Operator: Good morning and welcome to Intercorp Financial Services second quarter 2019 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 second quarter 2019 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, Chief Executive Officer of Inteligo Bank and Inteligo SAB. 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. Please be advised that forward looking statements may be made during this conference call. These do not account for future economic circumstances, industry conditions, the company's future performance, or financial results. As such, the statements made are based on several assumptions or factors that could change causing actual results to materially differ from the current expectations. For a complete note on forward looking statements, please refer to the quarterly report issued yesterday. It is now my pleasure to turn the call over to Mr. Luis Felipe Castellanos, Chief Executive Officer of Intercorp Financial Services, for his presentation. Mr. Castellanos, please go ahead, sir.

Luis Felipe Castellanos: Okay. Good morning. We are very happy to welcome all the participants in this call, including our new investors. As you all know, during the month of July we executed a very important and landmark transaction for IFS and Peru, which was the listing of our shares on the New York Stock Exchange. On July 19, our stock traded for the first time in New York. This listing reinforces our commitment to build a world-class financial services institution for the benefit of our customers, shareholders, and employees, and to continue providing high quality financial services to Peruvians.

Moving on to this quarter's results, we continue to execute our strategy designed to become the preferred financial services platform for Peruvian consumers and enterprises. Our strong focus on retail, based on deep deployment of analytical and digital capabilities continues to deliver good results. The opportunity in Peru continues to be significant, as financial penetration continues to be low, and growth has the potential to be accelerated through digital solutions. It is true that overall growth for the economy has been impacted, with expectations of GDP growth for 2019 now at between 2.5% and 3%.

The reasons for this are many, including global factors very well known by all of us, but also due to some internal factors, including local political uncertainty that is affecting consumer confidence and affecting the implementation of well needed investments, both on the public and private front. However, so far Peru's underlying macro fundamentals remain solid, with inflation under control and relatively stable currency compared to our regional peers. We still expect that on the economic front growth for the second half of 2019 will be stronger than that of the first half and even stronger in 2020 and forward.

The financial system continues to grow in a sustainable way and remains profitable, well regulated, well provisioned, and well capitalized. This quarter, the banking system's outstanding loans grew approximately 7% year on year, driven by close to 11% growth in retail loans and a 5% growth in commercial loans, according to the SBS. Other consumer loans and credit cards grew the most in retail banking, while in commercial banking, corporate loans performed better year over year. The insurance system saw approximately 11% year on year growth in total assets in the second quarter of 2019, with net premiums earned growing close to 7% when compared to the second quarter of 2018.

On this environment, IFS had a strong quarter. Interbank continues to outbid the market, resulting in increased market shares both in loans and deposits, especially in the retail segment where our core focus is targeted. We continue to be well provisioned and well capitalized. Our digital efforts continue to deliver good results, although there's still lots to do on this front. Interseguro had a good quarter in terms of earnings and ROE, with gross premiums plus collections increasing close to 10% year on year. Inteligo showed strong results in the first half, with net profits increasing 10% year over year, despite the negative impact of mark-to-market that affected second quarter results.

We remain committed to execute our long-term strategy to tap on the opportunity that Peru presents, while in the short-term, as always, being cautious and closely monitoring factors that could affect economic performance, growth, and the quality of our portfolio. Now, let me pass it on to Michela for a detailed review of our results.

Michela Casassa: Thank you, Luis Felipe, and good morning to everyone. Let me start the discussion with an overview of IFS' quarterly performance. The main highlights are, as Luis Felipe previously mentioned, that we had a strong quarter for IFS with stable earnings and a 19.5% ROE, despite the negative mark-to-market after a strong first quarter at Inteligo. The reported earnings for IFS increased 70% year on year due to the one-off impact in the second quarter of 2018 from the adoption of the new mortality tables at Interseguro.

We've had strong results at IFS in the first half, with profits increasing 10% year on year, and with a close to 19% ROE. Total revenues increased 8.4% in the first half, with a solid efficiency ratio at 34.3%. Positive evolution also in all of our digital transformation indicators. In the banking segment, strong quarter with a 21.7% ROAE. The adjusted net profit increased 12.3% on a quarterly basis and 5.1% year on year. 12.7% year on year loan growth, with a 17.3% increase in retail loans and a slower growth in commercial loans.

Retail deposits grew 14.5% year on year, gaining 80 basis points in market share through the year. NIM is up 30 basis points on the quarter and 20 basis points year on year. In the insurance segment, solid quarter in earnings with a ROAE at 13.6%. The adjusted net profit increased 13.4% on a quarterly basis and 5.5% on a yearly basis. Gross premiums plus collections grew 9.6% year on year.

We continue to be the market leader in annuities, with 32.2% market share year to date. And the results from investments increased 5.5% quarter on quarter and 22.3% year on year, with return on the investment portfolio up and reaching 6.1%. Wealth management segment, the quarterly results of S/ 33 million were impacted by a S/ 14.9 million mark-to-market on investments. The net profit year on year for the semester is increasing 19.9% and with a 27.9% ROAE.

We've registered also sustained assets under management growth of 4% in the quarter and 8.9% year on year. On slides number three and five, let's have a look at some of the additional key performance indicators of IFS. As mentioned before, IFS reached earnings of S/ 350 million in the quarter and S/ 703 million in the first half of the year. Total revenues continue to show a good trend, with a 1.7% growth in the quarter and 7.5% when compared to the same quarter last year. The same is true for net interest and similar income, with an even stronger growth of 3.4% in the quarter and 9.6% when compared to the same quarter last year.

These trends are similar when looking at the first half figures, with total revenues growing 8.4% and net interest income growing 8.8% year on year. Efficiency ratio for IFS stayed strong at 34.8%, with an increase of 110 basis points in the quarter mainly due to the impact on Inteligo's revenues. On the other side, Interbank's efficiency ratio improved 120 basis points in the quarter, down to 39.1%. When looking at the first half performance, IFS' efficiency ratio was slightly lower at 34.3%.

ROAE was 18.5% in the quarter and 19.2% when excluding the impact of mark-to-market on investments from Inteligo. During the first semester, IFS' ROAE was 18.9% and 19.3% when excluding the impact previously mentioned. As of June 2019, the cumulative unrealized gains of around S/ 400 million at IFS level are impacting ROE downwards around 100 basis points, which means that the ROAE for the first half would have been around 20% excluding this effect.

NIM at Interbank increased 30 basis points in the quarter and is up 20 basis points in the year. The quarterly increase is mainly due to the improvement in NIM on loans, which increased 30 basis points in the quarter up to 8.9%, mainly thanks to the portfolio mix with a higher growth coming from credit cards. First half NIM at Interbank improved 20 basis points from 5.5% to 5.7%. Risk adjusted NIM decreased 10 basis points in the quarter and 20 basis points in the year, mainly due to an increase in the adjusted cost of risk of 50 basis points in the quarter and 40 basis points in the year.

The increase in cost of risk in the quarter is mainly due to an increase in the quarterly cost of risk of commercial banking and credit cards, which continues to be within our risk appetite and within our target risk profile. When looking at the first semester figures, risk adjusted NIM remains stable at 3.9%. Total capital ratio for Interbank stands at 16.1%, with core equity tier one ratio up to 10.6% as of June 2019, recovering after the distribution of dividends registered in the first quarter and improving 30 basis points when compared to June last year, despite the strong growth registered by the bank, especially in the retail portfolio with higher risk-weighted asset density.

At the insurance segment, gross premiums plus collections increased almost 10% year over year in the quarter thanks to growth in both mandatory annuities and private annuities. Accumulated figures for the first half show a 24.3% growth in gross premiums plus collections. Return on investments improved 10 basis points in the quarter, up to 6.1%, and improved 70 basis points year on year, helping earnings and ROE to improve during the quarter. In the same way, return on investments improved 40 basis points in the first half, from 5.6% in the first half of 2018 to 6% in the first half 2019.

At our wealth management segment, assets under management grew 4% in the quarter and almost 9% in the year. The fee income suffered a decrease in a quarterly and yearly basis, mainly due to a lower brokerage activity amid higher volatility in global markets since December 2018 and lower structured products issued during the quarter. On slide six, IFS' relevant net income, which is the base for dividend payments, reached S/ 945 million as of June 2019, a 10% increase when compared to the same period of last year, which included extraordinary gains at Interseguro after the completion of the merger with Sura.

Interbank registered S/ 572 million, Interseguro S/ 261 million, due to very strong results in local GAAP, and Inteligo, S/ 112 million. On slides seven and eight, we continue to see a positive evolution of our digital indicators. Digital users, which include customers that interact with the bank through our digital platform, over the number of customers who have touched the bank in the last three months have reached 60% in the second quarter, from 46% in the second quarter on the previous year, representing a 52% increase year over year in the number of digital users. As of the end of June, digital users are 1.1 million clients.

100% digital customers who are customers that do not use branches any longer have also continued to increase reaching 25% as of the second quarter this year from 19% one year before. The percentage of total transactions performed off branches has remained stable at 95% but with a higher participation of internet and mobile transactions at 78% from 75% one year ago. Digital sales reached 43% as of the second Q, from 30% on year before. This represents a year over year growth of 31% in the number of digital sales, with internet and mobile-only sales increasing from 45% in the second quarter of 2018 to 72% in the second quarter 2019.

100% digital acquisition of retail customers has continued to grow, from 4% of new retail customers in the second quarter of 2018 to 17% in the first quarter this year, and now to 20% in the second quarter. On slide eight, saving accounts opened digitally reached 29% in the second quarter from 3% one year before, while business accounts or "cuentas negocios" opened digitally reached 44% from 0% one year before. Extra cash loans reached 17% and SOAT car insurance reached 60%. Moreover, during the second quarter of 2019, we have continued to launch new functionalities in our digital platform, such as the cardless withdrawal from ATMs, the digital opening of time deposits, and our digital piggybank, also for dollar accounts.

Now, let's take a look at each subsidiaries performance in detail. On slide ten, you can see improvement in most of the key indicators at Interbank. As previously mentioned, NIM improved 30 basis points in the quarter and 20 basis points in the year, reaching 5.8%, with risk adjusted NIM decreasing 10 basis points, down to 3.9% due to the increase in the adjusted cost of risk to 2.8% in the quarter. Total other income grew strongly at 8.1% on a quarterly basis and 16.1% year over year, with fee income growing nicely at 3.7% in the quarter and 7.2% year over year.

The increase in the yearly fee income is mainly due to the strong increase in credit card related fees, which is partially offset by other decreasing fees related to the migration to digital channels and to lower activity in contingent credit and corporate finance. Other expenses grew 8.5% year over year but only 1.3% in the quarter, with an improvement of 40 basis points in the efficiency ratio on a quarterly basis due to the operating leverage we continue to register at the bank, with total revenues growing faster than expenses at 14.5% year over year.

The main items impacting the yearly increase in other expenses are, first, expenses related to the digital transformation, which include technology and depreciation, which increased S/ 9 million year over year or 15%; second, personnel expenses increasing 5.6%; and third, variable costs related to credit cards of around S/ 4 million. On slide 11, our year over year loan growth has slowed down this quarter from 17.3% as of the first quarter to 12.7% as of the second quarter, mainly due to a slowdown in the commercial banking loan book in line with the market. Still, we continue to grow much faster than the market, at 12.7%, compared to the 7.1% of the banking system as a whole, with retail growing strongly at 17.3% year over year and 4.4% on a quarterly basis, and commercial banking growing at 7.5% year over year but declining 1.4% in the quarter, mainly due to the decrease in the corporate loan book.

We continue to be number one in retail credit cards as of June 2019. Due to the strong growth in retail banking, we have continued to gain market share in retail loans by further 20 basis points on a quarterly basis and by a total of 100 basis points on a yearly basis, reaching 18.9% with a stable market share over total loans at 12.4%. The yearly growth in credit cards continues strong at 24.6%, with a stable risk profile of the portfolio and slightly higher cost of risk. An important contributor to this strength in credit card loan growth is the strong increase in credit card purchases and usage, which is more than 25% year over year, supported by more than a 50% increase in digital purchases.

We believe these growths are the result of our revamped Interbank Benefit loyalty program, new commercial and risk profiling model, allowing us to increase share of wallet with existing customers and better target new ones, and innovative digital solutions gaining preference in the market. On page 12, retail deposits continue to grow faster than the market, reaching 14.5% year over year, allowing us to gain 30 basis points in market share in the quarter and 80 basis points in the last 12 months, reaching a record 13.5%. Total deposits grew 1.7% in the quarter as the result of increases of 1.7% in both commercial and retail deposits.

During the quarter, the growth in commercial deposits allowed us to gain 10 basis points of market share when compared to the previous quarter, reaching 12.5% and 12.9% in total deposits. Growth in due to banks was mainly explained by new soles funds from the Central Bank. Average cost of funds remained flat at 3%, with loan-to-deposit ratio stable at 102.3% and well below the system average of 106.3%. On slide 13, cost of risk continues to be within our target. Reported cost of risk was 2.3% in the quarter and 2.8% when excluding the release of provisions in the payroll deductible loan portfolio for S/ 39 million, due to an update in the credit parameters due to the improvement in the behavior of clients.

The quarterly increase of 50 basis points from 2.3% to 2.8% was mainly due to two effects: first, a 20 basis point increase in the cost of risk of the retail portfolio from 4.2% to 4.4%, mainly coming from credit cards, which continues to grow in volume; and, second, an 80 basis point increase in the commercial loan book, which was 0% in the first quarter and was 80 basis points this quarter, mainly due to the increase in the loan portfolio. The non-performing exposure under IFRS criteria improved both during the quarter and when compared to the previous year.

When looking at stage two and three over total exposure, the ratio improved 90 basis points this quarter and 170 basis points year on year, down to 10.4%. When looking at stage three and refinanced loans, this ratio was 2.9%, stable in the quarter, but an improvement of 20 basis points when compared to the second quarter of the previous year. Total NPL coverage ratio, which measures the coverage of stage three and refinanced loans, remains strong at 128%. On page 14, we are also showing the evolution of the stock of provisions over total exposure or expected loss.

This trend shows that the risk profile of the bank has remained relatively stable over the past six quarters since the implementation of IFRS9 and despite some quarterly volatility in cost of risk. Moreover, it has improved 50 basis points year over year at total bank level with improvements in both the retail and commercial portfolios. Within retail, the year over year improvement is mainly due to an improvement in the risk profile of the credit card portfolio, as well as in the consumer loan book. On page 15, as of June, Interbank's capital ratio of 16.1% is 450 basis points above its risk adjusted minimum requirement established at 11.6% and above the system average of 14.8%.

Core equity tier one ratio was strengthened 40 basis points in the quarter and 30 basis points year over year, reaching 10.6% despite the strong growth registered in the past 12 months in loans of 12.7% and in risk weighted assets of 11.5%. This ratio will further strengthen thanks to the proceeds coming from the IPO, giving us ample room to continue growing.

Please turn to the following pages to discuss our insurance segment results. On slide 17, gross premiums plus collections in the second quarter remained relatively flat on a quarterly basis but grew 9.6% year over year, excluding gross premiums from disability and survivorship contract that expired in December 2018.

The quarterly trend was mainly explained by a contraction in the regulated annuities market while private annuities, individual life, and retail insurance remained relatively stable.

The year over year growth was mainly explained by increases in all product lines with regulated annuities increasing 14.6%, private annuities 6.7%, individual life 4%, and retail insurance almost 10%. On slide 18, net premiums reached S/ 164 million during the quarter, a 4% decrease in the quarter but a 2% increase year over year.

The quarterly decrease was in line with the trends previously explained. Adjustment of technical reserves decreased 12% in the quarter, mainly due to the decrease in annuities in the quarter, while net claims and benefits, which refer mainly to the benefits paid for the stock of annuities increased 4.7% on a quarterly basis along with the increase in the size of the annuities portfolio. As a result of the above, total premiums earned less claims and benefits were S/ -79 million in the second quarter, a decrease of S/ 5 million on a quarterly basis but an improvement of S/ 107 million when compared to the previous year, due to the negative impact of the adoption of new mortality tables registered in the second quarter of last year.

On slide 19, in the second quarter, Interseguro's investment portfolio reached S/ 12.1 billion, which represents an increase of 3.6% in the quarter and 10% on a yearly basis. Results from investments were S/ 182 million, which represented a 6.1% return on Interseguro's investment portfolio, improving 10 basis points during the quarter and 70 basis points when compared to the previous year.

Please turn to the following pages to discuss our wealth management segment results on slide 21. Inteligo's net profit in the second quarter was S/ 33 million, a decrease of S/ 45 million or 57% on a quarterly basis and of S/ 16 million or 32% on a yearly basis.

Net fee income from financial services was S/ 37 million in the second quarter, a decrease of 4.6% when compared to the previous quarter. On a year over year basis, net fee income from financial services decreased 12.9%. The quarterly and annual decreases were explained by lower brokerage and custody service fees amid higher price volatility in global markets as well as lower product structuring activity during the quarter. Inteligo's other income reached S/ 45 million in the second quarter, a decrease of S/ 36 million on a quarterly basis and S/ 3.7 million on a yearly basis, attributable to negative mark-to-market valuations on Inteligo's propietary portfolio during the second quarter.

Other expenses reached S/ 29 million in the second quarter, an increase of 6.6% on a quarterly basis, mainly due to non-core expenses for the period related to one-off expenses. On slide 22, assets under management reached S/ 18.5 billion in the quarter, a 4% increase on a quarterly basis and 8.9% year over year growth mostly due to new account openings, generating an influx of funds as a result of a strengthened prospection and client conversion strategy at Inteligo. As consequence of the increase in assets under management, Inteligo expects an incremental growth in brokerage and custody service fees in the forthcoming quarter.

Inteligo's loan portfolio reached S/ 1.5 billion in the second quarter, a 3.7% increase on a quarterly basis and 20% increase year over year. Revenues generated by Inteligo were S/ 62 million, a 0.1% decrease on a quarterly basis, and 17.7% on a yearly basis. The results for the second Q are mainly explained by the lower mark-to-market valuations on Inteligo proprietary portfolio of investments. Fee income divided by assets under management on both Inteligo Bank and Interfondos was relatively stable at 0.8%. As a consequence of these results, Inteligo's ROAE was 16.8% in the second quarter. Excluding the impact from mark to market, ROAE would have reached 24% in the quarter.

Cumulative net profit for the first half of the year stayed very strong at S/ 112 million, a 20% increase on a yearly basis, with ROAE at 27.8%, respectively.

Thank you very much. As you have seen from the numbers, our core business continues to be very strong. We are committed to executing our strategic plan with a strong emphasis in our digital transformation for the benefit of our customers. Now, we welcome any questions you may have.

Operator: At this time, if you'd like to ask a question, please press star one on your touchtone telephone. To withdraw yourself from the queue, you may press the pound key. Once again, to ask a question, press star one on your touchtone telephone. We'll take our first question from Tiago Binsfeld of Itaú BBA.

Tiago Binsfeld: Hi everyone. Thank you for taking questions. I have two questions from my side, first on your margins. The expectations for the monetary policy rate have been going down in Peru, just like in other markets. Can you discuss the impact of further rate cuts in your margins? Do you have any sensitivity of how a 50 basis point cut would impact your NII? And my second question on your sustainable ROE, can you break down your expectations for the long-term ROE, as a standalone business Inteligo, Interseguro, and Interbank? Thank you.

Michela Casassa: Hi, Tiago and thank you for your questions. In terms of margin, I have to split my answer in two portions: first talking about soles and then talking about dollars. The sensitivity we have related to cuts in the soles rates, and actually to the last one that we have registered, is pretty neutral actually. Why? Because the regulatory rate that we have for soles was kind of already not reflecting the real marginal cost of funds that we have been obtaining for our funding. So basically, the last cut in soles rate will have very limited impact on our numbers.

Normally, what would happen is that a cut in soles rate will benefit the bank in the short-term. Why? Because the rates of the assets will not move materially, but the cost of funds will decrease, especially for the short-term funds. That will be the answer if you want for further rates going forward. That is different when we talk about the rates in dollars that impact directly only the portion of the portfolio that is financed in dollars. That is approximately 50% of the commercial loan book. There, as commercial loans especially for large corporates and midsize corporates, are priced based on spreads, you will see both a decrease in the yields but also in the cost of funds that will not completely compensate. The estimate we have run is that for every ten basis points of a cut in the dollar rate we could have a negative impact between five and ten million soles in one year but not as such in the soles portion of the portfolio.

Moving on to the ROE targets, we continue to give the same guidance as we have been giving over the past quarters and at the beginning of the year. For IFS, medium-term ROE should be between 18 and 20%, for the bank, around 20%, Interseguro getting close to 15%, and Inteligo above 20%.

Tiago Binsfeld: Okay. That's clear. Thank you.

Operator: And once again, to ask a question, press star one on your touchtone phone. We'll move next to Jason Mollin of Scotiabank.

Jason Mollin: Hello. Thank you for the opportunity to ask a question. Looking at IFS's robust year on year growth in the consumer loan book, can you comment on where we are in the Peruvian consumer credit cycle? What metric or drivers are you focused on to assess this consumer credit cycle and how you see that going forward? Thank you.

Luis Felipe Castellanos: Hi, Jason. It's Luis Felipe. Thanks very much for your question. Actually, we've seen an improvement, coming back from '16, '17. We've seen an improvement in the profile of the Peruvian consumer in terms of what we're seeing in the system. Remember that '16/'17 we not only had a deceleration of the economy but we also had the impact of the El Nino phenomenon that affected the quality and the profile of the portfolios overall of the system and specifically Interbank.

So we've been witnessing during the last month an improvement that has been showing in our numbers. And now we're very closely monitoring what the impact of this new deceleration of the economy could be. During the first half, even though GDP growth has not been that strong, we've seen internal consumption to be actually north of 3%. And that continues to be the same way. So it's something that we're looking very closely. So far consumer confidence has shown not very good numbers recently, but the impact in consumer demand has not jumped into the numbers yet. But if things continue to be this way, obviously we will have to make some adjustments in order to act accordingly.

Jason Mollin: That's very helpful. Thanks.

Operator: And once again, to ask a question, please press star one on your touchtone telephone. We'll take our next question from Ernesto Gabilondo of Bank of America. Your line is open.

Ernesto Gabilondo: Hi, good morning. Thanks for the opportunity. Three questions from my side. The first question is a follow up in your loan growth expectations. As you have mentioned before, there have been some factors impacting the economy. However, despite the economy has bottomed, we continue to see strong dynamics in the retail portfolio, while wholesale loans is still the only one lagging. So what should we expect in terms of loan growth per segment, and do you have any concerns in terms of asset quality? That's my first question.

And my second question, when do you expect to accelerate the growth in the SME segment and the unbanked sector? And what will be the next step to leverage on the infrastructure of your home in Intercorp? For example, are you exploring to attend Intercorp's pharmacies?

And my last question is on digital opportunities. Can you share with us what are you doing with Fintechs, biometrics, and QRs? Thank you.

Michela Casassa: Thank you, Ernesto, for your questions. Let me go over the first one, in terms of loan growth expectations. At the beginning of the year, we provided a guidance for the banking system as a whole of a growth between 8% to 10% and with Interbank growing in the low double-digit level. What we are seeing now is that, due to the deceleration of the commercial loan book, we expect the system as a whole to grow a little bit below that 8-10%, so most likely between 6% to 8%.

But for the numbers we are seeing so far for the bank, we are still reassuring the low double-digit growth for the bank with retail growing faster and commercial banking growing less than that, just with one question mark, which would be the large corporate portfolio, which normally is very volatile. And as you know, we are very much focused on profitability there. So if the large corporate book, which is big for the financial system, decelerates even faster, that could have an impact. Still, we are seeing a strong double-digit growth for the retail portfolio. That's what we have shown also this quarter and what we have continued to see even after that.

In terms of asset quality, we continue to see the asset quality of the retail portfolio very strong. There have been some minor deteriorations in the commercial loan book in the midsize and small businesses, which have to do also with the slow year growth, I guess, at the system level. Now, let me pass it on to Luis Felipe for the other two questions.

Luis Felipe Castellanos: Hi. Thanks very much for your questions. I guess for SME for Interbank continues to be a very good opportunity. We only have around 3% market share. We're very cautious in that segment because we don't just need to grow for the sake of growth. So what I see is a future where digital will have a stronger role in terms of the way we approach that opportunity, that market. We currently have a couple projects that are being tested. We have been serving that customer segment. However, again, we're taking it very cautiously.

Our normal operation continues to grow, so we've been coming from 2% to 2.5% to 3% market share, but still small compared to the overall sector portfolio. But we realize that that's a very volatile part of the portfolio, so we need to be very careful in terms of what we do there. And that leads into the specific third part of your question, which is, first, the Intercorp platform, we continue to do synergies with the Intercorp platform. Obviously, everything on an arm's length basis. Really building commercial value propositions to our customers, not much on specifically leveraging let's say on the pharmacies and being able to do something in terms of reaching new customers through that. But also we do discounts on such and such, as we do with other types of commercial entities.

Then, in terms of Fintechs, biometrics, and QRs, we have many projects, as you know. In terms of Fintechs, we're doing collaboration. We're doing some small investments with the aims of learning more than anything in some Fintechs outside of Peru where we think more interesting things are happening in terms of the ability for us to learn on the operation. We have projects in biometrics. We're able to acquire customers, and we're doing some biometrics testing for those ways of acquisition.

And we also have a project, as you know, that is related to a payments solution that includes the ability for our customers to pay through QR codes. We have deployment of our QR codes in many merchants. Also, we have integrated the possibility of using Visa's QRs that are being deployed throughout the Peruvian system. So we aim to be at the edge of any financial solution that will benefit our customers and be able to give them the possibility of using all the modern ways to do financial services.

Ernesto Gabilondo: Very helpful. Thank you very much.

Luis Felipe Castellanos: Thank you.

Operator: And once again, to ask a question, press star one on your touchtone phone. We'll move next to Sebastian Gallego of Credicorp Capital. Your line is open.

Sebastian Gallego: Hi. Good morning, everyone. Thanks for the presentation. I have three questions. The first one's just a follow up on asset quality. Cost of risk guidance at the very beginning of the year was very conservative. We have seen some better performance. Can you provide what's the expectation on cost of risk for the remainder of the year?

Second question is related to Interseguro. I just want to understand if you consider the quarter for Interseguro as a regular quarter, as we saw several kind of one-offs and valuation gains, some net gains on financial investments? So I just want to understand better on whether you see this trend going forward.

And the final question is regarding the OpEx, on the OpEx line, the IT investment plan. Can you provide a figure on what's your investment plan for the upcoming years in terms of amount? Thank you.

Michela Casassa: Okay. Thanks for your questions, Sebastian. The first one related to asset quality guidance, the number we provided was an ample range, if you want, between 2.5% and 3%. We continue to give that number because, if you see the numbers we are presenting this quarter, despite the fact that the reported figure is 2.3%, the adjusted figure is 2.8%. So we are moving quarter over quarter between that 2.5% and that 3%. So we reiterate that number.

In terms of Interseguro, when looking at the IFRS figures, I think it is a regular quarter, with, if you want, the target that we have set to continue to improve profitability to be able to get closer to a 15% return on equity.

And related to the IT investment plan, actually, one of the reasons of the increase in the OpEx is related to depreciation. That increase in depreciation is the result of the increased level of investments that we have already registered since 2015 and 2018. We have tripled the level of investment since those three years. And that, of course, is reflected in the depreciation of those investments. The yearly figure of investments that we have at the bank level is around S/ 180 million, which should be a stable number going forward, which limits the further impact, if you want, on the OpEx of those investments.

Sebastian Gallego: Thank you. Just to follow up on the Interseguro question, I know you guys are talking about a 15% ROE. What's the timeline to reach that type of profitability, please? Thank you.

Michela Casassa: What we are aiming at is to reach that target by the end of the year, for the last quarter of the year, but not the average number for the full year.

Sebastian Gallego: All right. Thank you, Michela, very clear.

Michela Casassa: Thanks.

Operator: Once again, to ask a question, that is star one on your touchtone telephone. We'll move next to Piedad Alessandri of Credicorp.

Piedad Alessandri: Hi, thank you for allowing questions. I just wanted to ask if you could confirm the guidance for both loans, asset quality and OpEx as a whole IFS group for the year.

Michela Casassa: The guidance we've provided in terms of loan growth and credit quality are for the bank, but actually, that represents more than 90% of the full number. So it is the numbers that I have already previously mentioned, so it's low double-digit growth for the overall loan portfolio and between 2.5% and 3% cost of risk.

Piedad Alessandri: And as an OpEx as a whole for the group?

Michela Casassa: We have not provided that guidance. What we have done is to talk about the efficiency ratio of IFS, which should be at similar levels as we are today and around 40% for the bank.

Piedad Alessandri: Thank you very much.

Operator: Please press star one if you would like to ask a question. One moment while we queue. And it appears that we have no further questions at this time. I'd be happy to return the call to management for any concluding remarks.

Michela Casassa: Okay. Thank you very much and thank you to everybody for attending this call. We'll hear each other again in the third quarter results. Thanks. Bye.