Melanie Carpenter

I-Advize

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Operator: The following is a recording for Melanie Carpenter of I-Advize on Tuesday, February 16, 2016 at 8:00 AM Central Time. This is the IFS fourth quarter 2015 Conference Call. Good morning, and welcome to Intercorp Financial Services' fourth quarter 2015 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 Katie, and good morning everyone. On today's call, Intercorp Financial Services will discuss its fourth quarter 2015 earnings. We are very pleased to have with us Mr. Luis Felipe Castellanos, Chief Executive Officer of Intercorp Financial Services, Ms. Michela Casassa, Chief Financial Officer of Intercorp Financial Services, Mr. Gonzalo Basadre, Chief Executive Officer of Interseguro, Mr. Juan Pablo Segura, Chief Financial Officer of Interseguro and Mr. Reynaldo Roisenvit, 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, 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. If you're a member of the media and have any questions, please contact the company directly. 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: Good morning, and welcome to Intercorp Financial Services' fourth quarter Earnings Call. In this presentation, we will also review all of our 2015 full year results. Please turn to page 2.

Intercorp Financial Services' highlights for the full year, the net profit was S/. 1,238.8 million, a 38 percentincrease year over year with celebrating results in the three companies. The full year return on adjusted equity was 28.7 percent. The fourth quarter net profit was S/. 220.9 million, a decrease of 18.5 percent year on year, and 45.9 percent quarter on quarter, mainly as a result of high payments in reserve due to a negative discount rating partly in Interseguro and impermanent losses in Inteligo's investment portfolios.

The fourth quarter annualized ROE was 20.5 percent. At Interbank, the full year net profit increased 18.8 percent year on year, mainly due to a 16.7 percent growth in the net interest in similar income, and a 66.9 percent increase in other income, related to foreign exchange activity. The full return adjusted equity was 25.4 percent. The fourth quarter net profit was S/. 219.9 million, a high point 3 percent increase year on year and a 9.3 percent decrease quarter on quarter. The fourth quarter amortized ROAE was 24.2 percent. In the fourth quarter, the provision expenses increased 32.4 percent year on year, and 30 percent quarter on quarter due to higher permissions in retail loans, particularly in credit cards, partially offset by lower provision requirements related to the commercial loan portfolio. Performing loans and deposits grew 14.9 percent and 22.5 percent year on year respectively, and in the year with the 97 percent loan to deposit ratio below the industry level. At Interseguro, the full year net profit was S/. 311 million, a more than two-fold increase year on year, due to higher operating income and net premiums earned. The full year ROAE was 67.1 percent. The fourth quarter net profit was S/. 2.6 million, a 93 percentdecrease year on year, and 97 percent decrease quarter on quarter. The bottom line results was mainly affected by a negative discount rate impact on technical reserves. Net fees in the fourth quarter decreased 17.2 percent due to a declining annuity partially offset by the other lines of businesses. In annuities Interseguro remained the market leader with a 20.2 percent share in the fourth quarter, and an estimated 24.3 percent in the full year. Year on year net premiums grew 7.2 percent. At Inteligo, the full year net profit was S/. 105.6 million, a 21.4 percent decrease year on year explained by lower other income and higher other expenses, despite an increase in core revenues. The full year ROAE was 20 percent.

In the fourth quarter, the net profit was S/. 3.6 million, down 82 percent year on year due to lower fee income in certain impairments of the investment portfolio. Asset under management plus deposits increased 23 percent year on year and 6.8 percent quarter on quarter.

On page 3, you can see a summary of the key quarterly indicators from IFS. Net interest and similar income grew strongly by 4.5 percent on a quarterly basis and 17.2 percent on a yearly basis, driven by their results at the three operating companies. The income from financial services remains flat on a quarterly basis mainly due to the decrease in fee income at Inteligo, but grew 9 percent on a yearly basis. NIM had a slight decline of 30 basis points year on year to 5.7 percent with NIM at Interbank'sslightly decreasing as well.

PDL remained stable on a quarterly basis. Cost of risk increased 60 basis points on a quarterly basis to 2.8 percent, mainly due to higher provisions in credit cards, partially upset by lower requirements in our consumer loans and commercial loans due to an improvement in asset quality in such products. Credit cards saw an 80 basis point increasing its PDL ratio in the fourth quarter mainly due first to a slight deterioration of the portfolio due to the sustained economic slowdown; second to the maturing of the portfolio in the emerging middle class acquired during the last 18 months up to meet 2015, when we saw an increase in the risk here and started revising our underwriting standards. As a result, we have reduced our slow growth in the credit card portfolio during the second half of the year. We have also relatively impacted this ratio due to a slight denominator. The efficiency ratio remained stable year on year at 39.3 percent and the capitalization ratio for Interbank remains so at 15.5 percent.

On page 5, we are presenting an overview of the key indicators for the full year 2015 and its comparison to the previous year. Some key highlights are the following. IFS net profits for the full year were S/. 1,238.8 million, a 28.7 percent increase year on year, excluding the positive impact of the discount rate on the calculation of technical reserves at Interseguro, net profits would have grown 11.9 percent on a yearly basis. ROAE was 28.7 percent and the efficiency ratio improved 490 basis points down to 36.5 percent and even improved 360 basis points when excluding the impact on the discount rating calculation of technical reserves.

Please turn to the following page for a brief overview of the quarterly net earnings of IFS 3 segments. On page 8, Interbank's profits reached S/. 219.9 million in the fourth quarter, S/. 11.2 million increase year on year and 22.5 percent million decrease quarter on quarter. The annual growth in net profits was explained by increases of S/. 35 million in net interest and similar income, S/. 46.8 million in other income, and S/. 20.6 million in fee income from financial services which was partially offset by an increase of S/. 76.7 million in provisions and S/. 60.5 million in other expenses. The quarterly decrease was mainly due to growths of S/. 42.1 million in provisions and S/. 12.8 million in other expenses, as well as a reduction of S/. 12.3 million in other income. These factors were partially offset by a S/. 22.9 million growth in net interest and similar income and S/. 14.1

million increase in fee income from financial services.Interbank's ROAE was 24.2 percent in the fourth quarter, lower than the 26.3 percent reported in the fourth quarter of 2014, and a 28.2 percent reduction in the third quarter of this year. NIM decreased 20 basis points in this quarter to 5.8 percent mainly due to higher dollar deposits with the Central Bank given in exchange for soles as they have very low return. On the contrary, NIM on loans continues to improve from 10 percent in the third quarter to 10.2 percent in the fourth quarter of 2015, and from 9.9 percent in the fourth quarter of the previous year.

On page 9, loans grew 2.1 percent on a quarterly basis as a result of increases of 2.7 percent in retail loans and 1.5 percent in commercial loans. Retail loans increased due to growth of 4.4 percent in mortgages, 2.7 percent in other consumer loans, and 0.7 percent in credit cards. The growth in commercial loans was mainly driven by increases in short- and medium-term lending as well as higher volumes of factoring transactions, partially offset by lower leasing operations. Loans grew 14.9 percent on a yearly basis due to increases of 15.9 percent in retail loans and 13.9 percent in commercial loans. Retail loans grew driven by growth of 18.1 percent in other consumer loans, 16.3 percent in credit cards, and 13.8 percent in mortgages. Commercial loans grew mainly due to increases in short- and medium-term lending into the corporate and middle market businesses. Our market share in both those loans decreased 10 basis points on a quarterly basis.

On page 10, Interbank's total funding base increased 28.6 percent year on year, and this increase was due to growth of 90.7 percent due to banks and 22.5 percent in deposits, and 11.7 percent in bonds. The yearly growth due to banks in Interbank funds was mainly due to an increase in the funding provided by the Central Bank, while the strong increase in deposits was explained by growth of 46.3 percent in commercial deposits, 18.7 percent in retail deposits, and 2.1 percent in institutional deposits. The yearly growth in bonds was mainly attributed to the depreciation of the exchange rate. The Bank's total funding base grew 6.2 percent on a quarterly basis, due to increasing of 10 percent in deposits and 4.5percent in bonds, partially offset by a 6.4 percent decrease in due to banks and inter-bank funds. The increase in deposits was explained by increases of 19.7 percent in commercial deposits, 7.1 percent in retail deposits, and 0.7 percent in institutional deposits. As a result, the proportion of the deposits to total funding increased from 68.0 percent in the third quarter to 70.5 percent in the fourth quarter. Retail and commercial deposits represented 20 percent of total funding with 10 percent decreasing in participations, down to 8 percent.

On page 11, we're looking at SBS comparable figures to the system. Interbank's deposit to loan ratio was 2.3 percent in the fourth quarter. The covered extra ratio improved to 194 percent. In the same plan, our volume for the IFRS higher PDL figures. When looking at the previous breakdown we can see within retail that the other consumer credit PDLs has increased 40 basis points to 3.5 percent, slightly above the system average of 3.3 percent, with credit cards PDL increasing 80 basis points to 4.6 percent and above the industry average of 4.1 percent, mainly due to the reasons previously explained. Mortgages increased to a ratio of 10 basis point to 2.7 percent in line with the increase of the system, and mainly due to the dollar portion of the portfolio which in our cases represents only 22 percent of total mortgages. Within the commercial portfolio, PDLs improved mainly as a result of 110 basis point improvement in the PDL ratio for medium corporate and remains well below the system average.The annualized ratio provision spent to average loan was 3.3 percent in the fourth quarter, above the 2.8 percent reduction in the third quarter, mainly due to increasing level in the credit cards. This ratio is 90 basis points above the system average of 2.4 percent we believe mainly due to our progress as we continue to have roughly 50 percent of our portfolio focused in retail banking, our smaller growth in corporate loans when compared to the industry segment which has a lower cost of risk, and conservative approach that we are pursuing we continue to constitute for cyclical provisions during the full year 2015, despite the fact that those provisions have been deactivated by the regulator. Together with the facts that this was due to a slowdown in the economic activity, the potential impact of El Nino and the development of some vintages in our portfolio, we decided to constitute a higher level of provisions in terms of the regulatory requirements to be able to better face a potentially more diverse market scenario. When looking at IFRS's cost of risk figure, the trends are similar to what we have just commented on local that figure and for the same reasons we decided to be on the conservative side of the range of IFIRS provisioning levels.

On page 12, we are including the trend of the de-dollarization of our loan portfolio in the last 12 months when compared to the industry as of the fourth quarter, our portfolio is more the de-dollarized with 71.2 percent of our portfolio in soles, versus 67.1 percent of the industry. This is mainly due to two factors. First, we have a higher share of retail loans which have a more solid base than commercial loans; and second, we have a higher foreign base component in our mortgage portfolio within retail loans. Moreover, we have been able to de-dollarize 8 additional percentage points in the last 12 months. On the deposit side, we have seen a dollarization on the base of 8 percentage points in the last 12 months.

On page 13, fee income from financial services net increase S/. 20.6 million on a yearly basis or 11.3 percent mainly due to a S/. 24 million increase in fees for maintenance in many of accounts, interchange fees, transfer and debit card services, partially offset by a reduction of S/. 3.8 million in commissions from banking services. The increase in such fees was a result of higher volumes of credit cards of saving accounts while a decrease in commissions from banking services was explained by a lower differed income of financial advisory fee.Fee income from financial services increased S/. 14.1 million on a quarterly basis of 7.5 percent mainly explained by a S/. 14.7 million increase in maintenance in many of our accounts, interchange fees, transfer and credit and debit card service fees, partially offset by a S/. 1.2 million increase in insurance expenses explained by higher insurance premiums sold for Interseguro. Other expenses increased S/. 60.5 million on a yearly basis, or 18.4 percent and by S/. 12.4 million on a quarterly basis. The annual growth in other expenses was the result of a 22 percent increase in administrative expenses explained by higher positions related to employee profit sharing as well as higher provisions for tax and legal contingency producing in the fourth quarter. The quarterly growth in other expenses was mainly due to increases of 9.3 percent in administrative expenses, 2.4 percent in application and modification partially offset by a 3.5 percent reduction in salaries and employee benefits.The efficiency ratio was 40.8 percent in the fourth quarter, below the 43.7 percentreported in the fourth quarter of the previous year and in line with the 40.5 percent reducing in the third quarter.

On page 14, the ratio of regulatory capital to regulatory capital to risk-weighted assets (RWA) was 15.5 percent in the fourth quarter. The annual increase in thecapital ratio was due to a 16.1 percent growth in regulatorycapital, partially offset by a 13.3 percent increase in risk-weighted assets. The yearly increase in regulatorycapital was mainly a result of the addition of S/. 478.1 million in capital, reserves andearnings with capitalization agreement during the last 12 months; while theincrease in risk-weight assets was mostly attributed to loan growth year on year. As of the fourth quarter, Interbank’s capital ratio of 15.5 percent was 390 basis points above its risk-adjusted minimum capital ratio requirement, established at 11.6 percent. The minimumregulatory capital ratio requirement was 10.0 percent, while the additional capitalrequirement for Interbank was 1.6 percent as of the fourth quarter.

On page 15, we have shown a summary of the key indicators of the strong yearly performance at Interbank with a strong increase in total revenues of 21.5 percent on a yearly basis, a relatively stable NIM with improving NIM on loans, a strong improvement in the efficiency ratio down 430 basis points to 41.3 percent, and a strong increasing net profit of 18.8 percent with a 25.4 percent ROAE.

Please turn to the following page to discuss Interseguro results. On page 17, Interseguro's net profits in the fourth quarter was S/. 3.6 million, a decrease of S/. 152.6 million quarter on quarter, and S/. 49.6 million year on year. The quarterly declining profits was mainly due to S/. 142.3 million decrease in total premiums earned less claims and benefits, and a S/. 45.1 million decrease in net gain on sale of securities registered as other income. These factors were partially offset by a S/. 27.8 million decline in impairment loss on available-for-sale investments, and S/. 4.4 million growth in net trading income.The yearly plan was mainly due to S/. 51.2 million decreasing total premium earned in claims and benefits, and a S/. 31.8 million decrease in net gain on valuation of real estate investments. These effectswere partially offset by S/. 12.6 million increase in interest in similar income and S/. 12.0million growth in translation results. Annualized ROAE for the fourth quarter was 4.3 percent below the 32.9 percent which was reported in the same quarter of the previous year.

On page 18, you can see a comparison with local GAAP results. Interseguro's net profits attribute to shareholders in the first quarter S/. 3.6 million under the IFRS and S/. 6.5 million under local GAAP. The main differences between IFRS and local GAAP profits are as follows. A lower adjustment of technical reserves under IFRS as a result of the use of a higher weighted average discount rate to calculate technical reserves for annuities. A net gainevaluation of real estate investments since under IFRS, they are book at fair value, a lower impairment loss on available-for-sale investments due to an adjustment for impairment loss accounting in dollars, a higher net gain sales of securities is under local GAAP certain bonds have booked held to maturity that gains on sales are amortized during the life of the bonds, and a higher profit in foreign exchange as a result of difference dollar stock of assets and liabilities in IFRS compared to the local GAAP.

On page 19, net premiums in the fourth quarter were S/. 177.1 million, a 17.2 percent decrease quarter on quarter, but a 7.2 percent increase on a yearly basis. The quarterly decrease in net premium was explained by a reduction in annuities driven by a market construction related to possible regulatory changes. Annuities market share in the fourth quarter was 20.2 percent as a result of a decrease of 41 percent in retirement market premiums. Annuity market share by the end of the year was estimated at 24.3 percent which positioned Interseguro as the market leader for six consecutive years. Adjustment of technical reserves in the fourth quarter was S/. 151 million, a strong increase of 223.4 percent on a quarterly basis and 37.9 percent year on year. The quarterly increase was explained by the use of a lower-weighted average discount rate to calculate technical reserves for annuities. The yearly increase was also a result of changes in the way the average discount rates. Net claims and benefits during the fourth quarter were S/. 69.9 million, a 1.6 percent increase on a quarterly basis, and 44.7 percent increase on a yearly basis. Growth was mainly explained by higher annuity pensions. Considering the factors previously explained, total premiums earned in claims and benefits resulted in S/. -43.8 million in the fourth quarter, a decrease of S/. 142.3 million on a quarterly basis.

On page 20, in the fourth quarterInterseguro Investment Portfolio reached S/. 12,897 million, an increase of 5.1 percent on a quarterly basis, and 6.9 percent on a yearly basis. The results from investments in the fourth quarter was S/. 79.1 million which was represented a 6.7 percent return on Interseguro's investment portfolio, below the 8 percent reported in the third quarter, and 8.8 percentregistered in the first quarter of the previous year. The quarterly decline was lastly explained by a decrease of S/. 45.1 million in net gain on several securities. This effect was partially offset by a decrease of S/. 27.8 million in impairment loss and available-for-sale investments, and a decrease of S/. 4.4 million in net trading losses.The decline in net gain in total securities was mainly due to higher gains in our equity portfolio as entered in the third quarter in 2015. The yearly decline was largely explained by a decrease of S/. 31.8million in valuation gain from investment property, and adecrease of S/. 5.7 million in net gain on sale ofsecurities partially offset by a rise of 12.6 million in interest and similar income, and a decrease of S/. 5 million in the impairment loss on available-for-sale investments. The decrease in valuation gain for an investment property was due to real estate appreciation of certain properties recognized the fourth quarter of 2014. Furthermore, the increase of net interest was mainly explained by a higher inflation rate. The inflation rate increased from 3.43 percent in the third quarter of 2015 to 4.4 percent in the fourth quarter of 2015, leading to an increase in income from amortization of index bonds.

On page 22, we will have a discussion on Inteligo Group results. Inteligo's net interest in similar income in the fourth quarter was S/. 26.8 million, a 17.6 percent increase quarter over quarter and 64.7 percent increase year on year. The quarterly result was attributable to higher income and dividends on investments available-for-sale, partially offset by an increase interest on deposits and obligations. The yearly results were explained by higher income in investments available-for-sale and higher interest on loans. Client-releated interest income grew as a result of 2.9 percent quarter on quarter and 17.8 percent year on year growth in the size of our loan portfolio.The income from financial services decreased 37.4 percent on a quarterly basis, and 11.12 percent on a yearly basis. The results were attributable to a lower activity in the re-balancing of kind portfolio when compared to an extraordinary high level in the third quarter and price tightening. Inteligo'sfourth quarter 2015 other income negative result S/. of 3.5 million was explained by a lower net gain on sale of securities on the investment portfolio actually offset by S/. 11.2 million increase in net trading gain compared with the third quarter. Other income decreased S/. 3.7 million year on year also attributable to a lower net gain on sale of securities. Other expenses increased 60 percent quarter on quarter due to a S/. 23.3 million impairment loss on available-for-sale investments while year on year expenses increased 67 percent mainly due to the previously mentioned impairment loss and to higher administrative expenses. As a result,Inteligo's net profit in the fourth quarter was S/. 2.6 million, a S/.14 million decrease quarter on quarter and S/. 12.8 million decrease year on year.

On page 23, Assets Under Management plus Deposits reached S/. 13,192 million in the fourth quarter, S/. 837 million or 6.8 percent increase when compared to the previous quarter, and S/. 2,500 million or 23 percent increase when compared to the fourth quarter of the previous year. Inteligo's loan portfolio stood at S/. 1,700 million, roughly S/. 50 million, or 2.9 percent increase quarter on quarter, and S/. 256 million or 17.8 percent year on year. Revenues generated by Inteligo reached S/. 47 million, a 5.1 percent increase on a quarterly basis, and 8.9 percent increase year on year. The quarterly result was attributable to higher net interest and similar income. Inteligo'sbanking divided by assets under management decreased 1 percent in the fourth quarter mainly explained by the income decline previously mentioned. Net profit reached S/. 2.6 million while annualized ROAE was 1.9 percent lower than the 12.6 percent reported in the third quarter.

To finalize the presentation, on page 25, we see that IFs on these fair quarter for quarter results is still operating for performance in all three segments with sound asset quality and high profitability levels. At Interbank the yearly growth on performing loans was 15 percent with consumer loans growing 17 percent, loan growth in total deposits of 22.5 percent, resulting in a 12.1 percent market share. In the dollar exposure in the loan book reduced by 780 basis points year on year.

At Interseguro grew 7.2 percent year on year and the investment portfolio grew 6.9 percent. At Inteligo, the growth of assets under management of deposits was 23 percent and loans grew 17.8 percent with revenues increasing 8.9 percent on a yearly basis. We maintained the high profitability level of IFS with a full year of profit growing 28.7 percent and the ROAE at 28.7 percent.Now we will welcome any questions you may have.

Operator: Thank you. At this time, we will open the floor for questions. If you would like to ask a question, please press the * key followed by the 1 key, that is *1 on your touchtone phones. 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 *2. Again that is *1 if you would like to ask a question. Our first question comes from Alonso Aramburu from BTG Pactual.

Alonzo Aramburu: Hi, good morning, thank for the call. A couple of questions. First on your funding mixed evolution and devaluated to margins, we saw this quarter that Central Bank funding declined quarter on quarter 8 percent. Should we expect that to continue in 2016? are you still expecting to tap the Central Bank for funding next year? Related to that, do you think you can continue growing demand deposits the way you grew them this quarter and how that change makes sure that’s a good NIM in 2016? Then my second question is related as to the quality. You mentioned you’ve been provisioning a little bit more than required. We saw a spike on credit card on positive loans. What should we expect in terms of cost of risk and where do you see the evolution of positive loans in credit cards this year?

Michela Casassa: Good morning Alonso, and thank you for your questions. On the first question related to the funding mix, this year we are going to push as much as possible of course the growth of deposits coming from clients, both retail and commercial especially in soles. That for sure we will continue to use the funding provided by the Central Bank. Basically the level that you have seen around 8 percent of the total funding coming from the Central Bank is something that you will continue to see this year as the complication for customer deposits will continue to be very strong. The slow growth that we saw in customer deposits in the last quarter is something that we have been working on during all the years and we will continue to do so. We expect still to have some growth, but to still use also the Central Bank's funding in roughly the same levels as we have been doing in the past year.As for asset quality concerns, we have already seen a slight improvement in the PDL ratio of credit cards. We saw that the one that was positive was 4.6 percent in the last quarter. As of January, the level has gone down to 4.4 percent but for sure we expect that to continue to be on those levels or maybe slightly increasing as we have slowed down substantially in the credit card portfolio you have seen in the last two quarters. Okay? That will continue to have an effect just due to the flat denominator.As for the cost of risk for the full year, we expect that to be roughly above of the one you have seen in this last quarter.

Alonso Aramburu: Great. Related to your first answer, how do you think funding costs will evolve this year? We have higher rates from the Central Bank and the mix is, as far as the NIM, is also moving towards lower margin products. Do you expect the NIM to contract this year?

Michela Casassa: We are foreseeing a slight contraction of NIM because of the two reasons you have mentioned, and also because we would continue to see the same impact that we saw last year which is to have low returns in the dollar deposits that we are keeping with the Central Bank. Now we keep lowering the return for interest earning assets.

Alonso Aramburu: Right. Thank you.

Operator: Thank you. Again, if you would like to ask a question, please press *1 at this time. We are now holding for questions. Again, if you would like to ask a question, please press *1 at this time. Once again, we are now holding for questions, please press *1 if you would like to ask a question. We do have a follow-up from Alonso from BTG Pactual.

Alonso Aramburu: Yes. Sorry, I got a follow-up on Interseguro. We saw declining premiums in annuity premiums this quarter even though the law has not changed yet. Are we still seeing that trend at the beginning of this year and do you have any expectations on where this change in regulation will happen or not?

Gonzalo Basadre: Sure. Hi Alonso. First of all, the law is expected to be introduced into Congress in March. We don't know yet if it's going to be approved or not, but what is optimistic is that even though it's possible that there's a probability for this law to be approved, as some people are expected to get out the money from the AFP. The vast majority of the people are pursuing where returning,by buying an annuity. We expect that if the law is passed and this clears up the information about the market, we still expect that an important majority of people will buy an annuity at the way of getting their retirement income. I hope that answers your question.

AlonsoAramburu: Yeah sure, but in the meantime, in the first quarter of this year, because fourth quarter the lower sort of proved to you by the previous decline. We should expect that trend of weaker growth or declining growth on annuity premium even before there is a clear outcome from the law.

Gonzalo Basadre: Sure. We expect that what we saw in premiums in December is going to keep during the first quarter of this year.

Alonzo Aramburu: Okay. I guess I'm trying to find a number in the presentation. It said that your market share had declined. I think Michela mentioned that it went up in December, just to clarify that if it went down to 20 percent or if it's 24 percent in the annuity segment.

Gonzalo Basadre: It's 24 percent throughout the year and it's 20 percent in the last quarter of the year. It goes up and down with competition. We will see our market share to be 25 percent for 2016.

Alonso Aramburu: Okay, thank you.

Operator: Thank you. Our next question comes from Natalia Corfield from JP Morgan.

Natalia Corfield: Good morning all, thank for the call. It's a follow-up on the funding question that was asked before. We saw that the Central Bank's funding decreased in this quarter. I understand that this is a funding that will continue during 2016. My question is related to deposits. I'd like to know what drove the increase in the deposits in the past, or if it's seasonality. In which currency did the deposits increase? Was it US denominated or was soles denominated deposits? Thank you.

Michela Casassa: Good morning Natalia. Related to the increase we have on the deposit base, actually you see from the numbers, you see increase has been coming both from commercial deposits and for retail deposits. Basically this is something that has been going on the full year, but it has been a little bit stronger during this last quarter. Basically this increase is coming in both currencies. Of course we have seen a dollarization of the deposit base which have been in the range of 8 percent during the last 12 months as in the individuals of a lot of companies are shifting a little bit of their deposits to dollars due to the devaluation expectation. Okay? We have been able also to increase our deposit base in soles. This is coming from some specific focus that we are giving to the branch network but also to the relationship managers in commercial banking in order to attack more strongly the deposits from planning.

Natalia Corfield: Okay. The stronger flow in the last quarter of this year, was it related to, was it something specific of the quarter, or should we continue to see this throughout the year?

Michela Casassa: Not in fact extending Natalia. There has been also a portion related to some institutional deposits in some few commercial clients who are more volatile. I don't expect that strong increase in the commercial banking specifically. We think if that extends to the next quarter for the next year.

Natalia Corfield: All right. Is there a reason why there was this increase in the flow of institutional in the fourth quarter?

Michela Casassa: Not really. I mean, there were some deposits coming from private pnsion funds but some of them have eventually also been retired again in January.

Luis Felipe Castellanos: Thisis Luis Felipe. This is a general liquidity in the system. The benefits of the whole financial system and we have taken our share of it.

Natalia Corfield: Thank you.

Operator: Thank you. Again, if you would like to ask a question, please press *1 at this time. We are now holding for questions. That is *1 if you would like to ask a question. We do have a question from Esteban Lee from ITAU BBA. Esteban, your line is open. Please make sure your phone is not on mute. Again, Esteban please make sure your phone is not on mute. Sir, we will go to the next question for Nathan Geni from Moneda Asset Management.

Nathan Geni: Hi hello. How are you all? I have a question regarding if you see something that can upset the increasing cost of risk for next year, do you see in that light, do you see any chance that EPS increase for 2016?

Michela Casassa: Sorry, can you repeat the last part? Any chance of EPS increasing?

Nathan Geni: Yeah, if you see EPS increasing even something that could compensate at least the increasing cost of risk expected for next year?

Michela Casassa: Okay. Of course there are certain fees as we will compensate increasing cost of risk in the figure. We are foreseeing an increasing revenue which is higher than increasing costs for example. We are trying to manage a very busy planning costs during this year due to the uncertainty of the economic scenario. In any case, besides the increasing cost of risk compared to the full year 2015, we see an increase in earnings for the next year.

Nathan Geni: Thank you very much.

Operator: Thank you. Our next question comes from Esteban Lee from ITAU BBA.

Esteban Lee: Good morning. This is Esteban from ITAU Asset Management not BBA. I have two questions. First regarding the higher provision, can you give us more color and maybe the rationale behind the higher provision? I know there is some spike on PDL on credit card but over the PDL ratio was flat. I'm not sure how do you get to 72 percent increase in year over year which is quite huge? My second question is on the insurance business. Market share and annuities were down to 20 percent to 24 percent and surely there is a discussion going on regulatory changes, but why Interseguro should lose market share is really something is going for entire sector not for only Interseguro's. Is something that you are doing intentionally or can you give us more color on that please?

Michela Casassa: Good morning Esteban. Let me answer the first part of your question related to higher provisions. First of all, the mix in the growth that the banks have had during 2015 have been more focused on retail. Basically as the firm which is more consuming provisions, regulated on credit card and these are the ones that have been growing in the first part of the year very strongly. There is a slow increase in provisions during the year. Plus the fact that during the last quarter of that year there have been deterioration in tax portfolios. The two taken together are the ones that are explaining the increase in the provision level of both. As for Interseguro, let me pass it to Gonzalo, but just to make sure we understood the question, you are mentioning that you are seeing that decrease in the market share of Interseguro, right? In the last quarter it shouldn't be the case as the contractual lease in the whole market and shouldn't impacting Interseguro. Let me tell you something about this and then maybe then

Gonzalo can complement that it's something that Interseguro regularly does throughout the year. It starts with higher market shares at the beginning of the year. It's a part of the strategy. Then it decreases slightly during the next quarter, but on average the market share in Interseguro is always at the 25 percent rate.

Gonzalo Basadre: Yes. You are right that the decision in market size shouldn't have any effect on market share. That's not the reason. The reason is market is more or less competitive throughout the year. As of participation changes, a little bit throughout the year, even though the market share in the last quarter was around 20 percent, we still ended up with a little bit below 25 percent for the full year. That's the market share we expect for this year and with the market share we are seeing in this first 45 days of 2016. Does that answer your question?

Esteban Lee: Yes, thank you very much.

Operator: Thank you. Again, we are now holding for questions, Please press *1 if you would like to ask a question. As this time, I am showing no further questions. I'd now like to turn the call back over to Miss Casassa for closing remarks.

Michela Casassa: Okay. Thank you everybody for joining the call. We will see everybody again during the first quarter results of 2016.

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

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