IFS 3Q13 Conference Call

October 31, 2013 @ 9:00 A.M. CT

Operator: Good morning, and welcome to the Intercorp Financial Services third quarter 2013 conference call. All lines have been placed on mute to prevent any background noise. After the presentation, we will open the floor for questions. At that time, instructions will be given as to the procedure to follow if you would like to ask a question. It is now my pleasure to turn the call over to Melanie Carpenter of I-Advize Corporate Communications. Ma'am, you may begin.

Melanie Carpenter: Thank you, Jennifer. Good morning, everyone. On today's call, Intercorp Financial Services will discuss its third quarter 2013 earnings. We're very pleased to have with Ms. Michela Casassa, Chief Financial Officer of Intercorp Financial Services, and 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 did not receive the presentation or the earnings, you can go to ifs.com.pe to download a copy. Otherwise, please feel free to call I-Advize in New York at 212.406.3695, and we will email you copies immediately. It's now my pleasure to turn the call over to Ms. Casassa, Intercorp's Chief Financial Officer, for her presentation. Please go ahead.

Michela Casassa: Good morning, everybody, and welcome to Intercorp Financial Services first quarter 2013 conference call. And we will start with a brief discussion of the highlights of Intercorp's performance, and as usual, then, we go to Interbank and Interseguro.

At Intercorp Financial Services, net earnings for this quarter were 146.9 million, a 12.4 percent decrease quarter on quarter, and a 7.3 percent decline year on year. When we exclude non-recurring items, net earnings would have increased 16.3 percent quarter on quarter and decreased 11.9 percent year on year. Gross financial margin increased, while loan growth outpaced data (0:02:19 – ph) provisions, but this was offset by lower results from financial operations and higher administrative expenses. IFS ROE was 21.3 percent in the third quarter, below the 23.2 percent in the second quarter, and the 25 percent in the third quarter of previous year.

When looking at the results of Interbank, recurring net earnings were 156.9 million in the third quarter, a 17.3 percent increase quarter on quarter, and 3.2 percent year on year. The loan portfolio expanded 8 percent quarter on quarter, and 23.6 percent year on year, due to sustained demand for commercial loans, mortgages and the recovery of credit cards. In the third quarter of 2013, credit card volumes reached a record level with a stable past-due loan ratio. Deposits grew 7.8 percent quarter on quarter and 39 percent year on year, driven by growth in both the retail and the commercial segments. NIM rose 10 basis points quarter on quarter, to 7 percent, due to higher yields on retail loans and an increase in the proportion of deposits within the funding structure. The past due loan ratio decreased 10 basis points quarter on quarter to 1.8 percent in the overall loan portfolio, while the coverage ratio grew to 228.1 percent. The (0:03:43 – indiscernible) ratio remained well above regulatory requirements at 13.7 percent in the third quarter.

At Interseguro, net earnings were 6.9 million in the third quarter, a 59 percent decrease quarter on quarter and year on year. Earnings reduced quarter on quarter and year on year, due to higher technical margin (0:04:02 – indiscernible) and lower investment income. Premiums increased 3.1 percent quarter on quarter and 18.8 percent year on year, due to higher sales across all business lines. Interseguro remained the market leader in annuities.

Please turn to Page Number 4 of the presentation for a brief overview of net earnings of IFS and its two subsidiaries. Net earnings were 146.9 million in the third quarter, with no non-recurring items. This is a 12.4 percent decrease quarter on quarter, and a 7.3 percent decline year on year. When excluding non-recurring items, net earnings have increased 15.3 percent quarter on quarter and decreased 11.9 percent year on year. IFS ROE was 21.3 percent in the third quarter, below the 23.2 percent of the second quarter and the 25 percent of the third quarter of last year.

In the following pages, we will go through a detailed discussion of each company's quarterly performance. Please turn to Page Number 5 to discussion on IFS P & L Statements. When looking at the quarter-on-quarter performance of IFS, we see that the net earnings have decreased 12.4 percent quarter on quarter, due to a 26.9 percent decline in results from financial operations, a 4.9 percent increase in administrative expenses, and a 12.7 percent decrease in fee income from financial services, partially offset by a 4.7 percent increase in gross financial margin. Financial income increase of 4.9 percent is mainly due to higher interest on loans at Interbank, partially offset by lower interest on available short-term investments at Interseguro. Financial expenses increased 5.7 percent quarter on quarter, due to higher interest on the deposits and bonds at Interbank. Provision expenses remained relatively stable, despite an 8 percent growth in performing loans. Fee income decreased 12.7 percent quarter on quarter, as a result of an 8.2 million increase in the elimination of commissions charged by Interbank and Interseguro related to the sale of premiums. Interseguro's loss from insurance underwriting decreased 2.3 percent, as a result of higher elimination of commissions paid by Interseguro to Interbank, as previously mentioned, partially offset by an increase in the technical margin loss at Interseguro. The higher payment on margin loss was explained by higher reserves in loan life and life insurance products, higher fees related to life insurance for credit cards and higher claims due to patient (0:06:47 – ph) related to the annuity business, partially offset by higher premiums in non-life and life insurance. Results from financial operations declined 26.9 percent quarter on quarter, mainly due to non-recurring gains from the sale of investments that were (0:07:02 – indiscernible) at Interbank in the second quarter of this year, but were not repeated in this quarter. Administrative expenses increased 4.9 percent, due to higher expenses in advertisement and (0:07:15 – indiscernible) at Interbank. Other income decreased 26.5 percent quarter on quarter, due to a reduction in extraordinary income and the voluntary contribution of provision for doubtful commercial loans in the third quarter, compared to a reversal of provisions for the foreign exchange rates in the second quarter at Interbank. IFS effective tax rate increased from 28.1 percent in the second quarter to 29.4 percent in the third quarter, as a result of two factors. The first 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 27 percent in the second quarter to 27.3 percent in the third quarter, due to lower tax-exempt income.

Looking at the year-on-year performance, net earnings decreased 7.3 percent year on year, due to a 45.2 million increase in administrative expenses, 15.9 million decline in results from financial operations and 16 million decrease in fee income, partially offset by a 59.6 million increase in gross financial margin and 11.2 million growth in other income. Financial income rose 14.7 percent, mainly explained by higher interest on loans at Interbank, and interest on available portfolio investments at Interseguro. Financial expenses increased 20.8 percent year on year, mainly due to increases in interest on deposits and bonds at Interbank, as a result of higher volume and tax liabilities. Provision expenses grew 10 percent, a rate below loan growth of 23.6 percent. Fee income decreased 23.6 percent year on year, as a result of lower fees from contingent

(0:09:04) operations, real estate financing and credit card account statement delivery fees, partially offset by an increase in corporate finance fees at Interbank, as well as higher elimination fees charged by Interbank and Interseguro in relation to the sale of premiums. Interseguro's loss from insurance underwriting decreased 31.6 percent, due to higher elimination of fees paid by Interseguro to Interbank, as previously mentioned, as well as higher premiums in other products, partially offset by increases in reserves and claims. The results of financial operations decreased 19.3 percent year on year, as a result of lower gains on the sale of investments and income from (0:09:43 – indiscernible) of IFS, lower investment in Interseguro and lower investment gains at Interbank, partially offset by higher exchange and derivative gains at the Bank. Administrative expenses increased 17.7 percent year on year, due to growth in expenses related to (0:10:01 – indiscernible), advertising, maintenance and personnel costs at Interbank. Higher administrative expenses in the third quarter of 2013 were also the result of a particularly low level of (0:10:13 – indiscernible) expenses in the third quarter of the previous year, resulting from a 36.6 million expense as a result produced by the transfer of two subsidiaries from Interseguro to InRetail, which were totally accounted in that quarter. Other income reverted to a positive figure in the third quarter, after having contributed to expenses in the third quarter 2012, due to the elimination of accumulated other income from the transfer of subsidiaries of Interseguro in such quarter. This was partially offset by lower results from Exressnet, a subsidiary of Interbank. IFS effective tax rate increased from 35.4 percent in the third quarter to 39.4 percent in the third quarter, as a result of lower contribution to net earnings from Interseguro, whose investment income is tax exempt, as well as an increase in the Bank's effective tax rate, from 24.5 percent in the third quarter of the previous year, to 37.3 percent in the third quarter of this year, due to lower deferred taxes.

Please turn to Page Number 7 for a discussion of Interbank's performance. As for Interbank, we are very pleased with the results achieved this quarter, with very strong growth in the core results of the Bank, including both retail and commercial businesses. Last year, we took the difficult position to stop growing the credit card portfolio as a result of an increasing (0:11:38 – indiscernible) in the market, which leads the Bank to lose some market share in that (0:11:38 – indiscernible). During the second quarter of this year, and after having fine-tuned our credit scoring for the total, we have started to grow again, and this is a result of such actions in this quarter, having slowly recovered our market share with very sound risk levels. All of these actions are in line with the very strong focus of the Bank on possibilities, which include managing our businesses with a medium and long-term view. This (0:12:07 – indiscernible) approach to profitability in all aspects of our business, including client segments, growth and division channels. The measures taken in credit card business, focusing on possibilities, have started to show results.

Interbank's net recurring earnings 156.9 million in the third quarter, a 17.3 percent increase quarter on quarter and 3.2 percent year on year, despite the slow reduction in fees and commissions, coming from credit cards, due to the new transparency law which entered into effect in January this year. When looking at total results, the quarter-on-quarter reduction was mainly due to a 7.2 percent decline in results from financial operations in the second quarter, non-recurring, after tax gains of 5.6 million in results from financial operations were reported. The IFS ROE was 25.9 percent in the third quarter, below the 29.3 percent reported in the second quarter, and the 29.8 percent registered in the third quarter.

When we turn to Page 8, we can see performing loans grew 8 percent quarter on quarter, with commercial loans growing 10 percent in the third quarter, the highest quarterly growth since 2008. Growth in the commercial portfolio was mainly driven by medium-term loans, particularly in the corporate segment. Retail loans also registered some increase, with 6 percent quarter on quarter, the highest rate in the past seven quarters, due to growth of 10.8 percent in credit cards, 4.9 percent in mortgage loans and 3.8 percent in other consumer loans. In credit cards, solid loan growth continued for the second consecutive quarter of reduction, during which (0:13:59 – indiscernible)Interbank maintained more rigorous credit standards regarding the acquisition of new clients. Performing loans increased 23.6 percent year on year, with commercial loans growing 72.4 percent, mainly due to an increase in medium-term loans. Retail loans grew 15.6 percent, year on year, driven by increases of 17.8 percent in mortgage loans, 9.7 percent in credit cards and 8.9 percent in other consumer loans. In the third quarter, credit card volumes reached a record level for Interbank, with a stable past-due loan ratio of 4.1 percent in said products. With this strong performance in loans, we have been able to gain market share at total Bank level, reaching 11.5 percent, 60 basis points increase versus last year. In the credit card business, we have recovered from 17.9 percent reduced during the last quarter to 19.6 percent in this quarter.

In Page Number 9, we can see Interbank's funding base grew 4.4 percent quarter on quarter, in line with an increase in interest earning assets. Deposits rose 7.8 percent, due to increases of 38.7 percent in commercial deposits and 5.5 percent in retail deposits, partially offset by an 8.3 percent decline in institutional deposits. As a result, the proportion of institutional deposits to total deposits was lower from 30 percent in the second quarter to 25.5 percent in the third quarter.

Due-to banks decreased 11.9 percent, as a result of 57.8 reduction in the utilization of short-terms lines of credit with correspondent banks, partially offset by the disbursement of our 200 million syndicated loan grants into Interbank. This 200 million funding was a arranged in July 2013, with a syndicate of 15 foreign financial institutions, at a cost

(0:16:01 – indiscernible) of 185 basis points, with a maturity date of October 2016. The (0:16:07 – indiscernible) increased 34.2 percent year on year, mainly due to growth of 39 percent in deposits and 9 percent in bonds. Deposits grew, due to increases of 58 percent in commercial deposits, 22.4 percent in retail deposits and 11.5 percent in institutional deposits. As a result, the proportion of deposits within Interbank's overall funding structure rose from 72.5 percent in the third quarter of the past year, to 75.3 percent in this quarter. The year-on-year growth involved was explained by two factors, partially offset by two additional factors. The first factor was 150 million (0:16:47 – indiscernible) subordinated bond issue, placed in January of this year. The second was a 7.1 depreciation of the (0:16:54 – indiscernible) of the U.S. dollar, which led to an increase in the value of bonds issued in dollars. The third factor was a maturity of 136.5 million, using (0:17:04 – indiscernible) this year, and the final factor was the payment of 1.9 million in mortgage bonds over the last 12 months. Here again, for loans, we have been able to gain market share in both the retail and commercial deposits, reaching 11.8 percent in retail, an increase of 40 basis points in the last 12 months, and 9.4 percent in commercial, an increase of 70 basis points in the last 12 months.

On Page Number 10, we can look on the quarter-on-quarter performance of gross financial margin, which increased 7.7 percent quarter on quarter, as a result of a 7.1 percent growth in financial income, partially offset by a 5.4 percent increase in financial expenses. Higher financial income was due to increases of 9.1 percent in interest on loans, and 36.9 percent in investment income, partially offset by a 56 percent decrease on interest on cash. Interest on loans grew, due to an increase of 7.6 percent in the average loan volume, and 10 basis points in the average yield, from 12.1 percent in the second quarter, to 12.2 percent in the third quarter of this year. The high average volume was attributable to loan growth of 9.8 percent in the commercial portfolio, and 5.8 percent in the retail portfolio. In the commercial portfolio, volume grew 13.1 percent in medium-term loans, 9.5 percent in trade finance, and 4.7 percent in leasing. In the retail portfolio, the higher volume was due to increases of 6.7 percent in mortgages, 7.6 percent in credit cards, and 3.5 percent in other consumer loans. The higher average yield was explained by a 30 basis points increase in the retail portfolio, partially offset by a 10 basis point increase in the commercial portfolio. The higher yield in retail loans was mainly due to higher rates in credit cards in a growing proportion of credit card loans within the retail portfolio. The low average yield of the commercial portfolio was mainly due to lower (0:19:11 – indiscernible) totals, with the exception of leasing, the average rate rose. Financial expenses rose 5.4 percent quarter on quarter, due to increases of 6.8 percent in interest on deposits, 5.7 percent in interest on bonds, and 3 percent in interest on due-to banks. Interest on deposits increased due to 8.8 percent growth in the average volume, while the average cost remained stable. The higher volume was explained by increases 35.3 percent in commercial deposits and 5.8 percent in retail deposits. The average cost remained stable. Interest on bonds grew in the third quarter due to the effect of the higher average exchange rate on the cost of bonds issued in dollars, which represented 85.9 percent of total bonds. The average cost of funding decreased from 2.5 percent in the second quarter to 2.4 percent in the third quarter, mainly due to a higher proportion of deposits within the Bank's overall funding structure.

Looking at the year-on-year performance, gross financial margin grew 9.8 percent year on year, due to a 12.7 percent rise in financial income, partially offset by a 22.5 percent increase in financial expenses. Financial income increased due to 17 percent growth in interest on loans, which was partially offset by a reduction of 5.7 percent in fees on loans, mainly credit cards, and 14.5 percent in investment income. Interest on loans grew due to a 28 percent increase in the average loan volume, partially offset by a 40 basis point decrease in the average yield, from 12.6 percent in the third quarter 2012 to 12.2 percent in the third quarter of 2013. Growth in the average volume was due to rises of 28.7 percent in the commercial portfolio and 13.7 percent in the retail portfolio. In the commercial portfolio, volumes grew by 43 percent in medium-term loans, 19 percent in leasing, and 6.4 percent in trade finance loans. In the retail portfolio, the higher volume was due to increases 27.9 percent in mortgages, 8.8 percent in other consumer loans, and 2.1 percent in credit cards. The lower average yield was due to a 30 basis point reduction in the commercial portfolio, partially offset by a 40 basis points increase in the retail portfolio. The yield on retail loans increased, mainly due to higher rates in credit cards. The year-on-year reduction in fees on loans was due to the elimination of certain fees, including various credit card related fees by the Peruvian (0:21:56 – indiscernible) passed in January of this year. Investment income declined, mainly due to increases of 9.5 percent in the average volume and 20 basis points in the average yield. The lower volume was a result of reduction in equity investments in corporate bonds, partially offset by an increase in sovereign bonds. Financial expenses rose 22.5 percent year on year, due to increases of 22.3 percent interest on deposits, 29.7 percent in interest on bonds, and 16.5 percent in interest on due-to banks. Interest on deposits increased, due to a 21.8 percent growth in the average volume, while the average cost remained stable. The higher average volume was due to increases of 39.6 percent in commercial deposits, 18.5 percent in retail deposits, and 10 percent in institutional deposits. The average cost remained stable, as a 30 basis point raise in the rate of institutional deposits was offset by a 30 basis point decline in the rate of commercial deposits. Interest on bonds grew, due to increases of 31.2 percent in the average volume, and 30 basis points in the average cost. The average cost of funding remained stable year on year, at 2.4 percent.

On Page Number 11, you can see net interest margin was 7 percent in the third quarter, higher than the 6.9 percent in the second quarter of this year, but lower than the 7.7 percent in the third quarter of last year.

Looking at Page Number 12, provision expenses grew 0.6 percent quarter on quarter and 10 percent year on year, growth rates well below those of the loan portfolio. As a result, generalized ratio of provision to average loan was 2 percent in the third quarter, lower than the 2.1 percent reported in the previous quarter, and the 2.3 percent registered in the third quarter of the previous year. The slight increase quarter over quarter was due to a declining provisional recovery, partially offset by a lower requirement for new provisions in credit cards. The year-on-year growth in provision expenses was mainly due to lower provision recovery, despite a decrease in provisions recognized as expense. The ratio of past due loans to total loans decreased from 1.9 percent in both the third quarter of last year and the second quarter of this year to 1.8 percent in the third quarter. The coverage ratio of the past due loan portfolio increased from 235.9 percent in the second quarter of this year to 228.1 percent in this quarter, although it decreased with respect to the 235.5 percent reduced during the previous year.

On Page 13, fee income remained stable quarter on quarter, as a reduction in fees from contingent operations and services were offset by an increase in structural fees from corporate (0:24:56 – indiscernible) operations and lower expenses relating to financial services. The decline in fees from contingent operations was due to lower fees from letters of guarantees, mainly explained by the adoption of a new accounting principle, which requires that these fees were not to be recognized in the moment of origination, but rather to be accrued to (0:25:15 – inaudible) the operations. This change became effective as of June 2013, and as we saw, the third quarter 2013 was the first quarter to which this new rule was in effect for the entire period. Fee income declined 4.5 percent year on year, as a result of lower fees from contingent operations, real estate financing and credit card account statement delivery fees, partially offset by higher corporate finance fees. The decrease in fees from contingent operations was a result of lower fees from letters of guaranty, due to the accounting change previously mentioned. The total financial operations decreased by 33.4 million quarter on quarter, mainly due to a 60.2 million decline in (0:25:58 – indiscernible) from the sale of investments, which was partially by a 35.3 million growth in exchange and (0:26:05 – indiscernible) gains. Gains on the sale of investments declined quarter on quarter, mainly due to non-recurring operations that were registered in the second quarter of this year, but were not repeated, but were not repeated in this quarter. Administrative expenses increased 4.4 percent quarter on quarter and 9.2 percent year on year. The quarterly growth was mainly due to a 7.7 percent increase in services received from third parties. The rise in expenses for such services was explained by higher service related to advertising and (0:26:37 – indiscernible). The year-on-year growth was mainly attributed to increases of 8.9 percent in services received from third parties, and 9.1 percent in personnel expenses. Higher expenses from third party services were due to growth in expenses related to property leases (0:26:53 – indiscernible). The increase in personnel expense was due to a rise in expenses for wages and salaries, as the result of higher (0:27:01 – indiscernible) costs and an increase in total headcount. The efficiency ratio was 50 percent in the third quarter, above the 47.9 percent reported in the second quarter, and 48.9 percent registered in the third quarter of 2012.

On Page 14, the ratio of the regulatory capital to risk weighted assets was 13.7 percent in this third quarter, lower than the 14.5 percent reported in the second quarter, and the 13.9 percent registered in the third quarter. The quarter-on-quarter decrease was due to a 9.6 percent growth in the risk weighted assets, partially offset by a 3 percent increase in the regulatory capital. The quarter-on-quarter increase in risk weighted assets was explained by the (0:27:48 – indiscernible) adjustments to the calculation of risk weighted assets and by the sustained loan growth. Due to the regulatory adjustment, as of September of this year, the risk weighted assets are tied to retail loans increased, as a

(0:28:01 – indiscernible) of total time and term remaining. It should be noted that initially, this measure only affects new loans disbursed as of January 1, 2013. The remainder of the portfolio will be adjusted gradually to the new risk weighting, which December of the year 2013, 2014 and 2015. The quarterly increase in the regulatory capital was due to the liquidation of earnings with capitalization agreement, a higher stock of provision and lower deduction from investments in subsidiaries. The year-on-year reduction in the capital ratio was due to a 21.4 percent growth in risk weighted assets, partially offset by a 19.3 percent increase in regulatory capital. IFS weighted assets were mainly attributable to loan growth. The year-on-year increase in the regulatory capital was a result of three factors. The first was a capitalization of 313.7 million in capital reserves over the last 12 months. The second was the issuance of 150 million in subordinated bonds in January of this year. The third factor was an accumulation of 46.6 million in additional generic provisions. These factors were partially offset by a difference 25.7 million, the amount of accumulated earnings, with a capitalization agreement in this third quarter, with regard to the third quarter 2012.

As of the third quarter, the capital ratio of 13.7 percent was 220 basis points above its risk-adjusted minimum capital ratio established at 11.5 percent. The minimum regulatory capital ratio requirement was 10 percent, while the additional capital requirement for Interbank was 1.5 percent, as of the third quarter.

Now let me turn to Maria Carmen Rocha for a review of Interseguro’s performance.

Maria Carmen Rocha: Good morning. Please turn to Page 16 on the presentation. The table shows the summary of Interseguro’s P & L performance, where we can see Interseguro’s net earnings reached 6.9 million in the third quarter of 2013. This represents a decrease of 59.6 percent year over year and 59.5 percent quarter over quarter. The quarter-over-quarter decrease in net earnings is explained by a 7.1 million lower technical margin and 3.8 million decrease in investment income, partially offset by 0.7 percent (0:30:31 – indiscernible) million increase in administrative expense. The lower technical margin is explained by higher (0:30:37 – indiscernible), use of pensions related to the annuities business, lower premiums for decreasing term life insurance for credit cards, attributed to accumulated sales not recognized at the beginning of the year, as well as higher fees, (0:30:52 – indiscernible) for increase in term life insurance for credit cards, the lower investment income, due to a decline income in equity and mutual funds instruments, as well as lower yields in fixed income instruments, offset by a lower loan due to currency depreciation. The year-over-year decrease is attributed to a 1.4 million lower technical margin, a 5.9 million increase in investment income, and 2.4 million higher administrative expense.

Please turn to the next page of the presentation. Page 17 shows in detail the performance of Interseguro's premiums. Premiums were 141.1 million, an increase of 18.8 percent year over year and 3.1 percent quarter over quarter. The quarter-over-quarter growth is explained by a 5 million increase in non-life insurance premiums and 2.4 million soles increase in individual life premiums, partially offset at 4.1 million decrease in sales (0:31:54 – indiscernible) life. The higher sales in non-life insurance premiums are mainly due to the launch of (0:32:01 – indiscernible). The higher sales in individual life are due to the savings insurance policy renewal, and the lower sales in group life premiums are due to a 7 million accumulated premium not recognized at the beginning of the year for increasing term life insurance for credit cards. The year-over-year growth is attributed to higher sales in all business lines, mainly in annuities, group life, non-life and individual life.

Finally, on Page 18, there are some details on Interseguro's investment portfolio and investment income. Interseguro's investment income was 53.5 million soles in the third quarter of 2013, a 9.9 percent decrease year over year and 6.5 percent quarter over quarter. The quarter-over-quarter decline is due to 14.4 million lower income in equity and mutual funds, explained by sales in the second quarter of 2013, (0:33:02 – indiscernible) mature instruments, as well as 3.6 million soles lower yield in fixed income instruments, offset by a 13.4 million soles lower note due to currency depreciation. The year-over-year decline is explained by a 4.7 million higher exchange rate depreciation loss and a 4.1 million soles (0:33:26 – indiscernible) in fixed income instruments, offset by a 4.0 million soles higher income in equity and mutual funds. Interseguro's investment portfolio grew 2.8 percent quarter over quarter and 16.4 percent year over year. The increase is explained by 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 is due to a capital contribution in inter-property certificates for (0:33:58 –indiscernible) and increase of CAPEX for (0:34:00 – indiscernible) real estate. That concludes our explanation. Thank you.

Operator: Thank you. Ladies and gentlemen, 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 the order they are received. Again, that is star one to ask a question. Our first question comes from Alonso Aramburu with BTG Pactual.

Alonso Aramburu: Hi, good morning. I have a couple of questions. The first one – can you give us a little bit of color on the competitive environment, and how do you expect this environment affect your loan growth. You had a quarter, very strong loan growth. Basically what are you expecting over the next couple of quarter to have in terms of growth? I mean, which categories you think you can grow a little bit faster?

Michela Casassa: Hi, Alonso, good morning. In terms of the competitive environment, I would say that it is still strong. Maybe, yes, there was a little bit of deceleration in the credit card growth, specifically, during the last two quarters of the system as a whole, but we foresee for the future is, I mean, to continue to have strong competition is to continue to grow in the segments that we have been growing. On the one side, we have the second consecutive quarter of growth in credit cards. We expect that to be the case in the following quarters. And also, mortgages - it is still a strong growth, more than 20 percent, as well as other consumer loans. And we're looking also at the commercial portfolio. The corporate portfolio has been growing very nicely, as companies have started again to, let's say, get investment with their local banks, and not going to the foreign banks or going to the capital markets. And the other two segments, which are the medium and small companies, are segments which we are really strongly targeting, and now after the revision, we made up the strategy and the revision of the distribution model, and we expect to continue to gain market share there, which is what we have been doing in the past quarters, so maybe I think what you have seen in this quarter is what you should expect for the following one.

Alonso Aramburu: So you think that quarter-on-quarter growth of, let's say, about 5 percent in loans – is that reasonable to expect, because this quarter was 8 percent.

Michela Casassa: I mean, I think it could be reasonable, yes.

Alonso Aramburu: Okay, thank you.

Operator: Thank you. Ladies and gentlemen, at this time if you would like to ask a question, please press the star key, followed by the one key, on your touchtone phone now. Again, ladies and gentlemen, that is star one to ask a question. We have no further questions at this time. I would like to turn the conference back over to IFS Management for closing remarks.

Michela Casassa: Okay, thank you, everybody, for joining the IFS conference call. We will see you during the next quarter conference call. Good morning.

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

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