	2,902	-	-	1,348	1,926	-	1,951	-	-	-	-
Claims	(11,105)	-	-	-	-	-	-	-	-	-	-
Commission expenses	(7,193)	-	-	-	(439)	-	-	-	-	-	-
Administrative exoenses	-	-	-	-	-	(85)	-	-	-	-	-
Other expenses	(245)	-	-	-	-	-	-	-	-	-	-
Premiums revenue	-	-	-	-	-	-	-	-	175	-	-

(b) Banco Internacional del Perú S.A.A. - Interbank

The Company has lease agreements of commercialization life and general insurance with Interbank, to promote and market insurance products to its customer. In consideration of the contracted services, the Company is obligated to pay Interbank a monthly fee which is determined on the basis of a percentage of premiums on contracts of life insurance.

(c) Interfondos S.A. Sociedad Administradora de Fondos

Correspond to participations in mutual funds managed by an affiliated company.

(d) Urbi Propiedades S.A.

Urbi and the Company entered into a Rights Cession Agreement for the use of commercial premises. As of December 31, 2011, the Company maintained investments in such real estate project presented in the "held - to- maturity investment, net". In June 2012, the Company entered into a discens agreement, by which both agree to solve the agreement, see Note 9 (e). These operations generated revenues that are presented in "Investment income, net" caption of the statement of profit and loss

(e) Cineplex S.A.

Cineplex S.A. and the Company maintain two contracts: (i) a contract for the transfer of surface rights by commercial premises located in Real Plaza Piura Shopping Center, and (ii) a lease for a store located in the Real Plaza Centro Cívico Shopping Center.

(f) Supermercados Peruanos S.A.

Supermercados Peruanos S.A maintains two contracts signed for the Company: (i) for the sale of SOAT certificates the Company pays it a commission of 5 percent over these sales.; ii) a lease contract with a minimum of 30 years, for the place located in the shopping center "Centro Cívico".

(g) Real Plaza S.R.L.

The operations with Real Plaza corresponds to the administrative expenses from the shopping center Real Plaza located in Piura and Lima.

(h) Tiendas Peruanas S.A.

The operation with Real Plaza, corresponds to lease contracts for the places of Oeschle department store, in Lima (Centro Cívico shopping center).

(i) Intercorp Financial Services Inc

The Company maintains shares with its Principal, which are present in the "Available-for-sale investments, net" caption of the balance sheet.

(j) Financiera Uno S.A.

The operations with Financiera Uno, corresponds to the income for the sale of disencumbrance insurance.

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(k) Centro Comercial Estación Central S.A.

The operations with Estación Central's shopping center, corresponds to the investment of the Company with its subsidiary as well as advances made which will be returned in the short term.

(l) Remuneración del directorio

Total paid to the Directors amounted to approximately S/.90,000 and S/.46,000 for 2012 and 2011, respectively, and are included in the "Administrative expenses" caption of the statement of income.

(m) Remuneración de personal clave

Total remuneration for the Company's officers in 2012 and 2011 amounted to 0.59 and 0.74 percent of net revenues (in the "Insurance premiums accepted" caption of the statement of income) respectively.

28. RISK MANAGEMENT

The Company's activities expose it to a variety of risks, these include the effect of variations in exchange rates, interest rates and market values of its investments. The Company's risk management program seeks to minimize the potential adverse effects on its financial performance.

Management is aware of the conditions existing in each market in which the Company operates.

The Management, based on its expertise and skills, controls such risks as follows:

Insurance risk

The risk from an insurance contract, in any of its different types, 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.

In relation to an insurance contract portfolio where is applied the theory of large numbers and probabilities to set prices and to dispose provisions, the main risk that the Company deals is that the claims and/or payment of benefits covered by the insurance contracts 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.

The Company has automatic reinsurance contracts to protect it against losses from frequency and severity. The purpose of this reinsurance negotiation is to prevent total net insurance losses from affecting the Company's equity and liquidity in any given year.

The Company'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.

The adequacy of the reserve is a principle of the insurance management. The technical reserves of premiums and claims are estimated by actuaries of the Company and are reviewed by independent experts in the cases it is necessary.

The Management constantly monitors the trends of claims, which allows performing estimations of incurred but not reported claims supported in recent information. These estimations are also reviewed by independent experts.

In addition, the Company is exposed to the risk that mortality rates associated with its policyholders do not reflect actual mortality and may cause that the estimated premium for the offered coverage is insufficient to cover claims; and for this reason, the Company carries out a careful risk selection or underwriting at the time of issuing the insurance contract, because through it can classify the degree of risk presented by a potential policyholder, analyzing characteristics such as gender, smoking status, health status, and other.

In the particular case of annuity pensions business, the risk assumed by the Company consists in the real life expectative of the insured population might be greater than the estimated at the moment of determining the pension, which would mean a deficit in the reserves to meet the payment of pensions.

In relation to the risk of reinsurance, the Company's policy is to subscribe contracts only with companies with international classification determined by the rules of the SBS. Furthermore, the Company subscribes reinsurance contracts as part of its risk mitigation program, which can be in a proportional and non proportional basis. Most proportional reinsurance corresponds to automatic contracts which are entered to reduce the exposition of certain categories of business. Non proportional contracts are mainly the excess of loss of reinsurance intended to mitigate the net exposition of the Company to catastrophic losses. The limits to retention of excess of loss of reinsurance vary by type of insurance contract and geographical location.

The Company has also limited its exposition defining the highest amounts of claims in certain contracts and in the use in accordance with reinsurers to limit the exposition to catastrophic events.

The insurance contracts do not have terms or clauses particularly relevant that may have a significant impact o represent important uncertainties over the cash flows of the Company.

Liquidity risk

The Company is exposed to daily requirements on its available cash reserves, mainly as the result of insurance claims. Liquidity risk is the risk that cash may not be available to pay obligations due at a reasonable cost. The Company controls liquidity required through adequate management of the maturities of its assets and liabilities, in order to achieve a balance between income flow and future outgoings. The Company also maintains a structural liquidity position (available assets) to enable it to address possible unexpected liquidity requirements. Furthermore, the Company's investments are concentrated in high quality, liquid financial instruments that can be realised (sold) in a very short period.

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Interest rate risk

Means the risk arising from variations in interest rates and their effect on the reinvestment rates required to pay long-term obligations. Reinvestment risk may arise when the period of investments differs from the period of obligations assumed. Therefore, the Company maintains time deposits and bank certificates in the short and medium terms at preferential rates, short and medium term bonds with different amortization structures in order to balance cash flows between assets and liabilities and minimize reinvestment risk. Net income from interest and the market value of assets that accrue interest will fluctuate on the basis of changes in interest rates and the level of profitability of assets and liabilities.

Currency risk

Means the risk of losses through adverse changes in exchange rates, whenever the Company maintains different levels of assets (investments) in foreign currency compared to its liabilities (obligations). The Company policy is to maintain similar levels of foreign-currency-denominated assets and liabilities in order to reduce exchange rate risk. In note 3, it is presented the foreign currency position of the Company.

Credit risk

The Company is exposed to credit risk, which is the risk that a counterpart is unable to pay its debts in full on maturity. The Company has various policies for controlling credit risk, which apply to all securities issued by governments, private companies and banks. For this purpose minimum risk classification levels have been determined, which are taken into account when investing in these assets.

Financial assets with potential credit risk consist mainly of cash and cash equivalents, bank deposits, marketable securities and investments. Cash and cash equivalents, as well as time deposits are placed in prestigious financial institutions. Investments are made in securities issued by reputable companies in the Peruvian and foreign markets, as well as Peruvian debt notes for which there is an active international market. An analysis of marketable securities and investments is given in Notes 8 and 9, respectively. The portfolio of individual life policyholders is also widely spread. Furthermore, the group life insurance and credit disencumbrance insurance portfolio is mainly concentrated at Banco Internacional del Perú - Interbank, which holds approximately 97 percent of referred balance. Finally, the lease receivables are periodically reviewed to ensure their recovery and credit risk is managed by Management according to policies, procedures and controls established properly.

Real estate risk

Through Resolution SBS N°2840-2012 of May 11, 2012 "Regulation for management of the real estate risk in the insurance companies", insurance companies require to identify, measure, control and report appropriately the exposure to this risk. Likewise, real estate risk is defined as the possibility of losses from changes or volatility of market prices of properties.

The following properties are considered as assets subject to real estate risk:

- Properties on which the Company has actual rights, those used for investment and for self use.
- Securities representative of shares of real estate companies, that includes those that generate periodic income from this activity or that are dedicated to real estate investment.
- Certificates of participation in collective schemes of real estate investment, whether these are open or close.
- Participations in real estate trusts.

Those assets that support the reserves of insurance contracts in which investment risk is assumed entirely by the contracting party or insured, will not be considered as assets subject to real estate risk.

The Group has identified the following risks associated with the real estate portfolio:

- The cost of the development schemes may increase if there are delays in the planning process. The Company uses advisers who are experts in the specific planning requirements in the scheme's location in order to reduce the risks that may arise in the planning process.
- A major tenant may become insolvent causing a significant loss of rental income and a reduction in the value of the associated property. To reduce this risk, the Company reviews the financial status of all prospective tenants and decides on the appropriate level of security required via rental deposits or guarantees.
- The exposure of the fair values of the portfolio to market and occupier fundamentals.

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29. INFORMATION ABOUT THE FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value or market estimation is defined as the amount for which an asset could be exchanged or a liability settled between knowledgeable and 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, to determine such fair value it is possible to use the current fair value of another financial instrument that is substantially similar, discounted cash flow analysis or other techniques applicable thereto, all of which are significantly affected by the assumptions used. Although Management uses its best judgment in estimating the fair value of these financial instruments, there are inherent weaknesses in any estimation technique. As a result, the fair value may not be indicative of the net realizable or settlement value.

Methodologies and assumptions used to determine estimates market values depend on the terms and characteristics of risks of various financial instruments, detailed as follows:

- "Cash and banks" caption is comprised by cash and short-term deposits that not represent credit risks or significant interest rates, therefore its book value does not differ of its estimate market value.
- Financial investments and financial assets at fair value with changes in results are recorded to its estimated market values; therefore its book value is equal to such market value.
- The available for sale investment are recorded to its estimated market values.
- Held- to maturity investments are measured at amortized cost through the effective interest rate method and their market value do not differ significantly to their book value, as indicated in note 10(f).

- Accounts receivable from insurance operation and others maintain maturities less than a year, therefore, it is considered that their fair value are similar to their book value at the date of the balance sheet.

- The financial obligations generate interests in variable rates and / or preferential rates similar to the in force in the market. As a result, the estimated book value does not differ significantly to the market value.

- Subordinated bonds generate interests in fixed rates. The fair value of these instruments is calculated using discounted cash flows to in force rates for liabilities with similar characteristics. As a result, the estimated book value does not differ significantly to the market value.

- Claims reserves are measured in the basis of claims estimations under present conditions, for which their book value does not differ significantly to the fair value.

- The book value of the technical reserves is determined in the basis of the present value of the future payments that the Company shall made to the policyholder, for which it does not does not differ significantly to the fair value.

In Management`s opinion, as of December 31, 2012 and 2011, the fair value of the Company's financial instruments is not significantly different from their respective book values.

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30. INFORMATION BY TECHNICAL RISKS

The main revenues and results of the insurance activities by risk are shown below:

	Premiums assumed		Premiums ceded		Adjustment of technical reserves		Net claims		Commissions		Other technical incomes		Other technical expenses		Net technical result	
	2012 S/.(000)	2011 S/.(000)	2012 S/.(000)	2011 S/.(000)	2012 S/.(000)	2011 S/.(000)	2012 S/.(000)	2011 S/.(000)	2012 S/.(000)	2011 S/.(000)	2012 S/.(000)	2011 S/.(000)	2012 S/.(000)	2011 S/.(000)	2012 S/.(000)	2011 S/.(000)
Life risks and disability and survivorship risks																
Annuity	326,529	346,622	-	-	(353,740)	(363,914)	(106,970)	(105,824)	-	-	-	-	-	-	(134,181)	(123,116)
Group life	51,875	44,839	(2,285)	(6,661)	(837)	(243)	(17,260)	(11,381)	(6,588)	(5,419)	1,816	2,284	-	-	26,721	23,419
SOAT	23,245	23,913	-	-	922	(835)	(8,983)	(8,858)	(3,300)	(3,090)	45	17	(572)	(601)	11,357	10,546
Individual life	23,777	22,768	(733)	(560)	(9,066)	(7,589)	(3,077)	(1,159)	(13)	(85)	380	822	(4,796)	(4,050)	6,472	10,147
Complementary high risk - job insurance	4,139	3,817	(1,393)	(1,336)	4	(803)	(260)	312	(272)	(276)	243	189	-	-	2,461	1,903
Personal accidents	1,731	1,909	(252)	(332)	13	(2)	126	(186)	(386)	(369)	29	103	(237)	(240)	1,024	883
Disability and survivorship insurance	271	440	-	-	-	-	(8,741)	(3,329)	-	-	-	-	-	-	(8470)	(2,889)
General risk	15,069	13,348	-	-	(1,745)	(783)	(465)	(484)	(4,803)	(3,973)	1,196	1,146	(251)	(204)	9,001	9,050
	446,636	457,656	(4,663)	(8,889)	(364,449)	(374,169)	(145,630)	(130,909)	(15,362)	(13,212)	3,709	4,561	(5,856)	(5,095)	(85,615)	(70,057)

31. CONTINGENCIES

As of December 2012 and 2011, the Company has sundry legal lawsuits related to the nature of the business, in Management and legal counsel opinion, will not result additional liabilities to those already recorded by the Company, for which no additional provision has been considered necessary to be recorded, see Note 2(u).

32. ADDITIONAL EXPLANATION FOR ENGLISH TRANSLATION

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

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