IFS 2Q13 Conference Call
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Operator: Good day. My name is Jennifer, and I will be your conference operator today. At this time, I would like to welcome everyone to the Intercorp conference call. All lines have been placed on mute to prevent any background noise. After the speakers' remarks, there will be a question and answer period. It is now my pleasure to turn the call over to Melanie Carpenter. Ma'am, you may begin your conference.

Melanie Carpenter: Thank you, Jennifer. Good morning, everyone. Welcome to Intercorp Financial Services second quarter 2013 earnings conference call. Thank you for joining us today. We are pleased to have with us Ms. Michela Casassa, Chief Financial Officer of Intercorp Financial Services, Mr. Enrique Espinoza, Chief Investment Officer of Interseguro, Ms. Maria Carmen Rocha, Finance and General Services Division Manager of Interseguro. They will be discussing the results that were distributed yesterday evening. There is also a presentation to accompany these results. If you didn't receive the presentation or the earnings release, you can go to ifs.com.pe to download a copy, or please call i-advize in New York at 212.406.3695, and we will email you copies immediately. So it is now my pleasure to turn the call over to Ms. Michela Casassa, Intercorp's Chief Financial Officer, for her presentation. Please go ahead.

Michela Casassa: Good morning, and welcome to Intercorp Financial Services second quarter 2013 conference call. We will start with a brief discussion of the highlights of Intercorp's performance, but before that, as we did last quarter, let me explain, again, some changes in the Company's methodology that have been introduced by the Peruvian regulators starting this year, that will have an impact in the way certain P&L lines are presented in this conference call vs. the way they were presented in the 2012. Fee income related to credit and debit cards has been included in the financial income of the Bank. This has an impact in the NIM of Intercorp Financial Services. Gains from investments, exchange and derivative gains and dividends on subsidiaries are no longer part of the financial income, but are considered within a newly created account results from financial operations, below the gross financial margin. Deposit insurance fund expenses are no longer part of financial expenses, but are considered within net fee income. And provisions are now net from recoveries for loan writeoffs. Also included in this report has been prepared compliant with the new methodology, restating past income for comparison purposes.

Now, going to the results, IFS net earnings were 157.7 million in the second quarter, a 17.6 percent decrease quarter on quarter and 31 percent decline year on year. Earnings performance quarter on quarter and year on year was affected by non-recurring real estate investment gains at Interseguro in both the first quarter of 2013 and the second quarter 2012. Excluding these non-recurring items, net earnings would have decreased 5.8% quarter on quarter, and 2.4% year on year. Gross financial margin increased 6.1% quarter on quarter, and 3.7% year on year. IFS ROE was 23.2% in the second quarter, below the 27.2% of the first quarter, and the 42.1% of the second quarter of the previous year.

At Interbank, net earnings reached a record 169.3 million in the second quarter, an increase of 3.4% quarter on quarter, and 18.5% year on year. The quarter-on-quarter growth was driven by higher interest on loans and investment gains, as well as a declining provision. Net earnings increased year on year mainly due to growth in results from financial operations and lower provision expenses. Excluding non-recurring factors, earnings would have decreased 1.9% quarter on quarter, and 2.2% year on year, due to a reduction in fees from credit card loans and higher administrative expenses. The loan portfolio expanded 7.5% quarter on quarter, driven by a marked acceleration in commercial loans, sustained demand for mortgages and a return to growth in credit cards. Deposits rose 9.9% quarterly, driven by growth in commercial and retail deposits. NIM decreased 20 basis points quarter on quarter, due to lower yields on retail loans and on cash. The past due ratio remains stable in the overall loan portfolio, and improved 20 basis points quarter on quarter in credit card loans. The BIS ratio stood at 14.5% in the second quarter, well above the regulatory requirements.

At Interseguro, net earnings decreased 69.3% quarter on quarter and 86% year on year, due to lower investment income. Excluding non-recurring items, net earnings would have increased 18.9% quarter on quarter and 6.1% year on year. Premiums increased 2.1% quarterly and 28.7% year on year. Interseguro remains the market leader in annuities.

Please turn to the following page for a brief overview of the net earnings of IFS and its two subsidiaries. Net earnings attributable to IFS shareholders were 157.7 million in the second quarter, a 17.6% decrease quarter on quarter, and a 31% decline year on year. When excluding non-recurring items, net earnings decreased 5.8% quarter on quarter, and 2% year on year. IFS ROE was 23.2% in the second quarter, below the 27% in the first quarter and the 22.1% in the second quarter 2012.

In the following pages, we will go through detailed discussions on each company's quarterly performance. Please turn to Page Number 5 for a discussion of IFS Profit and Loss Statement. Looking at the quarter-on-quarter performance, net earnings decreased 17.6%, mainly due to a 38.4% decline in results from financial operations, partially offset by a 6.1% increase in gross financial margin. Financial income increased 5.5%, mainly due to higher interest on loans at Interbank and interest on available for sale investments at Interseguro. Financial expenses increased 3.3% quarter on quarter, due to higher interest on due to banks and deposits at Interbank, as a result of higher volumes in such liabilities. Provision expenses decreased 6.1%, due to lower provision in the commercial portfolio, a decline in credit card provisions, as a result of a lower past due ratio in such loans, and higher reversal of provisions related to credit lines over-invested. Fee income increased 2.9% quarter on quarter, due to higher fees from services and loan factoring, partially offset by higher expenses related to financial services at Interbank. The increase in fees from financial services and in expenses related to financial services were attributed to higher origination of insurance products related to credit cards. Interseguro's loss from insurance underwriting decreased 25.9%, due to lower reserves linked to increasing annuity sales, and higher elimination of fees paid by Interseguro to Interbank in relation to the sale of premiums. Results from financial operations declined 38.4% quarter on quarter, as a result of a non-recurring gain of real estate investment registered at Interseguro in the first quarter of this year, as well as a higher derivative loss at Interseguro, partially offset by non-recurring gains on the sale of equity investments at Interbank. Administrative expenses increased 5%, due to higher expenses in advertisement, maintenance, technology projects and variable compensation costs at Interbank. Other income increased 46.6 percent on a quarterly basis, due to the constitution of voluntary provisions for certain commercial loans in the first quarter, which was not repeated in the second quarter at Interbank, as well as a reversal in provisions for consulting fees at IFS and higher extraordinary income at Expressnet, a subsidiary of Interbank. This increase was partially offset by lower extraordinary income at Interbank. IFS effective tax rate increased from 21.7% in the first quarter of this year to 28.1% in the second quarter, as a result of two factors. The first one was a lower contribution to net earnings from Interseguro, whose investment income is tax exempt. The second was an increase in Interbank's effective tax rate, from 24.2% in the first quarter to 27% in the second quarter, due to lower tax exempt income.

Now looking at the year-on-year performance, net earnings decreased 31%, due to 45.4% decline in results from financial operations, and an 11.9% decrease in fee income, partially offset by a 28% reduction in provisions, and a 3.7% increase in gross financial margin. Financial income rose 5.2%, mainly explained by an increase of 39.6 million in interest on loans, and 8.4 million in interest on cash at Interbank, partially offset by decreases of 15 million in investment income and 13.6 million in fees on loans at Interbank. Financial expenses increased 10.5% on a yearly basis, mainly due to higher interest on bonds, attributed to two new bond issues in the last 12 months at Interbank. Provision expenses declined 28%, due to a decline in generic provisions, mainly as a result of a decrease in credit card loans. Fee income decreased 11.9% on a yearly basis, as a result of higher net expenses related to the sale of insurance products, declines in corporate finance fees and lower fees from account statement delivery at Interbank, as well as higher elimination of fees charged by Interbank to Interseguro related to the sale of premiums. Interseguro's loss from insurance underwriting decreased 29.5%, due to higher annuity and group life premiums, as well as higher elimination of fees paid by Interseguro to Interbank. Results from financial operations decreased 45.4% on a yearly basis, as a result of a non-recurring gain on the sale of real estate investments registered at Interseguro in the second quarter of 2012, partially offset by an increase in gains on the sale of equity investments at Interbank. Administrative expenses increased 3.8 percent on a yearly basis, due to higher personnel expenses, advertisement, maintenance and rentals at Interbank, partially offset by the elimination of administrative expenses from two subsidiaries that were transferred from Interseguro to a related party in August 2012. Other income decreased 58.2%, due to the elimination of income from the transferred subsidiaries of Interseguro previously mentioned, partially offset by higher results from Expressnet, a subsidiary of Interbank, wholly acquired in the third quarter 2012. IFS effective tax rate increased from 13.9% in the second quarter of 2012 to 28.1% in the second quarter of 2013, as a result of lower contribution to net earnings from Interseguro, as previously explained, and the normalization of Interbank's effective tax rate, which was unusually low in the second quarter of 2012, from 21% to 27%.

Please now turn to Page 7 for a discussion of Interbank's performance. Interbank's net earnings were 169.3 million in the second quarter of 2013, an increase of 3.4% quarter on quarter, and 18.5% year on year. The quarterly growth was due to increases of 3.5% in gross financial margin, and 12.3% from financial operations, as well as 6.1% decrease in provisions, partially offset by 7.5% growth in administrative expenses. The year-on-year increase was in net earnings was due to a 62.3% growth in results from financial operations, and a 28% decrease in provisions, partially offset by a 9.2% increase in administrative expenses. Interbank's ROE was 29.3% in the second quarter of 2013, above the 28.2% reported in the first quarter, and the 28.6% registered in the second quarter of 2012.

On Page Number 8, performing loans grew 7.5% on a quarterly basis, with commercial loans expanded 5% in the second quarter, the highest quarterly growth since 2008. The growth in commercial loans was mainly driven by medium-term loans and leasing. Retail loans increased 5.6%, the highest rate in the past six quarters, due to growth of 8.6% in mortgage loans, 4.3% in credit cards and 3.1% in other consumer loans. In mortgage loans, Interbank has consistently reported quarterly growth rates of 5% over the past three years. In credit cards, loan growth resumed after four consecutive quarters of reduction, during which period Interbank maintained more rigorous credit standards regarding the acquisition of new clients. Performing loans grew 17.9% on a yearly basis. Commercial loans increased 24.8%, mainly due to growth in medium-term loans and leasing. Retails loans grew 11.7%, driven by growth of 29% in mortgage loans and 8.7% in other consumer loans, partially offset by a 5.2% decrease in credit cards. It should be noted that as a result of changes to the accounting guidelines enacted by the Peruvian banking regulator, as of the second quarter, interest collected in advance from leasing and discounts within the commercial portfolio have been accounted for as an offset to the total of performing commercial loans. This adjustment has been realized in all periods of analysis.

On Page Number 9, Interbank's total funding grew 8.3% on a quarterly basis, slightly more than the increase in interest earnings assets. Deposits grew 9.9%, due to increases of 21.2% in commercial deposits, 6% in retail deposits and 4.8% institutional deposits. The accounting value of bonds grew 5.4% on a quarterly basis, due to a 7.5% depreciation of the Nuevo Sol against the U.S. dollar, which led to an increase in the value of bonds in the issued in dollars. Dollar denominated bonds represented 85.8% of total bonds. The Bank's funding base grew 18.4% on a yearly basis, in line with interest earning assets, due to increases of 14.9% in deposits, 36.7% in bonds and 16.9% in due to banks. The growth in deposits was attributed to increases of 21.4% in commercial deposits, 14.6% in retail deposits and 8.6% in institutional deposits. The yearly increase in bonds was explained by three factors. The first was a 250 million international senior bond issue, placed in September last year. The second was a 150 million local subordinated bond issue placed in January this year. And the third factor was a 4.2% depreciation of the Nuevo Sol against the U.S. dollar. The year-on-year growth in due to banks was attributed to growth rates of 30.8% in local funding and 4.2% in foreign funding.

On Page Number 10, looking at the quarterly performance of the gross financial margin, it increase 3.5% on a quarterly basis, as a result of 3.6% growth in financial income, partially offset by a 3.8% increase in financial expenses. The growth in financial income was due to 5% increase in interest on loans, partially offset by a 26.7% decrease in interest on cash. Interest on loans grew 5% on a quarterly basis, as a result of a 5.2% increase in the average loan volume, partially offset by a 20 basis point reduction in the average yield, from 12.3% in the first quarter, to 12.1% in the second quarter of this year. The higher average volume was attributed to increases of 7.2% in the commercial portfolio and 3.2% in the retail portfolio. The growth in commercial loans was due to increases of 9 percent in medium-term loans, 7.4% in trade finance loans and 3.1% in leasing. In the retail portfolio, higher volume was attributed to growth of 7.1% in mortgages, 1.8% in other consumer loans, while credit cards remained relatively stable. The lower average yield was due to a 10 basis point reduction in the retail portfolio, partially offset by a 10 basis point increase in the commercial portfolio. The decline in the yield of the retail loans was mainly the result of a higher proportion of mortgage loans within said portfolio. The higher yield on the commercial portfolio was mainly due to an increase in rates in medium-term loans and leasing. Interest on cash decreased 26.6% on a quarterly basis, due to a 40 basis point reduction in the average yield, partially offset by an 11.4% growth in the average volume. The lower average yield was attributed to a decline in the yield of overnight deposits at the Central Bank. Financial expenses grew 3.8% on a quarterly basis, due to increases of 12.9% in interest on due to banks and 2.9% in interest on deposits, partially offset by a 1.9% decrease in interest on bonds. Interest on due to banks rose, due to increases of 6% on the average volume, and 20 basis points in the average cost. The growth in average volume was explained by increases of 7% in local funding and 1.8% in foreign funding. The rise in the average cost was attributed to higher rates on both local and foreign funding. Interest on deposits increased 2.9%, due to a 9.8% growth in the average volume, partially offset by a 10 basis point decline in the average cost. Interest on bonds decreased, mainly due to the maturity of 136.5 million leasing bonds, which did not generate interest in the second quarter. As a result of the factors mentioned above, the average cost of funding decreased, from 2.6% in the first quarter, to 2.5% in the second quarter, mainly due to the lower cost of deposits.

Looking at the year-on-year performance, gross financial margin grew 1.3%, due to a 3.4% increase in financial income, partially offset by a 10.2% rise in financial expenses. The growth in financial income was due to increases of 8.9% in interest on loans, and 140% in interest on cash, partially offset by decreases 56% in investment income and 17.7% in fees on loans. The growth in interest on loans was explained by a 16.4% increase in the average loan volume, partially offset by a 90 basis point decrease in the average yield, from 13% to 12.1% in the second quarter. The higher average volume was due to increases of 22.7% in the commercial portfolio, and 10.5% in the retail portfolio. The higher volume of commercial loans was due to increases of 30% in medium-term loans, 15.2% in leasing and 12.7% trade finance loans. Within the retail portfolio, growth was driven by increases of 28.2% in mortgage loans and 8.8% in other consumer loans, partially offset by a 7.6% decrease in credit cards. The average yield on loans declined, as a result of lower yields on both the retail and the commercial portfolios. The yield on retail loans decreased 110 basis points, due to competitive pressures in the majority of loan products, as well as an increase in the proportion of mortgage loans within the portfolio. This proportion increased from 35% in the second quarter of the previous year to 40% in the second quarter of 2013. In the commercial portfolio, the yield decreased 20 basis points due to lower rates across most loan segments. The growth in interest on cash was attributed to increases of 67% in the average volume and 20 basis points in the average yield. The decline in investment income was the result of a 53% decrease in interest on Central Bank certificates and deposit, attributed to a 43% reduction in the average volume, as these were replaced, but with higher yield overnight deposits at the same institution. The decrease in fees on loans was due to the elimination of certain fees, including various credit card related fees by the Peruvian banking regulator, staring January this year. Financial expenses rose 10.2% year on year, due to increases of 30% in interest on bonds and 3.1% in interest on deposits. The increase in interest on bonds was due a 36.9% growth in the average volume, partially offset by a 30 basis points reduction in the average yield. The growth in interest on deposits was attributed to an increase of 17.5% in the average volume, partially offset by a 20 basis point reduction in the average cost. The average cost of funding decreased 20 basis points on a yearly basis, from 2.7% in the second quarter of the previous year, to 2.5% in the second quarter of 2013, as a result of the lower cost of deposits and bonds.

On Page 11, we can see the Net Interest Margin. That was 6.7% in the second quarter of this year, below the 6.9% in the first quarter, and the 7.8% in the second quarter of 2012.

On Page 12, provision expenses decreased 6.1% on a quarterly basis, and 28% on a yearly basis. As a result, the ratio of provision expense to average loan was 2.1% in the second quarter, below the 3.6% registered during the second quarter of the previous year, and the 2.4% reported in the first quarter. The quarterly decrease was due to three factors. The first was a decrease in provision requirements for commercial loans. The second was the reversal of credit card provisions as a result of an improvement in the past due loan ration of this product, which declined from 4% in the first quarter to 3.8% in the second quarter. The third factor was an increase in the reversal of credit card provisions for customer over-indebtedness. The year-on-year decline in provision expenses was mainly due to lower generic provisions attributed to the decrease in credit card volume and to the fact that provision expenses were unusually high in the second quarter of the previous year. The ratio of past due loans to total loans remained stable on a quarterly basis, and on a yearly basis at 1.9%. The coverage ratio of the past due loan portfolio decreased from 244% in the second quarter of the previous year, to 226% in the first quarter of this year, to 225.9% in the second quarter of 2013.

On Page 13, fee income increased 5.7% on a quarterly basis, due to higher fees from services and other fees, partially offset by higher expenses related to financial services. The increases in service fees and related expenses were due to a higher volume of credit life insurance on credit card loans. The growth in other fees was due to higher loan factoring fees. Fee income declined 5.8% on a yearly basis, as a result of higher expenses related to credit life insurance on credit card loans, and lower fees from loan structuring, corporate finance and account statement delivery, partially offset by an increase in fees from credit life insurance.

Results from financial operations increased 12.2 million on a quarterly basis, due to increases of 14 million in gains from the sale of investments, and 1.7 million in exchange and derivative gains. Results from financial operations grew 42.4 million on a yearly basis, as a result of a 43 million increase in gains on the sale of investments, partially offset by a 3.1 million decline in exchange in derivative gains.

Administrative expenses increased 7.5% on a quarterly basis, and 9.2% year on year. The quarterly growth was due to increases of 10.4% in expenses for services received from third parties, and 4.8% in personnel expenses. The growth in expenses for third party services was due to higher expenses related to advertising, maintenance, and technology projects. The increase in personnel expenses was explained by higher variable compensation costs. The yearly increase was mainly attributed to growths of 12.3% in personnel expenses and 6.5% in expenses for third party services. The efficiency ratio was 47.9% in the second quarter of this year, above the 47.2% reported in the first quarter, and the 47.5% registered in the second quarter of the previous year.
On Page 14, we can see the ratio of regulatory capital to risk weighted assets was 14.5% in the second quarter of this year, below the 15 percent reported in the first quarter, and the 14.8% registered in the second quarter of the previous year. The quarterly decrease was due to a 5.6% increase in risk weighted assets, which was driven by loan growth, partially offset by a 2% decrease in regulatory capital. The growth in regulatory capital was explained by a 7.5% depreciation of the Nuevo Sol against the U.S. dollar, which led to an increase in the value of hybrid and subordinated

bonds issued in dollars, and by the growth in the stock of provisions. The yearly decrease in the capital ratio was due to a 17.4% increase in risk weight assets, partially offset by a 16.4% growth in the regulatory capital. The yearly increase in risk weighted assets was explained by sustained loan growth and by scheduled regulatory adjustments to the calculation of risk weighted assets. In July 2012, three of these adjustments went into effect. First, the adjustment factor for credit and market risk weighted assets was increased from 98% to 100%. Second, the weight given to leasing operations was raised from 80% to 100%, and finally, the adjustment factor for operational risk weighted assets increased from 50% to 60%. The yearly increase in regulatory capital was a result of two factors. The first was a capitalization of 221.5 million in earnings over the last 12 months, and the second was the issuance of a 150 million soles subordinated bond in January of this year. As a result of the yearly increase in core capital, the limit on hybrid debt that can qualify as Tier 1 was raised. Consequently, an additional 39 million from a $200 million junior subordinated bond issued in 2010 was incorporated into Interbank's Tier 1 capital. As of June 30, 2013, 70% of this issuance was considered Tier 1 capital. The remaining 30% of the bond qualified as Tier II capital, and will be incorporated into Tier 1 gradually, in line with the growth of Interbank's core capital. As of June 30, 2013, Interbank's capital ratio of 14.5% was 340 basis points above risk weighted minimum capital ratio, established at 11.1. The minimum regulatory capital ratio requirement was 10%, while the additional capital requirement for Interbank was 1.1%, as of June 30. Now I will turn to Interseguro for a comment on its results.

Maria Carmen Rocha: Good Morning. Please turn to Page 16 of the presentation. The figure shows a summary of Interseguro's P & L performance, where we can see Interseguro's earnings reached 17.1 million in the second quarter of 2013. This represents a decrease of 86% year over year, and 59% quarter over quarter. The year-over-year decrease is mainly explained by an extraordinary gain 106 million in the second quarter of 2012. This extraordinary gain was due to the sale of real estate investments, which included the Real Plaza Mall in Chiclayo and the Real Plaza Primavera Mall. The quarter-over-quarter decrease is attributable to a 44 million decrease in investment income, explained by a 40 million extraordinary gain from sales of real estate in the first quarter of 2013, which included the Piura Mall and the new Chimbote property. Additionally, in the second quarter of 2013, the investment income was adversely affected by 13 million, as a result of the exchange rate depreciation, offset by 11 million higher returns on equity and mutual funds instruments.

Please turn to the next page of the presentation. Page 17 shows in detail the performance of Interseguro's premiums. Premiums were 136 million, an increase of 28% year over year, and 2% quarter over quarter. The year-over-year growth is mainly explained by higher sales in annuities. The growth of annuity premiums was due to a 23% year-over-year increase in market size, as well as an increase in Interseguro's market share. At the end of the second part of 2013, Interseguro remained the leader annuity provider, with an estimated 26% market share. Additionally, group life premiums increased as a result of the 7 million of accumulated premium income not recognized in the first quarter of 2013. Changes in the trade agreement with Interbank also affected group life premiums. Also, individual life premiums increased in line with Interseguro's sales force. The quarter-over-quarter growth is mainly explained by the accumulated group life premiums not recognized at the beginning of the year. Annuity sales remained high although slightly below extraordinary gains obtained in the first quarter 2013. Now, Enrique Espinoza, Chief Investment Officer will go into the details of the investment, portfolio investment in Interseguro.

Enrique Espinoza: Thank you. Hi finally on Page 15, the fundamentals of Interseguro's investment portfolio and investment income. Interseguro's investment income was 67.3 million in the second quarter 2013, a 64.9% decrease year over year, and 43.8% quarter over quarter. The year-over-year decrease is explained by an extraordinary gain of 106.3 million in the second quarter 2012, due to the sale of real estate investments, including the Real Plaza Mall in Chiclayo, and the Real Plaza Mall Primavera Mall. The quarter over quarter decrease is explained by lower real estate investment, due to a first quarter 2013 40.8 million gain, attributable to sales of real estate investments, which included the Piura Mall and the new Chimbote property. Besides, there was a 13.2 million loss, due to currency depreciation, somewhat offset by a 9.7 million higher return from equity and mutual funds. Interseguro's investment portfolio grew 1.2% quarter over quarter, and 13% year over year. The increase is due to higher annuity sales and the price appreciation of Interseguro's overall portfolio. In the case of the real estate portfolio, the quarter-over-quarter increase was due to a capital contribution to Interproperties certificates for Pucallpa and an increase of CAPEX for Sullana's properties. That will complete Interseguro.

Operator: Thank you. At this time, we will open the floor for questions. If you would like to ask a question, please press the star key, followed by the one key, on your touchtone phone now. Questions will be taken in order they are received, and if you wish to remove yourself from the questioning queue at any time, you may do so by pressing star two. Again, that is one star one to ask a question. As a reminder, ladies and gentlemen, if you would like to ask a question, please press star one now. Our first question comes from Alonso Aramburu with BTG Pactual.

Alonso Aramburu: Hi, good morning. Thank you for the call. I have two questions. The first one is regarding the non-recurring gains. Can you give us a detail of what they are composed of, 42 million of non-recurring gains?

Michela Casassa: This was investment that we had in the portfolio, and actually, we sold a first portion in the first quarter and the second portion in the second quarter of this year, this are regular investments that we had in the portfolio.

Alonso Aramburu: Okay, and what kind of investments were these? Were they real estate investments or equities or…

Michela Casassa: Sure, sure - equity.

Alonso Aramburu: Okay, and the second question is regarding some of the trends we're seeing. You had a pickup in loan growth this quarter, which was nice to see, but we're seeing also that the country, the GDP, has decelerated. Do you think this level of growth is sustainable for the second half of the year?

Michela Casassa: We're expecting similar growth, as we have been gaining some market shares in some businesses, and this is especially in the commercial loan portfolio, we are gaining some market share, and credit card has recovered its growth. We should continue to see very similar to what we have seen in the second quarter.

Alonso Aramburu: Okay, and finally on margins, which have been trending down in recent quarters, do you think you're going to get some kind of relief with lower reserve requirements that were cut by the Central Bank recently, or would you expect the NIM to continue gradually decrease as you continue to grow faster in some other, lower margin businesses?

Michela Casassa: No, we should see stabilization of the NIM for different factors. First, what I previously mentioned, the fact that credit card will start to - - has started to grow will have an effect on the mix, okay. And also, the raise in the rates that we saw at the beginning of the year in that product, we should see its effect more and more towards the end of the year. So, I mean, we are expecting to be a little bit more stable than what we've seen in the past.

Alonso Aramburu: Okay, thank you.

Operator: Thank you. Our next question comes from Luis Guzman with Santander. He has cleared himself from the queue. As a reminder, ladies and gentlemen, if you would like to ask a question, please press the star key, followed by the one key, on your touchtone phone now. Again, that is star one, if you would like to ask a question. We have no questions at this time. I would like to turn the call back over Ms. Velez for closing remarks.

Michela Casassa: Thank you very much, everybody, for attending the call, and we will see you during the next quarter.

Operator: Thank you. Ladies, and gentlemen, this concludes today's teleconference. You may disconnect.

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