Operator: Good morning and welcome to Intercorp Financial Service's third quarter 2017 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. Please begin.

Rafael Borja: Thank you, and good morning everyone. On today's call Intercorp Financial Services will discuss its Third Quarter 2017 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; Mr. Gonzalo Basadre, Chief Executive Officer of Interseguro; and Mr. Bruno Ferreccio, Deputy Chief Executive Officer of Inteligo Group. They will be discussing the results that were distributed yesterday.

There is also a presentation to accompany these results. If you didn't receive a copy of the presentation or the earnings report, 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 Mr. Luis Felipe Castellanos, Intercorp's Chief Executive Officer for his presentation. Mr. Castellanos, please go ahead.

Luis F. Castellanos: Okay. Thank you. Good morning, everyone, and thanks for joining our earnings call to review our third quarter 2017 results. Let me start on the macro side, GDP growth expectations for the year stand now a bit shy of 3%. We are not seeing yet a strong recovery in internal consumption or public and private investment, but we remain optimistic around a relatively stronger economic performance for the year end. The last couple of months, we have seen a slight recovery in some indicators and the consumerconfidence is positive. Peru's macro fundamentals continue to be solid and international environment, including economic recovery of our main commercial partners and positive commodity environment should lead to better growth dynamics in 2018 with GDP growth expectations around 3.5 to 4% for next year. The investments for the reconstruction of the areas affected by El Nino, the unlocking of certain infrastructure projects, and the recovery of public and private investment should boost this growth positively adding to this more optimistic view for next year.

The financial system continues with low growth and low activity, but it remains solid, profitable and well-capitalized. Under this scenario, Interbank was able to grow its loan portfolio during the quarter marginally outpacing the system with balance growth in our commercial and retail portfolio. We continued focused in managing credit risk as the effect of internal consumption deceleration, and the impact of El Nino on our customers continued to put pressure in our asset quality. It is important to mention that we remain focused in our digital transformation efforts, centered in providing new solutions for our customers while managing adequate levels of operating efficiency. Nevertheless, digital and IT investments are scaling up compared to previous years. Interseguro had a good quarter with premiums increasing strongly, supported by the new products related to private retirement annuities launched to fulfill customer needs and the new regulatory environment.

We continue to make progress with the announced of Sura Seguros acquisition. We will provide an update of that transaction later in the call. Inteligo had a good quarter, although not as good as the previous one. Profitability continues to add positively to IFS platform coupled with earnings diversification and strong fee income. Adding all this up, this quarter resulted in a good quarter for IFS. Our platform continues to be positioned to benefit from the expected recovery of the economy in the coming months, while transforming itself to gain relevance in an increasing, digital demanding customer base. Now, let me pass it on to Michela to continue with our report.

Michela Casassa: Thanks Luis Felipe. Now, let me start the discussion of the quarterly performance by referring to pages two, three, four of the presentation. The main highlights are: at Interbank loan portfolio continues to grow faster than the banking industry with loans growing 2.1% quarter on quarter, slightly gaining market share, and with PDL stable at 2.8%, and cost of risk decreasing 20 basis points down to 3%. At Interseguro, growth in net premiums continues to be strong at 15% quarter on quarter, mainly due to the performance of private annuities which have driven a 30% growth quarter on quarter in total annuities, reaching 105 million soles this quarter. Slower growth at Inteligo with ROE at 25.3%. IFS third quarter net profit reached 223.6 million soles, a 4% increase quarter on quarter and 7.2% year on year. When looking at figures at IFS level, NIM increases 10 basis points during the quarter with a slight decrease in NIM on loans at Interbank due to the higher growth in mortgages and commercial banking. PDLs remained stable at 2.7% on a quarterly basis at IFS level. Cost of risk improves 20 bps down to 2.8% for IFS mainly due to an improvement in credit cards at Interbank.

Efficiency continued to improve, down 110 bps on a quarterly basis to 38.9%, and down 150 bps to 37.4% when excluding the impact of discount rates on technical reserves at Interseguro. Capitalization ratio for Interbank remains strong at 16.5% and core equity tier 1 ratio reached 9.6% improving 50 basis points in the quarter.

Please turn to the following pages for a brief overview of the quarterly net earnings of IFS' three segments.

On page seven, as of the end of September, the financial system continues with low growth in loans, reaching 3.6% over the last 12 months, but only 2% when looking specifically at banks. Retail loans grew less than 5% and commercial loans remained relatively flat. PDLs reached 3.1% at system level with cost of risk relatively stable at 2.2%. All of this has impacted the financial system profitability in two full ROE points this year. At Interbank, performing loans growth accelerated when compared to previous quarters reaching 2.1% quarter on quarter as a result of a 1.5% growth in retail loans and 2.8% growth in commercial loans. Growth in retail loans was due to increases of 2.1% in other consumer loans and 2.7% in mortgages, while credit cards did not follow the growth experienced in the previous quarter and fell 0.9%.

The growth in other consumer loans was a result of higher payroll loans to both public and private sectors, while the increase in mortgages was due to a higher dynamism in the traditional segment. The quarterly growth in commercial loans was a result of continuous gains in market share in mid and small sized companies and a recovering in the corporate loan portfolio. Performing loans grew 4.1% year on year due to increases of 2.9% in retails loans and 5.3% in commercial loans. In retail, loans grew mainly due to increases of 7% in mortgages and 6.2% in other consumer loans, partially offset by a 5.7% contraction in credit cards. In this context of low growth in the market, we have been able to increase our market share on total loans by 22 basis points on a yearly basis.

On page eight, deposits remain relatively flat on a quarterly basis with a good growth in retail deposits of 2.3% in the quarter and a decrease in more expensive commercial and institutional deposits. This has helped cost of funds to go down 10 basis points from 3% in the previous quarter to 2.9% during this quarter. This growth in retail has led to an increase in market share of retail deposits of 15 basis points during the quarter. It is worth to mention that deposits now represent 71% of total funding.

On page nine, when looking at SBS comparable figures to the system, Interbank's past-due-loan ratio remained stable at 2.8% on a quarterly basis and below the system average of 3.1%. The coverage ratio remains strong at 170%. The same trends are valid for the IFRS PDL figures. When looking at the PDLs breakdown, we can see within retail that consumer credit PDLs has remained stable at 2.4% and is below the system average of 2.5%. Credit card's PDL ratio has increased 20 basis points to 5.7%, still above the system average of 5.2% and mainly due to the decrease in volume during the quarter of 0.9%. While mortgages PDL ratio stands at 3.4%, versus the system average of 2.7%. Within the commercial portfolio, PDLs remain well below the system average in the three sub segments.

The annualized ratio of provision expense to average loan has remained stable at 3.1% in this quarter when looking at the local GAAP figures. This ratio remains above the system average of 2% mainly due to the mix of the portfolio with a higher incidence of retail and credit cards when compared to the system and to the other big three banks. Normalizing the effect of our portfolio mix, our ratio would be 2.2%, slightly above the system average. When looking at IFRS cost of risk figures, there has been an improvement in cost of risk of 20 basis points, mainly due to a better risk profile of our credit card portfolio.

On page 11, Interbank's capital ratio of 16.5% was 460 basis points above its risk adjusted minimum capital ratio requirement established at 11.9% for this quarter and above the system average of 15.8%. The minimum regulatory capital ratio requirement was 10%, while the additional capital requirement for Interbank was 1.9%. Core equity tier 1 ratio as previously mentioned was 9.6% in this quarter, 50 basis points above the previous quarter.

Please turn to the following page to discuss Interseguro's results. Net premiums in the third quarter increased 15.1% quarter on quarter and 23.5% year on year. The quarterly growth was explained by increases of 30.4% in annuities and 10.6% in individual life. This was partially offset by a decrease of 7.3% in retail insurance, highly explained by lower premiums in card protection. The yearly growth was mainly explained by increases of 41.9% in annuities and 15.1% in individual life. Annuities net premiums in the third quarter increased 30.4% on a quarterly basis and 41.9% on a yearly basis. The quarterly and annual increases were mainly explained by the rapid growth in volume of premiums of the private annuity which was launched in October 2016 which largely offset the decrease of 71.6% year on year of regular retirement premiums affected by the law that allows retirees to withdraw a significant portion of their pension funds since the second quarter of last year.

On page 14, net premiums were 168.1 million in the third quarter, an increase of 22 million on a quarterly basis and 31.9 million year on year. The quarterly growth was due to increases of 24.7 million in annuities after the market stabilization and 1.3 million in individual life. The annual increase was mainly explained by increases of 31.1 million in annuities and 1.8 million in individual life. Annuities market share in the third quarter reached 26.2%.

Adjustment of technical reserves in the third quarter was 155.7 million compared to 101 million in the second quarter and 163.6 million in the third quarter of the previous year. The quarter on quarter increase was mainly due to a growth in annuity premiums and to a higher discount rate negative impact in annuities. This rate decreased by six basis points in the second quarter and by seven basis points in the third quarter. The yearly decrease was mainly a result of a lower discount rate negative impact in annuities. This rate decreased by 15 basis points in the third quarter of 2016.

Net claims and benefits incurred in the third quarter were 93.6 million, an increase of 5.6 million quarter on quarter and 14.9 million year on year. The quarterly growth was mainly due to higher claims of 5.5 million in annuities due to a higher number of pensioners. The yearly growth was mostly explained by a 16.4 million increase in annuities also due to a higher number of pensioners. Considering the factors previously explained, total premiums earned less claims and benefits resulted in minus 81.1 million in the third quarter, an increase of 38.2 million quarter on quarter and a decrease of 25 million year on year.

In page 15, in the third quarter Interseguro's investment portfolio reached 6,074.3 million soles, and increase of 2.8% quarter on quarter and 7.8% year on year. Results from investment in the third quarter were 103.1 million, which represented an 8.8% return on Interseguro's investment portfolio, above the 5.3% reported in the second quarter and the 7.8% registered in the third quarter of 2016. The quarterly increase was explained by 18.2 million increase in net interest and similar income and an 8.4 million increase in valuation gains from investment property. The yearly increase was explained by an increase of S/ 15.5 million in impairment loss on available-for-sale investments, which was attributed to a book value adjustment of previously impaired investments that were sold in 3Q16, partially offset by increases of S/ 7 million in net interest and similar income, S/ 3.1 million in valuation gain from investment property and S/ 1.3 million in net gain on sale of securities.

On page 17, we wanted to give you an update of Sura acquisition and financing. Since our last quarterly call, we have completed many important milestones in the process including: The SBS approval by the end of September. The issuance of 300 million dollars senior notes due 2027 to finance the acquisition. Ratings for the issuance were BBB by Fitch and BBB- by S&P, coupon was 4 1/8 for the inaugural bond offering of IFS with a tenor of 10 years. Moreover, in order to cover FX exposure we also closed a Cross Currency Swap for 150 million dollars which makes up for a total cost of funds for the soles related portion of 6% financing up to 10 years. Additionally, we completed the purchase of Sura Asset Management shares as of November 2 for a final price of 276.5 million dollars and took over control of the company. At the time of the take over the total number of employees at Sura was 60 people, down from the original 548 people. Closing date for the purchase of Wiese Group shares is expected by end of November.

On page 19, we will see Inteligo Group's results. The third quarter for Inteligo had a lower commercial activity in general as seen in the development of fees, other income and other expenses. Inteligo's net interest and similar income in the third quarter was 23 million, a 9.1% decrease when compared with the second quarter. The quarterly result was explained by lower seasonal performance of income on investments available for sale and lower other interest income, partially compensated by a 6.5% decrease on interest in similar expenses related to deposits and obligations. Net interest and similar income increased by 14.9% when compared to the same period in the previous year. This was attributable to higher income due from banks and inter-banks funds, and lower interest and similar expenses.

Net fee income from financial services was 28 million soles, a decrease of 2.4% when compared to the previous quarter mainly due to lower income on brokerage and custody services. When compared to the third quarter of the previous year, net fee income from financial services decreased by 9.2% year on year. The result was mainly attributable to decreases in income related to funds management and brokerage and custody services. Inteligo's other income reached 15 million in the third quarter, a 29.9% decrease quarter on quarter mainly explained by a 12.2% reduction in net gain on sale of securities and a negative impact in other income related to fees from investments in the property portfolio.

Other income decreased 16.1% when compared to the third quarter of the previous year due to a lower net trading gain and the previous mentioned impact in other income, partially compensated by an increasing net gain on sale of securities in the third quarter. Other expenses in the third quarter increased by 21.1% when compared to the second quarter mainly due to a 3.5 million impairment loss on available for sale investments in the third quarter. Other expenses grew 19.7% year on year mainly explained by the previously mentioned impairment loss and by higher expenses as well as a higher depreciation and amortization. Excluding impairment charges, total expenses would have increased by 3.5% quarter on quarter and 2.5% year on year.

On page 20, assets under management plus deposits reached 14.6 billion in the third quarter, lower by 78 million soles or 0.5% when compared to the previous quarter but higher by one million when compared to the third quarter of the previous year. Inteligo's loan portfolio reached 1,600 million in the third quarter, a decrease of 40 million or 2.4% quarter on quarter and a 5.7% decrease year on year. Revenues generated by Inteligo were 66 million, a 12.5% decrease quarter on quarter and 4.1% year on year. Inteligo's bank fee income divided by assets under management remained stable at 0.9% in the third quarter. Inteligo's net profit in the third quarter was 43 million soles, while analyzed ROE was 25.3%. Now we welcome any questions you may have.

Operator: And at this time if you would like to ask a question, please press a * and 1 on a touch tone phone. You may remove yourself at any time by pressing the # key. Once again, that's * and 1 to ask a question. We'll pause for a moment to allow questions to queue. And we'll take our first question from Carlos Rivera with Citibank. Your line is opened.

Carlos Rivera: Hi. Good morning everyone, and thanks for the presentation. Two questions from my side. The first one is regarding loan growth--good number relative to the system. But just wanted to get your thoughts on what should we expect for next year. Do you think you can continue to outpace the market and what would you expect for the market? And also, if you could give us some more color in terms of growth of retail versus wholesale. I noticed that in credit cards, you maintain a stable market share quarter over quarter but that implied a decline actually on the volume. So, if you could give us a little bit of color also on your risk appetite for next year. Thant would be my first question and then I'll ask my second question regarding the net interest margin after. Thanks.

Michela Casassa: As you can see the numbers as of this year, we've been outpacing the system mainly in consumer loans, mortgages, mid and small corporates. Those are if you want the specific segments in which we have been gaining market share. What we are foreseeing for the next year is a slight recovery of the loan growth at the system level. Actually, we're expecting it to grow between 4 and 5% this year and maybe something a little bit above that for next year. Our plan is to continue to outpace the market which will mean that we will be close to 8, 9% loan growth for next year. And if the system is able to grow a little bit faster, we will also be able to grow a little bit faster than that. What we are expecting to do in the next year is to continue with the trends that you have seen so far, and also a recovery in the growth of the credit card portfolio. We saw a slight recovery in the second quarter, but actually that did not continue over this quarter. But we are seeing some specific signs which make us believe that we should be able to grow during this last quarter of the year.

Carlos Rivera: Okay. Just to make sure I understood correctly, does that mean that then you are a little bit more positive on the outlook for retail loan going into next year, a little bit of high risk appetite?

Michela Casassa: I mean, what we are seeing is that the new harvest in credit cards, the new things that we are doing have a better risk profile than the ones we had in the past. What is still hitting our numbers is the impact of the old harvest including El Nino phenomenon.

Carlos Rivera: Okay. Great. And my second question regarding the net interest margin, we saw an increase at the group level at IFS but a contraction at Interbank. So, I guess the difference there is driven by investments at Interseguro. So, if you could just comment a little bit about the NIM for next year, and also in addition to your expectation in absolute terms for next year, if you could give us a little bit more color on the different drivers--like should we expect that this acceleration in loan growth maybe to translate into higher spreads? Maybe the de-dollarization of the loan portfolio to higher spreads as well in that sense? And any other factor that might be affecting the NIM next year, loan mix, etc. Thank you.

Michela Casassa: Okay. In overall terms, we are expecting a pretty stable NIM for next year, okay? And there are different forces that are going to impact this development. With the credit card portfolio growth recovery, that should help NIM, but also, we have seen this year a decrease in spreads, specifically I would say more in the commercial portfolio, not only the large corporate segment but also the mid and small. Both due to the de-dollarization and also to the low growth, which has increased competition in that segment. So, I would guess that a better portfolio mix with a little bit more weight of credit cards should improve things with some also continue decreasing in spreads in commercial banking. So, that's why at the end of the day, we are foreseeing a flat NIM for next year.

Carlos Rivera: Okay. Do you expect net income contribution from the other subsidiaries to help the NIM overall as we saw in this quarter?

Michela Casassa: Actually, I think not. It should be flat for the bank, but also for the others. Because as you have seen in Interseguro, for example, the return on the portfolio of this particular quarter has been one of the highest of the year. So basically, I think it's going to be difficult that we're going to outbid that number.

Carlos Rivera: Okay. Understood. Thank you very much, Michela.

Michela Casassa: Thank you.

Operator: And we'll take our next question from Alonso Aramburu with BTG. Your line is opened.

Alonso Aramburu: Hi. Good morning. Thank you for the call. Two questions. First, on expenses, we're seeing a very good focus on efficiency. Expenses were down this quarter versus the last year, and you mentioned that investments on IT on the digital efforts of the bank. How should we think about expenses going forward? Do you think you can sustain this flat-ish level of growth of expenses? And then my second question on asset quality--can you just give us some color on the impact of El Nino this quarter, and whether we should continue to see further impact in the fourth quarter? And also related to that, how should we think about cost of risk going forward into 2018?

Luis F. Castellanos: Hi. Alonso. This is Luis Felipe. How are you? Just off of expenses, it's becoming a challenge to deal with the IT and digital investments as you can see around the industry. So we keep focused on tight control of what we call the business as usual operations while scaling up investments in our IT and our digital platform, always looking for doing it the most efficient way. But we do see that probably we're going to increase a little bit higher than this base our level of overall investments. Nevertheless, we also look at efficiency ratio, and we expect the efficiency ratio to remain relatively stable because we do see a slight pick up on income particularly if the recovery of the credit card portfolio materializes and retail represents a bit more of increase. So again, maybe we will accelerate a bit the level of expenses, but efficiency ratio targets are to keep it constant or marginal improvement depending on how good we are in bringing the required income.

Alonso Aramburu: Great. Thank you.

Michela Casassa: Okay. On your second question, Alonso, related to asset quality, we were running some calculations to see how much of the 3.1% cost of risk in local GAAP that we were showing in the presentation has been already an impact of El Nino phenomenon. And we're talking basically of around 20 basis points. So, excluding what we have already provisioned this year for El Nino, that ratio would have been closer to 2.9%. Now, for the fourth quarter, we still see provisions coming from El Nino. When we applied the rescheduling scheme during March, we gave a group of clients depending on the characteristics of the clients, 60 to 90 days. So, a portion of that portfolio is maturing in October/ November. So, we expect to maintain a level most likely similar to what you see by year end. But during next year, both due to--let's say of course impact from El Nino and higher growth, we expect cost of risk for sure to be below 3%, okay? And of course how much would depend also on the pace at which the loan portfolio is able to grow.

Operator: Thank you. And once again it's * and 1 to ask a question. We'll take our next question from Sebastian Gallego with Credicorp Capital. Your line is open.

Sebastian Gallego: Hi. Good morning everyone. Thank you for the presentation, and I have two questions. The first one on fees. There was a positive increase on fees during this quarter, and I just want to have a bit of more color what should we think about in the coming quarters. The second question is regarding the acquisition of Sura. You mentioned, and you provided some updates, but I just wanted to understand a bit more on your expectations. Once it is consolidated at the IFS level or Interseguro, what are your expectations in terms of net premiums? What are your expectations in terms of even net income for the merged entity? Thank you.

Michela Casassa: Hi. Good morning. Let me answer first related to fees. What has been driving fees at Interbank this year has been a good performance in fees from credit cards, especially the ones related to billing. So, the billing in the credit cards has been growing very nicely then you do not see that translated into more volumes. But billing has been nice and that has been generating good fees. Moreover, during this quarter, we have also seen a recovery of fees related to corporate financing in the commercial area. So, those two things added up together are contributing very positively to fees. Looking at the numbers on a yearly basis, we expect next year to have a similar growth to what we are seeing this year because we will continue to increase some fees and there are some others that might decease depending on market conditions. Let me pass it on to Luis Felipe on the question related to Sura.

Luis F. Castellanos: Hi. Okay. So, regarding the acquisition, as we gave an update we are completing the process. As you know, this is being acquired by IFS. It will be a merger between both companies--Interseguro and Sura to create a new goal that will be new Interseguro. And the play here is basically an efficiency play. The way we see it, as we have explained it before is we're acquiring a portfolio of assets or investments that we will run with basically a slightly higher cost base for the combined company. In terms of the commercial efforts, as Michela mentioned, most of the commercial efforts of the acquired company had been dismantled. So, from the 500 people that the company had, we are only incorporating around 50 basically for customer service and then support for the existing operations. So, premiums should not grow--it's not 1+1=2 because we will basically keep Interseguro commercial base. Maybe we've already gone higher because there's one less competitor in the industry. But overall, this is a synergistic play. So, net income will be positively impacted as a whole. And we expect this to be accretive even after paying for the service of the acquisition debt at the IFS level--to be marginally positive.

Sebastian Gallego: Okay. And actually, I have another question if I may regarding the implementation of an additional set of Basel III standards in Peru. Can you comment on what you expect on the Basel III standards in Peru? And how are you managing potential introduction of new instruments particularly on the tier two that you mentioned sometime in the presentation? Thank you.

Michela Casassa: Yeah. Sure. Let me just give you first a brief overview of what has been already implemented from Basel III in Peru. We've had two implementations of elements of Basel III in Peru. One was back in 2012 related to risk weighted assets. So basically, the weights of risk weighted assets in Peru have aligned to Basel III, and at that time the superintendency gave an implementation period of five years, if I'm not wrong. And we have fully deployed it. So basically, we don't expect additional impact of increases in risk rated assets coming from Basel III. The second implementation was last year, and that was related to the characteristics of the debt instruments of Basel III. Those ones are already in place also in Peru.

So basically, if a bank were to issue a new sub debt or Tier I, it would have to be Basel III compliant. The portion of Basel III that we do not have yet implemented by the regulator in Peru is the composition of the capital ratio. So basically, what we have is a total capital ratio requirement, as an obligation, but we do not have a core equity Tier 1 minimum regulatory requirement. Having said that, of course, we do have our internal policies and plan in order to strengthen core equity tier 1. As you can see, that number has been strengthening over time. We were at 8 something percent last year. Last quarter it was 9.1. And as I mentioned as of this quarter we are already at 9.6%, and the plan is to continue to get closer to 10% also by next year.

Sebastian Gallego: Excuse me, Michela. That 9.6% is common equity tier 1 ratio under Basel III standards or what is--

Michela Casassa: Yes, it is.

Sebastian Gallego: Okay. Thank you so much.

Michela Casassa: Okay.

Operator: And we'll take our next question from Joswilb Vega with Integra. Your line is open.

Joswilb Vega: Thank you, and good morning to everyone and thank you for taking my question. We have heard some banks mention that retail banking is going to be the focus next year. It sounds like it could start a high competition process just like the corporate lending competition in which some banks were too aggressive. What would be your strategy to face this higher competence? Will you look to protect NIM, market share or any other variables? Thank you.

Luis F Castellanos: Hi. This is Luis Felipe, thank you for your question. I guess it's a bit different, no? I guess competition in corporate is very simple; just coming with a higher ticket and a lower price. So, low risk and the capabilities that you need to compete in retail are different. Having said that, we have seen strong competition in retail this year. Maybe this will not--you can see it as not being that intense next year because we do expect the market to grow, no? What we've seen is that banks are trying to get market share from the other banks rather than growing. So, although we are very used to a very strong competitive environment, next year might be a little bit more simple to grow because of we expect the market as a whole to grow. But, again, retail bank is what we're doing for the last 15 years and we believe in our strength there and our capabilities, our relationship with customers, our risk models, and our distribution capabilities. So, we are positive in our competitive position, and if the market grows, we think we can take advantage of those opportunities.

Joswilb Vega: Okay. Thank you.

Operator: And once again that's * and 1 to ask a question. And we'll take a follow up question from Carlos Rivera with Citibank. Your line is open.

Carlos Rivera: Hi. A couple of follow-ups. One regarding the capitalization ratio that you mentioned and the implementation of Basel III. Just to confirm that these pro-forma ratios that you calculate are already considering any potential deductions. You didn't mention any deductions so I'm guessing that's because they would not apply to you? And my second question would be on the outlook for the implementation of IFRS 9 that you mentioned the cost of risk expected for next year. Is there any potential for that number to increase after IFRS 9, or would that be a one-time impact to equity? And if you have any color on that, that would be appreciated. Thank you.

Michela Casassa: Okay, Carlos. Related to deductions, I'm not sure if you're referring to any specific deductions, but let's say whatever deductions already today the superintendency required us to do on the calculation of capital is already in the numbers we are showing. So the 9.6% core equity tier 1 has already been the deduction from capital that the superintendency requires us aligned to Basel III. Were you referring to something additional in particular?

Carlos Rivera: I was thinking, but probably it's because they don't apply to you--any potential goodwill or holdings of financial companies. Which I know they are at the group level for you, so maybe they don't apply to IFS, but just wanted to confirm that.

Michela Casassa: Yeah. They don't apply to us. And related to IFRS 9, we are currently under the process of implementing all the changes that will be required. We will be making our first reporting under IFRS 9--it will be the first quarter of 2018. So, we do not have yet the final figure of how much is going to be the new number of provisions. But whatever is that number would be passed through equity at the initial stage, and then we will have to see quarter on quarter what will be the development of those provisions. So far, we've been seeing some products that require some additional provisions versus the NIIF 39, but there are some others that require some less provision.

The initial impact will be seen in the equity of the beginning of the year, and we will see then going forward what will be the trend. In any case, you want me to give you a number? It's going to be I guess marginally higher than what we have in IFRS. Remember that provisions in IFRS, the current ones, related to local GAAP were higher, okay? But given the fact that we do have pro-cyclical provisions and some voluntary provisions that more or less netted up. So, when we were looking at IFRS provisions, the old style, versus local GAAP with voluntary provisions and pro-cyclical ones, we were let's say more or less aligned.

Carlos Rivera: Okay. In which segments of the portfolio would you expect probably provisions to be--requirement provisions going forward to be higher than the current ones that you use?

Michela Casassa: It's consumer finance because--and a little bit on mortgage because given the fact that IFRS 9 requires you to do provisions for the more risky part of the portfolio lifetime, given duration of certain products, that adds up to more provisions.

Carlos Rivera: Okay. Great. Thanks very much.

Operator: And there are no more further questions at this time. I would like to turn the call over to Mrs. Casassa for any closing remarks.

Michela Casassa: Okay. Thank you everybody for joining the call. I guess we will hear each other again during our fourth quarter results. Thank you again.