CREDIVALORES-CREDISERVICIOS QUARTERLY RESULTS REPORT[1]

AS OF JUNE 30TH, 2017

David Seinjet (CEO):

Good morning and thank you for joining us today in our first investor conference call after the recent issuance of our inaugural international bond in July.

My name is David Seinjet, I am the CEO of Credivalores-Crediservicios, and here with me are Juan Camilo Suárez, our CFO, and Patricia Moreno, our Director of International Funding and Investor Relations. We will present to you the financial and operating results for the second quarter of the year and the accumulated results as of the first half of 2017.

We will have a Q&A session at the end of this presentation: You will also be able to download the presentation from our new Investor Relations website.

Please join me in slide 3 to begin the presentation.

Credivalores at-a-glance

Credivalores is the leading non-bank financial institution in Colombia targeting mid- to low-income clients. We offer a diversified portfolio of consumer credit solutions with innovative collections channels through three main products: payroll loans, branded credit cards and insurance premium financing. The Company has a track record of over 14 years and more than 794,000 clients, having issued more than US$2.2bn in loans. As of June 2017, we had a managed loan portfolio of US$387 million and a shareholders' equity of US$79 million.

Credivalores' business model is supported by 4 main pillars:

− The first pillar is our customer segment, comprised of those clients that traditional banks cannot or do not serve, more specifically mid- to low-income clients in Colombia's small and medium sized cities, where banks have a more limited presence.

− Our second pillar is our unique collection system, which depending on the product, collects payments through payroll deductions and utility bills to mitigate payment risk.

− The third pillar is the robust yield of our portfolio. Given our niche market, clients are more focused on the monthly installment amount and the highly competitive response times than on the effective interest rate charged, reducing price sensitivity.

− Finally, our fourth pillar includes our key partners with employers, retailers and utility companies and a proprietary sales force of more than 2,100 sales representatives. This integrated network gives us access to 7.6 million potential clients (3.2 million of employees and 4.4 million of invoices per month).

Credivalores' History

During our 14-year track record we have reached some significant milestones:

[1] The following transcript should be read in conjunction with our Financial Statements as of June 30th, 2017. Our Annual Financial Statements have been prepared in accordance with IFRS for non-financial entities.

I founded the Company in 2003 with capital from friends and family and gradually our funding sources have evolved.

We started with credit lines from local and international financial institutions, with whom we still maintain strong relationships. Then we structured secured loans from the IFC in 2009 and 2015. The appeal of our business model and our high growth perspectives, allowed us to attract equity injections from two international private equity funds, Acon in 2010 and Gramercy in 2014, with further capitalizations in 2015 and 2017.

In 2013, we launched our Euro Commercial Paper (or ECP) program in the international capital market, through which we have completed 13 successful issuances for a cumulative amount of US$232 million. As we became issuers of international notes with the ECP Program, we pursued and international rating with S&P in 2014 and we received a B+ rating, after obtaining a AA- local rating as loan originator in 2012. Recently, in March 2017, our local loan servicer rating was upgraded to AA by S&P. In July 2017, we also obtained the B+ international rating from Fitch.

Finally, the most recent and successful milestone was the issuance of our inaugural 144A / Reg S bond due 2022 for a total amount of US$250 million in July, 2017.

Overview of Product Portfolio

Our innovative products are designed to appeal to our target market segment and mitigate repayment risk as you can see in the overview of our product portfolio.

− We manage a portfolio of approximately US$390 million, from which 53.1% correspond to payroll loans, 38.4% to Credit Cards and 7.6% to insurance premium financing

− As we previously noted, the payroll loan product collections are made through monthly deductions from our clients' payrolls through a contract with the employer and an irrevocable mandate given by the borrower at subscription.

− For the credit card product, collections are made by adding the monthly installment of our credit card to the client's utility bills, which they are required to pay in full, achieving a higher priority of payment over any other consumer loan

− And finally, for the insurance financing product, the borrower of this product issues an irrevocable mandate to cancel coverage if installments are not paid on time.

- These features allow us to have a well-diversified product portfolio with low concentration by loan size, an average term at origination of 47 months among all products, an average rate of 25.5% (not including fees) and low NPLs compared to the Colombian financial system as we will see later in the presentation.

Please join me in slide 7 to review the main highlights of the company in 2017.

Opening Remarks

In terms of funding, as we already explained, we completed our debut transaction in the international bond market in July 2017 with the issuance of a US$250 million bond due July 2022. The proceeds of this issuance have been used to prepay secured local debt with Colombian banks and will also serve the maturity of notes under the ECP Program in October 2017. We will further review in the presentation the current state of the use of proceeds of this bond.

Before this successful issuance, between March and May 2017 we issued US$93 million of notes under the ECP Program to refinance US$33.5 million of short-term notes due in March 2017 and we received a US$20 million equity convertible loan from one of our shareholders. Finally, as we told most of you during our roadshow in July, since June 2016 we decided to suspend loan portfolio sales as a source of funding in order to strengthen our balance sheet position.

Regarding the rating agencies, in 2017 we obtained an upgrade in our local rating as originator and servicer from S&P to AA and our B+ rating as international long-term foreign currency issuer was confirmed by S&P and granted by the first time by Fitch.

After the US$18.6 million capitalization from one of our shareholders in April 2017, our shareholders' equity increased 23.8% to US$79 million improving our equity to assets ratio from 13.4% in March 2017 to 16.7% in June 2017.

We continue to hold a leadership position as the largest non-bank financial institution in Colombia We had improvements in our quarter over quarter operating results reaching a 47.4% growth in loan origination, a 3.6% growth in the owned portfolio, a 5.2% growth in the managed portfolio and a 7.7% growth in the operating income. Lastly, after a large number of players in the payroll market disappeared between 2016 and 2017 Credivalores consolidated its leadership position in a market with ample growth potential.

1H 2017- Main Highlights- Macro Conditions

Regarding the business environment in Colombia, inflation has been decreasing in 2017 and now the Central Bank expects it to finish the year closer to the 4.0% target. Interest rates have been decreasing since December 2016 when the Central Bank adopted an easing cycle considering lower economic growth expectations for the country in 2017 as a result of the impact of oil prices in the fiscal accounts. DTF has decreased 195 basis points in the past nine months. DTF is the short-term interest rate at which 36% of our portfolio and 66% of our debt is indexed to.

The reduction in interest rates from the Central Bank has not been reflected completely in the interest rates from the financial system, resulting in social and political discomfort from many sectors. Thus, in August 2017, the government announced changes in the calculation period of the usury rate from a quarterly to a monthly basis starting on September 1st, 2017. However, the calculation formula remained unchanged at 1.5 times the average lending interest rate from banks. Since, on average the interest rates from credit cards and consumers loans in the financial system and in our product portfolio are below usury rate, we expect a very low impact of the measure.

The financial system in Colombia has witnessed an increase in the NPLs as a result of the slowdown in the economy. As of June 2017, the average systems' NPLs stood at 4.2% and NPLs from consumer loans increased to 5.9%. The system as a whole remained well capitalized showing a solvency index of 16.8%, above the 9% minimum regulatory.

Out of the total loan portfolio of the financial system as of June 2017, about 28% were consumer loans totaling US$39 billion. The consumer loan portfolio grew 12.3% year over year and payroll loans continued to represent the largest portion of this portfolio with a 36% share.

Now, please join me in slide 11 to review our second quarter results.

2Q 2017 and 1H 2017 Operating Results

Our client base increased by 1.0% between the first and the second quarter of the year and 13.2% between the first half of 2016 and the same period of 2017.

The loan portfolio origination grew 47.4% between the first and second quarter of 2017, with considerable increases in the origination across all products. Loan portfolio origination totaled $353 billion pesos during the first half of 2017 showing a 20.8% decrease compared to the same period of 2016. The main reason for this decrease in new loans was the restrictions on liquidity due to the suspension of portfolio sales, which allowed us in the past to generate additional cash flows because of the upfront premiums received upon sales. In addition, the transitory decrease in liquidity was also due to the US$33.5 million maturity of notes under the ECP Program in March, 2017, which was refinanced only until the end of the first quarter of the year.

Regarding our owned portfolio, which includes the portfolio on balance and free standing trusts, we had a 3.6% growth quarter over quarter and a 4.6% growth on a cumulative basis as of June 2017 reaching a total of $951 billion pesos. As most of you know, we decided to suspend sales of our payroll loans portfolio since June 2016. As a consequence, the payroll loan portfolio within the owned portfolio increased 4.7% quarter over quarter.

Following this same explanation, our managed loan portfolio, which includes our owned portfolio and the portfolio sales, increased by 5.2% quarter over quarter totaling $1.17 trillion pesos as of June 2017. Furthermore, as you see in slide 12, the increase in the managed portfolio is explained mainly by the 7.4% increase in payroll loans and the 3.9% increase in the credit cards portfolio between the first and the second quarter of 2017.

If we review our managed loan portfolio by product type in slide 13, we see that the credit card business increased its share of the total managed loan portfolio between the first and the second quarter of the year from $435 billion pesos to $452 billion pesos and also between the first six months of 2016 and the same period of 2017.

Our business model results in a high degree of portfolio diversification, minimizing concentration risk. Our payroll loan portfolio, which comprises 53.1% of our owned portfolio is highly diversified, minimizing concentration across geography and clients. Our top 25 clients represent only 0.5% of the portfolio and the average single exposure represents only 0.06% of the total portfolio.

In addition to our diversification, 87% of the payroll loan portfolio and 47% of the overall portfolio ultimately come from clients on the government's payroll, which increases the stability of their cash flows.

Geographically, Bogota represents only 24% of the portfolio and the remaining is well distributed among other regions and cities, as opposed to a 50% share that Bogota, the capital of Colombia, represents within the loan portfolio of traditional banks.

Credivalores has been able to manage a trajectory of rapid growth of loan portfolio with a 23% growth rate (CAGR) over the last 10 years, while still maintaining low rates of non-performing loans compared to the industry average. Our low NPL levels result from our enhanced proprietary underwriting standards and credit review systems.

Our NPLs, calculated between 60 and 360 days, increased between March and June 2017 from 3.85% to 3.9%, due to the increase in the participation of the credit card business in the total loan portfolio, as we previously explained. This is partially compensated by the higher profitability of the credit card product compared to the rest of the portfolio, when considering interest rates and fees.

However, our NPLs remain still below the Colombian financial system, even after including write-offs of loans greater than 360 days from commercial banks, in order to make the index comparable to Credivalores' figures, as we maintain a policy of not writing-off loans. As you see in slide 14, as of June 2017 Credivalores had NPLs of 11.36%, which compares well to the 14.25% of the industry average when including write-offs.

Our NPL coverage ratio, which has been traditionally around 90% of our managed portfolio and more than 100% of our own portfolio, showed a decrease in June, 2017 due to an amendment to the contract with the FGA, which is the entity that acts as guarantor for loans of certain of our clients with higher risk profiles. Under this agreement, the cost of the guaranty is paid by the respective client and the amounts paid are held by a trust fund at the FGA and are considered part of our impairments to protect our portfolio in case of deterioration of loans.

With the amendment to the FGA, we had a delay in the reception of impairment claims as of the closing of the second quarter of the year and this resulted in a lower impairment recovery, which in turn affected our NPL coverage ratio which decreased to 84% for the managed portfolio and 93% for the owned portfolio. When adjusting to correct the former situation, the NPL coverage ratio increases to 86% for the managed portfolio and 96% for the owned portfolio. At these levels our NPLs coverage ratio remains above our calculation of loss given default, which stands at 75% for the NPLs over 60 days.

Our recovery rates for loans with over 180 days overdue, were 21.4% as of June, 2017, reflecting our effective recovery processes, which also explain our policy of not writing-off loans.

2Q 2017 and 1H 2017 Financial Results- Income Statement

With regards to our financial results, we present our income statement in slide 16.

Our interest income, which includes interests, commissions, fees and revenues from portfolio sales, grew 7.7% between the first and the second quarter of the year, mainly as a result of a 6.6% growth in interests and a 10.5% growth in commissions and fees. As for the cumulative results as of June 2017, interest income increased 14.3% year over year in spite of losing the revenues from portfolio sales, which represented 13% of interest income during the first half of 2016. In this way, we were able to fully offset the negative impact from not having revenue from portfolio sales during 2017.

The gross financial margin, grew 13.3% between 2015 and 2016, after adjusting for foreign currency rate differences that were originally classified as Other Expenses in our Financial Statements as a result of adjustments related to IFRS adoption in 2015. Between the first and second quarter of 2017, our gross financial margin had a slight decrease of 0.1% due to the 15.6% increase in financial costs, related to the substitution of secured local funding for unsecured external debt through issuances under the ECP Program during the second quarter of 2017. In cumulative terms as of June 2017, gross financial margin grew 6.8% due to net interest and similar growth of 6.8% year over year and higher recovery of impairments.

The selling, general and administrative expenses, which are referred to as other expenses in our income statement, decreased 5.3% between 2016 and 2015, after adjusting for foreign currency rate differences that, as previously explained, were classified as Other Expenses in our financial statements of 2015. Between the first and second quarter of 2017, the SG&A grew 2.5% due to and increase in employee benefits and in depreciation and amortization expenses. As of the first half of 2017, other expenses totaled $47 billion pesos growing 5.6% compared to the same period of 2016. The SG&A increase is in line with Colombian inflation and is a result of important initiatives to improve operational efficiency and control expenses.

With regards to the net operating income, we had a 10% decrease quarter over quarter as a result of the reasons explained before. However, in cumulative terms our net operating income increased 9.7% due to the growth in the gross financial margin and lower expenses in the period. Being able to obtain this growth in the net operating income without having any revenues from portfolio sales, reflects a stronger, recurrent and more sustainable income stream for the company.

Now moving to the non-operating results in the income statement, during the second quarter of 2017 we had an important impact from non-recurring items, which include foreign currency rate differences arising from the hedging position on foreign currency debt and the valuation of forwards, which are our main hedging instruments. These non-recurring items totaled $11 billion pesos during the second quarter of the year resulting in $14 billion pesos non-operating expenses as of the first half of 2017. Out of this result, $11 billion pesos had an accrual impact and $3 billion pesos had an actual cash impact.

As you see in slide 18, the main impact comes from the foreign currency rate differences from having about 37% of our US dollar debt unhedged as of June 30th, 2017. This was due to a bulk of new US dollar debt transactions completed during the second quarter of the year, which could not be fully hedged as of June 2017 due to the volatility of the currency in the second quarter of the year.

As you see in slide 19, as of August 30th, 2017 we are 100% hedged to pesos in our foreign currency debt, including the US dollar bond issued in July 2017, either through natural hedge with US dollar deposits that we maintain abroad or through short-term forwards to hedge the monetization of proceeds, which will be bundled into a long-term structure that will be completed in the following weeks.

Our finance team has been working in the last month with several local and international banks to select the most competitive hedging structure for the US$250 million bond. We have analyzed different instruments considering not only pricing, but also the perception from the rating agencies, the amount of credit lines needed for potential margin calls and the hedging accounting. We have received positive feedback from various counterparties in terms of credit appetite for Credivalores and we are finishing up working on the documentation to be ready to execute a longer tenor hedging transaction in the following weeks in order to give you an update in our next quarterly call.

If we eliminate the impact of non-recurring items from our income statement, our net income before taxes, would have reached $10 billion pesos on an accumulative basis as of June 2017, showing an 11.7% growth compared to the first half of 2016 regardless of the 8.2% decrease quarter over quarter.

When considering all the impacts from non-operating items, our net income before taxes, as shown in our financial statements, exhibited a loss of $6 billion pesos in the second quarter of the year, which resulted in an accumulated loss of $4 billion pesos in the first half of 2017.

The net income for the period showed a loss of $7 billion pesos in the second quarter of the year resulting in an accumulated loss of $6 billion in the first half of 2017.

With regards to our balance sheet, in slide 21 we present the main financial ratios.

Our shareholders' equity increased 26.3% between December 2016 and June 2017, totaling $239 billion pesos, after accounting for the US$18.3 million capitalization of April 2017.

Our leverage ratio of debt to equity improved to 4.7 times from the levels in December 2016 and March 2017.

Our solvency ratio, calculated as equity to assets, also improved to 16.7% as a result of the recent capitalization.

Lastly, the capitalization ratio measured as the total shareholders' equity divided by net loan portfolio, which is defined as the owned loan portfolio less impairments of financial assets and the FGA reserve, improved to 28.5% between March 2017 and June 2017. Although the covenant that requires this ratio to remain above 13.5% is strictly related to the recent issuance of the US$250 million bond in July 2017, we present the calculation for your convenience and reference for our next quarterly conference call.

2Q 2017 and 1H 2017 Financial Results- Balance Sheet

In slide 22 we present the evolution of the composition of our capitalization.

Between March and June 2017, total capitalization decreased 0.7%, due to the fall in 6.9% fall in secured debt from $617 billion pesos to $575 billion pesos and the 2.4% reduction in unsecured debt changing from $564 billion pesos to $551 billion pesos. This result is mainly due to the substitution of local secured debt for US dollar unsecured debt during the second quarter of the year.

Our ratio of unencumbered assets to unsecured debt, calculated accordingly to the Description of the Notes of our US$250 million bond, increased to 129.2% and remains above the minimum 110%, required by the covenant of the international bond issued in July 2017.

Although, we maintained our average funding cost at 12.88% in line with the March 2017 levels, the change in funding sources from peso to US dollar denominated debt, resulted in an increase in the average spread over the DTF rate, as the US dollar debt has a higher interest rate when expressed in pesos. The change in funding sources was driven by the decision to refinance the US$48.5 million maturity of notes under the ECP Program in March and June 2017 with instruments in the same currency, profiting from the interest of international private banking and retail investors in Credivalores.

1H 2017 Debt Profile

As we you already know, on July 20th, 2017 we accessed the international bond market with our debt transaction pricing a US$250 million senior unsecured bond. The notes due July 27th, 2022 have a 9.75% coupon rate payable on a semi-annual basis. In addition, the notes issued have a call option (5NC3) for the issuer on and after July 2020. We had a strong book with more than 100 institutional and retail investors from the United States (42%), Europe (45%), Latin America (7%) and Asia and other (6%). In terms of the type of investors, we allocated the bond mainly among asset managers as you see in slide 23.

The use of proceeds of the bond issuance will be to prepay secured local debt with Colombian banks mainly through free standing trusts and unsecured debt under our ECP Program. As of August 30th, 2017 we had prepaid $369 billion pesos or about US$123 million mainly of secured debt, and according to our plan we will prepay an additional $199 billion pesos in September 2017 and $158 billion pesos in October 2017 to complete the use of proceeds of the bond.

Below, we present the debt maturity profile before and after the bond issuance in July 2017. This transaction will allow us to extend the average life of our debt from 1.14 years to 3.6 years, in line with the average duration of our portfolio. In addition, we will prepay all existing secured debt with local banks, except for the IFC facility, which we will maintain until maturity in 2019. This transaction will allow us to change the capital structure dramatically towards long-term unsecured sources of funding, diversify our investor base and guarantee the availability of resources to continue growing.

1H 2017 Financial Obligations

Finally, we present the status of our financial obligations as of the first half of 2017.

Total financial obligations increased 4.4% to $1.14 trillion pesos between December 2016 and June 2017. However, between March and June 2017 financial obligations decreased by 4.8%.

As of June, 2017, 51% of the total debt was secured and 49% was unsecured. By currency as of the same date, 46% of our debt was denominated in US dollars and 54% in pesos, with 63% of the total debt hedged through non delivery forwards. By term, as of June, 2017 we had 29% of maturities in the short-term (less than 12 months) and 71% in the long-term.

Finally, please join me slide 26 to present our closing remarks for the presentation.

Closing Remarks

Regarding our funding sources, during the second quarter of 2017, we substituted secured local funding for unsecured US dollar debt to serve the maturities of the second of the year under our ECP Program.

The benefits from the recent issuance of the international US dollar bond will be more evident in our third quarter results. However, we can anticipate that this transaction will allow us to: 1) extend the average life of our debt and increase our financial flexibility by releasing assets trapped in the secured Free Standing Trusts, and improve terms and conditions of unsecured facilities with local banks, 2) diversify the sources of funding to international markets, 3) reduce the amount of encumbered assets to support unsecured bondholders' position and improve our overall credit profile.

In relation to risk management and to prevent future impacts from exposure to FX risk in our debt, we have implemented a dynamic strategy to hedge and monitor this risk and we enhanced our policies to mitigate volatility in our P&L due to FX risk. We are completing the selection of the final hedging structure for the international bond.

On the capitalization front, we have a strong equity position to support the expected growth of our business after the recent capitalization from our one of our shareholders. This allowed us to improve our leverage and solvency ratios and put us in a good position to comply going forward with the financial covenants from the bond issuance.

Lastly, our portfolio will grow this year within expectations, amid a challenging environment in Colombia. As mentioned before, we had improvements in our quarter over quarter operating results reaching a 47.4% growth in loan origination, a 5.2% growth in the managed portfolio and a 7.7% growth in the operating income.

As we explained throughout the presentation, 2017 and 2018 will be transitional years to recover profitability levels as we gradually substitute revenues from portfolio sales with interest income from on balance portfolio.

This concludes our presentation for today. We will now open the call for a Q&A session.

Q&A Session

Operator: Thank you. We will now begin the question and answer session. First, we'll go to the audio questions and then we'll read and answer questions coming from the web.

If you have a question, please press * and then 1 on your touch tone phone. If you wish to be removed from the queue, please press the # sign or hash key. If you are using a speakerphone, you may need to pick up the handset first before pressing the numbers. Once again, if you have a question please press * and then 1 on your touch tone phone.

Once again, for any questions please press * 1 on your touch tone phone.

We have a question from Alvin Chew from Trend Capital.

>>Hi, good morning. Thank you for the presentation. A couple of questions related to the second quarter results. The first question is on the non-performing loans. The trend seems to be that NPL continues to trade numbers in the second quarter. Could management give us some details or expectations for [unintelligible] the non-performing loans ratio in the second half of this year? Basically will it continue the trend upwards or do you expect the non-performing loans to stabilize? Do you have an expected or target NPL ratio for 2017, for the whole year?

And then I have a second question relating to the hedging of the FX exposure. Is 100% of the FX exposure hedging ready? Because I think in one part of the presentation you said that as of August it's 100% hedged, but at the same time you also mentioned that you're in the final stages of negotiating the hedging contracts with [unintelligible] banks. Could you please clarify on that point please?

David Seinjet: I will answer the first question regarding the NPL levels. Patricia will answer the question regarding foreign exchange hedging.

Regarding the NPLs, we have seen a small increase in NPLs due to the increased share of our credit card portfolio. Credit card loans have somehow higher risk profiles. Even though we have a very strong collection charge, we use the utility bill as a collection charge for credit card loans even though the NPL levels can be somehow higher in this type of loans, due to the typical consumer loan category that it represents.

Even though when you compare our credit card NPL levels by itself and you compare to other credit cards in the financial system, our NPLs are probably 50 to 60% lower than a regular credit card loan. We expect NPL levels to remain around 3.8 and 4% throughout the year.

We have implemented some preventive measurements in our underwriting policies to keep a stricter control in NPLs in the credit card business. We expect the portfolio to increase growth in payroll loans that represent a product with lower NPL levels. Due to the market conditions nowadays, we feel that we can continue growing in a faster pace the payroll loans portfolio and keeping a more controlled growth in the credit card business.

Patricia Moreno: And with regards to your second question, indeed as of August 30, 2017 we have hedged 100% of our foreign currency debt including the bond that we issued in July, either through a [unintelligible] in the short term as we have used to hedge the positions that we have monetized for the proceeds that we have used to prepay debt or through US dollar deposits that we maintain abroad in a bank.

What we are doing right now is to finish up the documentation for a longer tenure hedging structure. We have considered as we mentioned during the ratio a full cross-currency swap on the principal and the interest and of course as you know this requires to have credit lines with a multiple number of counterparties with banks so that we don't have any issue arising from the potential margin calls that this structure represents.

We have also discussed other structures that imply the use of options and a cross-currency swap on the coupons only, which is also something that we are discussing with the rating agencies to obtain 100% of credits for this structure, so that they feel comfortable with the coverage from this… with the hedging that we get from this structure.

We expect to conclude this within the next three to four weeks as a maximum, that's why we told you that in our quarterly conference call for September we expect to have this transaction completely closed.

Alvin Chew: Ok. Can I also ask a follow-up question in regards to NPLs? What is the NPL ratio specifically just for credit cards for the first half of this year?

The NPL…

David Seinjet: For our portfolio you mean?

Alvin Chew: Yes, because in the presentation the figure is 3.9%, right?

David Seinjet: Yes, the NPL levels for example payroll loans currently stand at around 3%. NPL levels for the credit card business stand around 5%. NPL levels for our insurance premium financing stand at around 1.9%.

Alvin Chew: Okay.

David Seinjet: The average is 3.9%.

Alvin Chew: And the average is 3.9%. Right. How do you expect each of these three respective ratios to change in the second half? Would it be…? Are you expecting the overall NPL ratio to stay between 3.8 and 4%, right? But how does the breakdown look like? So… your NPL ratios for payroll loans, you know… it's 3% in the first half and for credit cards is 5%. How would these ratios change in the second half? Any color on that?

David Seinjet: Right. We expect… There are two important events that we have to mention. In payroll loans, the best performance you get in this type of loans are the pensioners and we are expecting a very high grow rate within the payroll loan portfolio in the pensioners loans. So pensioners are the best quality of borrowers that you can have and we expect a faster growth rate in this segment, so that would allow us probably to decrease a bit the NPL levels in payroll loans.

In credit card business, we expect the NPL levels to remain around the same. The total NPL levels grew from 3.8 to 3.9% because of the growth that we expected in the total portfolio of credit card business. We expect in the second half 2017 to increase the share of payroll loans in the total portfolio of the company, so that's the reason why we would expect… let's say a stable performance of our portfolio.

Alvin Chew: Got it. Just one last question, if I may. I don't quite understand the note on amendment of the FGA contract which led to a delay in the reception of claims which resulted in a low impairment recovery. Could you explain a little bit more on this footnote?

David Seinjet: Basically the amendment has to do with improving operational issues in the collection and the claiming process when we have underperforming loans, so this will basically allow us to recover on a faster manner the funds that are guaranteeing or backing our non-performing loans, so this is basically the main changes we have made to this contract. To conclude, it's basically to improve recovery times from the guarantees that are given by the FGA.

Alvin Chew: So this actually led to a net impact on your results, right?

David Seinjet: Say that again please.

Alvin Chew: so this amendment clearly led to a negative impact on your results.

David Seinjet: It would have a positive impact on the results basically.

Alvin Chew: Going forward.

David Seinjet: Yes.

Alvin Chew: Going forward, right? Yes.

David Seinjet: Yes, going forward it will have a positive impact in terms of non-performing loans.

Alvin Chew: Ok, got it.

David Seinjet: And provisions and impairments.

Alvin Chew: Ok, thank you. Thank you very much.

There's a question from Mariana Villalba, from NN Investment Partners.

Mariana Villalba: Do we expect coverage NPLs to normalize in the third quarter of 2017 and going to the second half of 2017?

David Seinjet: Yes, that's our objective even though we feel that having a coverage of around 95%, above 90%, meets our standards in our loss given default ratio of NPLs over 60 days stands at around 75% due to the very high recovery ratio. But yes, we are working hard and NPL coverage will tend to normalize by the third quarter of 2017.

Patricia Moreno: And the other two questions regarding the hedging strategy, well, we believe we already answered them. The questions from Ignacio Ponce and also from Mariana.

Operator: Pardon me, this is the operator. We have a question online from Andrew Seiz from Pine River. Please go ahead.

Andrew Seiz: Hi. Just a question on the secured facilities. I think you were saying that by the first half of 2018 you would only expect to have the IFC facility outstanding, as it's the only secured facility, I understand. Is that correct?

David Seinjet: Yes, that's correct.

Andrew Seiz: And in going forward, what are your plans with respect to using secured facilities as a way of funding your growth? Would you expect to only fund on an unsecured basis or would you see some scope to continue to fund the portion of your growth through secured facilities?

David Seinjet: Yes. We are going to complete paying the total amount of secured facilities, let's say by the end of the month of September. The only outstanding secured facility would be IFC, that currently stands around 24 million dollars and we are keeping that facility because we feel it has some benefits for the company, some benefits for bondholders having the IFC as a lender to the company.

Going forward, what we are developing with local financial institutions that we are trying and we are negotiating new and secure facilities so let's say we're paying off secured facilities and we are asking, since we are paying these secured facilities, asking for new contracts with unsecured facilities, time contracts and committed lines. That's the strategy for the company in the second half of 2017 and moving forward.

Andrew Seiz: I see. Would you the cost of unsecured facilities from local financial institutions to be materially higher than what you're paying on your secured facilities?

David Seinjet: No, not really. I think the secured facilities were very inefficient in terms of the cost of the funds, which are similar to what we can get for unsecured facilities, but the costs of the structures are very inefficient. Let's say we have to pay [unintelligible] collection charge, we have to pay a debtor trust, we have to pay auditors for the trust, so I feel that the unsecured facilities that we are developing have a lot of benefits in terms of costs.

Andrew Seiz: I see. Thanks very much.

Operator: Thank you. Once again, for any questions on the line dial * then 1.

And at this time I'm showing we have no audio questions.

At this time I'd like to pass the call to our presenters for closing remarks.

Patricia Moreno: This concludes our presentation for today. We hope to see you in our quarterly call for the third quarter results of the year, probably by the end of the month of October. We will send the details to our distribution list at the time. Thank you.

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