Melanie Carpenter

I-Advize

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8:00 AM CT

Operator: The following is a recording for Melanie Carpenter of I-Advize on Tuesday, November 11, 2014 at 8:00 AM Central Time. This is the IFS third quarter 2014 conference call. Good morning and welcome to Intercorp Financial Services' third quarter 2014 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 Rafael Borja of I-Advize Corporate Communications. Sir, please begin.

Rafael Borja: Thank you and good morning, everyone. On today's call, Intercorp Financial Services will discuss its third quarter 2014 earnings. We are very pleased to have with us Mr. Luis Felipe Castellanos, Chief Executive Officer of Intercorp Financial Services, Mrs. Michela Casassa, Chief Financial Officer of Intercorp Financial Services, and Mr. Bruno Ferreccio, Chief Financial Officer of Inteligo. They will be discussing the results that were distributed this morning. There is also a presentation to accompany these results. If you didn't receive a copy of the presentation or the earnings, it is now available on the company's website ifs.com.pe to download a copy. Otherwise, for any reason if you need any assistance today, please call I-Advize in New York at 212-406-3693. I would like to remind you that today's call is for investors and analysts only, therefore questions from the media will not be taken. It is now my pleasure to turn the call over to Mrs. Casassa, Intercorp's Chief Financial Officer, for her presentation. Mrs. Casassa, please go ahead.

Michela Casassa: Okay. Good morning and welcome to Intercorp Financial Services' third quarter 2014 earnings presentation. Today, we are introducing some new concepts to our conference call, as we will be discussing IFRS figures including Inteligo. As you are aware, on October 9, we announced a public filing with the SEC. Information about the offering can be obtained in the press release. In such filing, we disclose full-year 2012-2013 and June 2014 IFRS figures. Attached, we have prepared for the first time financial statements in accordance to IFRS as issued by the IASB. IFS had previously prepared consolidated financial statements in accordance with accounting principles prescribed by the SBS and local GAAP. Today, in addition to 3Q results, we will present cumulative nine-month results for IFS and its three segments and a bridge to local GAAP results for Interbank and Interseguro. We are also including Inteligo Group's results. Going forward, Interbank and Interseguro will continue to prepare and file standalone financials in local GAAP as required by the SBS. IFS and its three segments—banking, insurance, and wealth management—will report quarterly under IFRS.

On page five, you can see the different explanation of the main items which are impacted by IFRS. I will now only comment on the main impact for IFS. The first item is allowances for loan losses, which mainly impact Interbank. In the future, we will have higher or lower provision levels compared to local GAAP, depending on the mix of products and businesses. Second is the adjustment of technical reserves, mainly impacting Interseguro, which will be more volatile under IFRS as it depends on the interest rate of the fixed income portfolio. Third, financial instruments which support technical reserves are considered available for sale, thus impacting equity. As share value is not registered in the P&L. There is a distortion embedded in the P&L which creates volatility in Interseguro's results as the negative results of decreased technical reserves is recorded in the P&L, but the positive effect coming from the return of investment coming from the new premium is recorded in equity. Finally, investment property mainly impacted Interseguro as real estate property is recorded as its fair value, which generates some volatility and impact from future transfers will be more limited. An important element to take into account is that going forward, IFS dividends from Interbank and Interseguro will continue to be determined and paid under SBS GAAP, while dividends from Inteligo will continue to be calculated under IFRS.

On page six, as you are aware, on July 18, we announced the incorporation of Inteligo Group to IFS, which was effective on August 1, 2014. This transaction was approved by IFS Board of Directors, reviewed by an independent committee of IFS board, and supported by a fairness opinion from PricewaterhouseCoopers. This transaction entails the contribution of 100 percent of Intercorp's shares in Inteligo to IFS in exchange for 19.5 million IFS shares.

On page seven, you can see some key figures of Inteligo Group. As of June 2014 and September 2014, we show a very positive trend in the nine months of 2014 when compared to the nine months of 2013. Some of the key highlights include a 20 percent growth in assets under management plus deposit, 26.1 percent growth in total revenues and 21.5 percent in fee income, and an annualized ROE for the first nine months of 2014 of 33.2 percent. Inteligo Group's contribution to IFS was valued at $637.5 million, with an implied multiple of 14.7x LTM June 2014 net profit and 13.6x with LTM September 2014 figures, in line with international public comparables for wealth management businesses.

We will continue now with a discussion of the third quarter results and nine-month results for IFS under IFRS. Please turn to page nine. At Intercorp Financial Services, third quarter 2014 net profit was S/. 275 million, a 19.7 percent increase year on year and a 2.3 percent decrease quarter on quarter. The quarterly decrease in net profit was mainly driven by lower other income in the third quarter of 2014 when compared to a strong result in the second quarter, specifically in Interseguro and Inteligo, while the year on year increase was mainly driven by strong performances at Interbank and Inteligo. The annualized return on adjusted equity was 28.3 percent. At Interbank Net profit in the third quarter was a record quarter for the bank, with S/. 187.3 million, a 5.9 percent increase quarter on quarter and an 18.1 percent increase year on year. Performing loans expanded 1.2 percent quarter on quarter and 15.1 percent year on year, driven by growth in consumer loans. NIM improved 30 basis points quarter on quarter and year on year from 6.1 percent to 6.4 percent in the third quarter of this year. Annualized return on adjusted equity was 25.2 percent. At Interseguro, net profit was S/. 69.4 million in the third quarter, a decrease of 14 percent quarter on quarter and 4.7 percent year on year. The decrease in the quarterly results was mainly driven by a significant real estate appreciation recognized in the second quarter and lower profit from sale of investment property in the third quarter. The year on year decrease was mainly due to a low other income in the third quarter of 2014 when compared to strong results in the third quarter of 2013. Annuity sales increased 25.3 percent year on year supported by market expansion and gains in market share. Annualized return on adjusted equity was 52.6 percent. At Inteligo, net profit was S/. 28.1 million in the third quarter, a decrease of 33.9 percent quarter on quarter, but an increase of 106 percent year on year. The quarterly decrease was mainly due to a lower other income in the third quarter when compared to the second quarter results. Assets under management plus deposits increased 12.4 percent on a quarterly basis and 20 percent year on year. The annualized return on adjusted equity was 23.2 percent.

On page number 10, you can see a summary of the key indicators for IFS. Net interest and similar income grew 4.8 percent on a quarterly basis and 13.1 percent year on year, mainly driven by strong results at Interbank. NIM improved 20 basis points on a quarterly basis and 10 basis points on a yearly basis to 6 percent. Asset quality remained strong with a slight increase in PDL of 10 basis points quarter on quarter. Insurance metrics remained very strong. Efficiency ratio shows an improvement year on year of 300 basis points down to 41.1 percent. Capitalization ratio for Interbank remains strong at 15.8 percent.

On page 11, you can see the breakdown of IFS quarterly profits by segment. Again, third quarter 2014 net profit was 275 million, a 19.7 percent increase year on year and a 2.3 percent decrease quarter on quarter. The quarterly decrease in the net profit was mainly driven by lower earnings in the third quarter when compared to a strong result in the second quarter in Interseguro and Inteligo, as previously mentioned, while the year on year increase was mainly driven by strong performances at Interbank and Inteligo. Annualized ROE for IFS was 28.2 percent.

On page number 12, we are presenting a quick overview of the key indicators for the cumulative 9 months ended September 30, 2014 and in comparison to the same figure of the previous year. Some key highlights include IFS net profit was 691.3 million for the first 9 months of 2014, a 17.3 percent decrease year on year. The year on year decrease was explained by a 273.5 million increase in the adjustment of technical reserves due to changes in the discount rate which negatively impacted Interseguro's net profit. Excluding such effect, IFS net profit increased 2.5 percent year on year. Net interest and similar income grew 15.7 percent year on year, mainly driven by strong results at Interbank, the same as in fee income which rose 8 percent compared to a decline of 7.4 percent in 2013, which was driven at the time by the new transparency law which prohibited banks from charging certain fees for credit cards. The annualized ROE was 24.1 percent. Asset quality remained strong with a slight decrease in PDL of 20 basis points year on year. Insurance results showed strong volatility despite the strong growth of net premiums of 25.2 percent, mainly due to an unusually low adjustment of technical reserves during 2013 as a result of an increase in the discount rate used in the calculation. Efficiency ratio remained relatively stable at 42.9 percent when excluding the impact of the discount rate in the calculation of the technical reserves. Capitalization ratio for Interbank remained strong at 15.8 percent.

On page 13, you can see the nine-month figures by segment. At Interbank, net profit increased 12.5 percent year on year, mainly due to a 17.5 percent growth in net interest and similar incomes and a 7.2 percent growth in fee incomes for financial services. Loans and deposits grew 22.9 percent and 15.1 percent year on year respectively. The annualized ROE for Interbank was 24.4 percent. At Interseguro, net profit decreased 66.1 percent year on year, mainly as a result of the 273.5 million increase in the adjustment of technical reserves as previously mentioned, due to an unusually low adjustment of technical reserves in 2013. Net premiums grew 25.2 percent year on year. The annualized ROE was 25.2 percent. At Inteligo, net profit increased 28.1 percent year on year, mainly due to a 28.7 percent growth in interest income plus other income and a 21.5 percent growth in fee income. Assets under management plus deposits grew 20 percent year on year. The annualized ROE for Inteligo was 33.2 percent.

Please turn to the following page for a brief overview of the quarterly net earnings of IFS by segment. On page 15 we will start with Interbank. Interbank's profit reached S/. 187.3 million in the third quarter, a S/. 10.6 million increase quarter on quarter and a S/. 28.8 million increase year on year. The quarterly increase was mainly due to a S/. 20 million decline in provision for loan losses and a S/. 14.3 million growth in net interest and similar income, factors which were partially offset by a S/. 22.4 million increase in other expenses. The annual growth in profits in the third quarter was due to a S/. 60 million increase in net interest and similar income, a S/. 14 million increase in other income, which were partially offset by S/. 21.7 million increase in provision for loan losses and a S/. 18.9 million increase in other expenses. Interbank's ROE was 25.2 percent in the third quarter, slightly lower than the 25.4 percent reported in the second quarter, but well above the 24.6 percent registered in the third quarter of the previous year.

On page 16, you can see a comparison of Interbank's IFRS results with local GAAP results. When looking at the local GAAP figures for the bank, net profit grew 17 percent quarter on quarter and 22 percent year on year. The main differences between the IFRS net profit of S/. 187 million and the local GAAP net profit of S/. 129 million are as follows. First, a reclassification of fees for credit cards from net interest margin to fee income. Second, net fee incomes for financial advisory as they are deferred under IFRS. Third, additional provisions for loan losses due to the strong growth in our retail portfolio. And finally, there are some positive effects which include the reversal of general provisions for S/. 5 million, S/. 2 million less depreciation and S/. 9 million less taxes.

On page 17, Interbank's performing loans grew 1.2 percent quarter on quarter as a result of a 4.2 percent increase in retail loans, which was partially offset by a 1.6 percent reduction in commercial loans. Retail loans increased due to strong growth of 7.2 percent in credit cards, 3.3 percent in other consumer loans and 2.7 percent in mortgage loans. In credit cards, the third quarter was the sixth consecutive quarter of solid growth, notwithstanding the past-due-loan ratio in such product decreased to 3.6 percent in the third quarter, from the 3.9 percent registered in the third quarter of the previous year and the 3.8 percent reported in the second quarter. Commercial loans slightly declined in volume, mainly driven by a decrease in medium-term loans and trade finance loans within the corporate business. Performing loans increased 15.1 percent on a yearly basis. Retail loans increased 17.1 percent, driven by growth of 30.4 percent in credit cards, 13.6 percent in other consumer loans, and 11.4 percent in mortgage loans. Commercial loans grew 13.2 percent mainly due to increases in medium term loans within the corporate and middle market businesses as well as trade finance loans.

On page 18, Interbank's funding base grew 1.3 percent on a quarterly basis. The growth was mainly due to increases of 6.4 percent in due to banks and interbank funds, and 3.9 percent in bonds, while the volume of deposits remained stable. The bank's total funding base increased 9.0 percent on a yearly basis. The increase was due to growth of 37 percent in bonds and 6.9 percent in deposits, partially offset by a 5.1 percent decrease in due to banks and inter-bank funds. The yearly growth in bonds was explained by two subordinated bonds issuances, the first for $50 million in December 2013 placed in the local market, and the second for $300 million in March this year placed in the international market. Such increase was slightly attenuated by the maturity of a $15 million subordinated bond in October 2013. The yearly growth in deposits was attributed to increases of 14.9 percent in retail deposits and 8.8 percent in institutional deposits, which were partially offset by a decrease of 5.7 percent in commercial deposits. As a result, the proportion of retail deposits to total deposits increased from 38.6 percent in the third quarter of the previous year to 41.5 percent in the third quarter of this year.

On page 19, provisions for loan losses, net of recoveries decreased 17.7 percent quarter on quarter and increased 28.7 percent year on year. As a result, the annualized ratio of provision expense to average loans was 1.8 percent in the third quarter of this year, lower than the 2.3 percent registered in the second quarter, but slightly higher than the 1.7 percent reported in the third quarter of the previous year. The lower provision expense on a quarterly basis was a result of improvements in asset quality, particularly in credit cards, which generated lower provision requirements for loan deterioration and internal alignment with other products. However, the lower provision requirements in credit cards were partially offset by higher requirements on mortgages and commercial loans. When looking at SBS figures, our PDL ratio and loan provision expense remained solid and well below the system average. Total consumer, credit cards, and commercial banking continued to show good credit quality behavior, whereas we have seen some deterioration in our mortgage portfolio and in some few commercial clients.

On page 20, fee income from financial services decreased by S/. 5.7 million, or 3.6 percent, on a quarterly basis due to a S/. 6.0 million decrease in maintenance and mailing of accounts, interchange fees, transfers and credit and debit card services fees, which was partially offset by a S/. 2.8 million increase in commissions from banking services. The lower credit card fees was a result of the increased number of customers migrating to online credit card account statements, which are delivered free of charge. The S/. 9.7 million, or 6.7 percent, increase on a yearly basis in fee income from financial services was attributable to a S/. 6.3 million increase in commissions from banking services and a S/. 5.3 million increase in fees from indirect loans. The higher commissions from banking services fees was a result of higher insurance premiums sold, while the increase in fees from indirect loans was due to higher fees from letters of guarantee. Other expenses increased 7.3 percent on a quarterly basis and 6.1 percent on a yearly basis. The quarterly growth was mainly due to increases of 8.4 percent in administrative expenses and 9 percent in depreciation and amortization expenses, while salaries and employee benefits expenses remained relatively stable. The increase in administrative expenses was due to higher expenses for third-party services provided to Interbank, which include miscellaneous services, and advertisement expenses. The annual growth in other expenses was a result of increases of 8 percent in administrative expenses, 3.3 percent in salaries and employee benefits, and 13.9 percent in depreciation and amortization expenses. The increase in administrative expenses was related to higher property leases, miscellaneous services, and maintenance expenses. The increase in salaries and employee benefits expenses was related to a higher average headcount in the third quarter compared to the same period of the previous year. The efficiency ratio was 46.6 percent in the third quarter, a strong improvement when compared to the 49.8 percent registered in the same quarter of the previous year.

On page 21, to summarize Interbank's results, the bank reduced a third quarter with net profit growing 5.9 percent on a quarterly basis and 18.1 percent on a yearly basis, with a sustained annualized high ROE of 25.2 percent.

On page 22, the ratio of regulatory capital to risk-weighted assets was 15.8 percent in the third quarter, remained stable quarter on quarter, and was above the 13.7 percent reported in the third quarter of 2013. The annual increase in the capital ratio was due to a 40.3 percent growth in regulatory capital, partially offset by a 21.3 percent increase in risk-weighted assets. The year on year increase in regulatory capital was mainly a result of the two subordinated bond issuances for $50 million and $300 million as previously mentioned. As of the third quarter of 2014, Interbank's capital ratio of 15.8 percent was 400 basis points above its risk-adjusted minimum capital ratio, established at 11.8 percent. The minimum regulatory capital ratio requirement was 10 percent, while the additional capital requirement for Interbank was 1.8 percent as of the third quarter.

Please turn to the following page to discuss Interseguro's results. On page 24, Interseguro's profit in the third quarter was S/. 69.4 million, a decrease of S/. 11.3 million quarter on quarter and S/. 3.4 million year on year. The annualized return on adjusted equity for the third quarter was 52.6 percent, below the 74.3 percent reported in the second quarter and stable compared to the ROAE registered in the third quarter of the previous year. The quarterly decline in profits was mainly due to a decrease of S/. 35.4 million in other income, a loss of S/. 6.9 million in translation result and a decrease of S/. 4.4 million in net interest and similar income, partially offset by an increase of S/. 33.9 million in total premiums earned less claims and benefits. The year on year decline was mainly due to a decrease of S/. 10.3 million in other income, an increase of S/. 8.9 million in other expenses and a loss of S/. 4.8 million in translation result, partially offset by increases of S/. 18.9 million in total premiums earned less claims and benefits and S/. 1.7 million in net interest and similar income.

On page 25 you can see a comparison to local GAAP results. When looking at the local GAAP figures for Interseguro, Interseguro's net profit grew 100 percent quarter on quarter and more than 1000 percent on a yearly basis. The main differences between IFRS net profit of S/. 69 million and the local GAAP net profit of S/. 118 million are as follows. First, a lower adjustment of technical reserves under IFRS of S/. 66 million, and second, a lower gain on the sale of real estate investment of S/. 97 million, as they are already at fair value under IFRS.

On page 26, Interseguro's total premiums earned less claims and benefits reached S/. 47.1 million in the third quarter, an increase of S/. 33.9 million quarter on quarter and S/. 18.9 million year on year. The quarterly increase was explained by a reduction of S/. 54.7 million in adjustment of technical reserves, partially offset by an increase of S/. 11.8 million in net claims and benefits incurred and a decrease of S/. 8.9 million in net premiums. The yearly growth was explained by an increase of S/. 28.6 million in net premiums, partially offset by increases of S/. 7.4 million in adjustment of technical reserves and S/. 2.2 million in net claims and benefits incurred. Net premiums in the third quarter were S/. 168.1 million, a decrease of S/. 8.9 million quarter on quarter and an increase of S/. 28.6 million on a yearly basis. The quarterly decline was mainly due to decreases of S/. 9.0 million in annuities and S/. 1.4 million in retail insurance, partially offset by an increase of S/. 1.4 million in individual life. The decrease in annuities was due to a market contraction of 2.5 percent and market share loss of 120 basis points. The decrease in retail insurance was driven by a reduction in card protection, partially offset by higher premiums in credit life insurance. The yearly growth in net premiums was mainly attributable to higher sales in annuities and retail insurance. The increase in annuities was achieved by Interseguro's leadership position in a market that increased 30 percent on an annual basis. The increase in retail insurance was due to higher premiums in credit life insurance, in line with overall growth of insured credits as well as increased prices.

On page 27, Interseguro's investment portfolio grew 5.1 percent quarter on quarter and 20.1 percent on a yearly basis. The results from investment was 6.5 percent, below the

10.6 percent registered during the second quarter and the 9.2 percent registered during the third quarter of the previous year. The quarterly decline in the return on investment was mainly due to on the net income side, a decrease in interest on investments available for sale driven by a 20 basis point reduction in the nominal average rate of Interseguro's internal portfolio, partially offset by a 7.3 percent increase in the average volume. On the other income side, the quarterly decline was mainly due to decreases of S/. 13.3 million in valuation gained from investment property, S/. 12.9 million in profits from sales of investment property, and S/. 10 million in net gain of sale of securities. The decrease in valuation from the investment properties was due to a significant real estate appreciation recognized in the second quarter, as real estate developments in Lima and the mid-east of the country's progress and a development in the North of Peru was finished. The decrease from sale of investment property was driven by the sale in the second quarter of a piece of land which had a high commercial value. The year on year decline in other income was largely explained by a decrease of S/. 22.3 million in valuation gained from investment property, partially offset by increases of S/. 6.7 million in net gain on sales of securities and S/. 3.5 million in net trading income. Valuation gained from investment property decreased as certain real estate investments in Lima were sold by the end of 2013. The increase in net gain on sale of security was due to higher gains in bonds and equity. The increase in net trading income was driven by a loss of S/. 1.8 million recognized in the third quarter related to a currency-forward position that resulted from the depreciation of the nuevo sol against the U.S. dollar, whereas in the third quarter of this year, despite further currency depreciation, a gain of S/. 1.9 million was recognized due to the renegotiated contract.

On page 29, we will start with a discussion of Inteligo Group's results. Inteligo's net interest and similar income for the third quarter was S/. 13.5 million, decreasing S/. 2.2

million, 14.3 percent decrease on a quarterly basis, and S/. 1.7 million, or 11.4 percent on a yearly basis. The quarterly decrease is mainly attributable to lower interest on investments available for sale. Similarly, the yearly decrease was mainly due to lower interest on available for sale investments as a result of an 18.8 percent decrease in the average volume of Inteligo’s investment portfolio. This was partially offset by an increase in interest on loans as a result of an increase in the average volume of Inteligo’s loan portfolio. Fee income for total financial services reached S/. 27.2 million in the third quarter, a S/. 2.2 million or 8.7 percent increase on a quarterly basis, and a 47.3 percent increase on a yearly basis, attributable to increased brokerage and custody revenues of Inteligo SAB and fund management fees from Inteligo Bank as a consequence of a 22 percent increase in the asset under management. Inteligo’s other income for the third quarter was S/. 5 million, decreasing S/. 19.4 million compared to the previous quarter. This result is mainly explained by lower income on net trading gains as mark to market valuations of securities held for trading increased strongly in the second quarter of 2014. On a yearly basis, other income increased by S/. 9.5 million in the third quarter of 2014 because of higher net gains on sale of securities. Other expenses for the third quarter reached S/. 18.1 million, a S/. 4.5 million or 19.9 percent decrease quarter on quarter and a S/. 1.5 million increase year on year. The quarterly result is explained by a one time of S/. 6.9 million impairment loss available for trade investment during the second quarter, while the year on year increase is mainly explained by higher third-party related services. Net profit for the third quarter reached S/. 28.1 million, a decrease of S/. 14.5 million on a quarterly basis, and an increase of S/. 14.5 million, or 106.1 percent on a yearly basis. Inteligo’s ROE for the third quarter stood at 23.2 percent compared to the 34.2 percent of a second quarter and well above the 13.2 percent of the third quarter of the previous year.

On page 30, all in all, it was a very solid quarter for Inteligo in terms of client activity, with year on year growth in asset under management plus deposit of 20 percent and of 20 percent in loans, low enough to generate higher fees from our client related business on a quarterly basis and on a yearly basis, which resulted in a 106.1 percent growth in net profit.

To finalize the presentation, on page 32, we conclude that IFS registered solid third quarter 2014 results, with solid operating performance in all three segments, with sound asset quality and high profitability levels. At Interbank we have a 15.1 percent year on year growth in performing loans and 20.9 percent growth in consumer loans, 14.9 percent year on year growth in retail deposits, 2.0 percent PDL ratio versus a system average of 2.4 percent. At Interseguro we have net premiums growing at 20.4 percent on a yearly basis and growth in annuities of 25.3 percent. And the investment portfolio is growing at 20.1 percent on a yearly basis. Inteligo has a 20.0 percent year on year growth in asset under management plus deposits and a 47.3 percent year on year growth in fees. IFS maintains high profitability with a 19.7 percent yearly growth in net profit, a 28.2 percent annualized ROE for IFS, a 4.7 percent year on year decrease in the net profit of Interseguro, 18.1 percent yearly growth in net profit at Interbank, and 106.1 percent yearly growth at Inteligo. Now, we welcome any questions you may have.

Operator: Thank you, ma’am. 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 ‘1’ key. That is ‘star 1’ on your touchtone phone now. Questions will be taken in the order in which they are received. If at any time you would like to remove yourself from the questioning queue, please press ‘star 2.’ Again, please press ‘star 1’ if you would like to ask a question. Our first question comes from Marcelo Telles from Credit Suisse.

Marcelo Telles: Hello. Good morning, gentlemen. Thanks for the opportunity and congratulations on the results. I have two questions. The first one, a more specific question, we saw an increase in past due loans in the medium-sized companies portfolio. I know your PDL ratio is much lower than the system, but do you think this is a trend you would expect to continue in the coming quarters? And the other question is a more broad question. I mean, how do you see the lower economic growth in Peru affecting your growth in your loan portfolio. We've seen very good growth in some of the retail lines in the quarter. Do you think you can sustain that going forward? Thank you.

Michela Casassa: Good morning, Marcelo. To answer your first question related to the decrease in the commercial loans, actually this is something— we were at a high level of market share, especially in the corporate side in the second quarter. We have seen some big loans being repaid. I mean, this is also just to some companies going to the international market, but basically, we don't see this going forward because the decrease has been specifically for corporate loans, while we have still seen an increase in our mid-corporate segment and our small business segment. So we do not expect to see that going forward, except on the portfolio, with mortgages going below 15 percent when we used to go above 20 percent. And the second portfolio where we have seen a slowdown in the growth is the small business portfolio. In that second portfolio actually, as we have a very low market share, we have continued to grow and to gain some market share, so we expect to be able to, let's say, outpace the market growth. But of course, the pace of growth of GDP for the next year is something that we are looking at closely and that might have an impact on the growth that we are projecting for the next year.

Marcelo Telles: Can you remind us what your expected the growth is for 2015? What do you consider your forecast?

Michela Casassa: Loan portfolio totally?

Marcelo Telles: No, GDP growth.

Michela Casassa: I mean, we are considering something between 4 and 5 percent.

Marcelo Telles: Okay, and just to follow up on the first question, actually, I was referring to the higher delinquency, the medium-sized companies portfolio. You can see that on page 19, we saw an increase of 2.1-2.4 percent in the delinquency rate. Of course, it's still well below the system, but do you think this is a trend you should consider going forward or do you think we should expect some stability in that segment? Thank you.

Michela Casassa: Marcelo, I guess— we have had some specific clients which have had some trouble and that's the reason of the 2.4 percent that you see there. And actually, the growth in that portfolio has also slowed down. We might expect a slight deterioration in that portfolio, but for sure not reaching the levels of the industry that you see there. But we could see a little bit more deterioration during 2015.

Luis Felipe Castellanos: Marcelo, this is Luis Felipe Castellanos. This has been a special year for many of the medium-sized companies in our portfolio, some related to some services for mining companies. So we do expect, as Michela mentioned, a slight deterioration in that portfolio to continue over the next year.

Marcelo Telles: Perfect, but, and your outlook for overall asset quality going forward in terms of cost of risk, do you think you can continue at the same level that you presented in the third quarter, or do you see some sort of a potential deterioration in the overall cost of risk?

Michela Casassa: No, we do expect, Marcelo, a slight deterioration at the levels you can see in terms— both PDL and provision expenses are well below the system average. Historically, we have always been either in line with the system or above the system, and this is mainly due to our focus on retail. And I think this started last year, when we started to be below the system average. It's 1.8 percent and 1.9-2.0 percent, and the system average is at 2.4 percent. So basically, we expect some slight deterioration also going forward in 2015, and hopefully still below the system.

Marcelo Telles: Thanks so much and congratulations on the results again. Thank you.

Luis Felipe Castellanos: Thank you.

Operator: Thank you. Again, we are now holding for questions. If you would like to ask a question, please press 'star 1' at this time. I am showing no questions at this time. I'd now like to turn the call back over to Ms. Casassa for closing remarks.

Michela Casassa: Okay, thank you very much. Thank you, everybody, for joining the conference call, and we will be talking again with the fourth quarter results and the yearly results. Goodbye.

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

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