



# Corporate Presentation

September 2016



**COFIDE**

EL BANCO DE DESARROLLO DEL PERÚ



## COFIDE, We are The Development Bank of Peru

We are committed to sustainable and inclusive development of our country and all Peruvians, fostering an innovative, socially responsible and human capital culture, oriented to excellence in management.

To encourage and promote our vision, we base our strategy on generating development through triple bottom line management, seeking to have a positive impact on social, economic and environmental issues.



## Disclaimer

The material that follows is a presentation of general background information about Corporación Financiera de Desarrollo S.A. and its subsidiaries (“COFIDE”), as of the date of the presentation, prepared solely for purposes of meetings with potential. The material contained herein is in summary form and does not purport to be complete.

This presentation contains statements that are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), and Section 21E of the Securities Exchange Act of 1934, as amended. Such forward-looking statements are not guarantees of future performance. We caution you that any such forward-looking statements are and will be, as the case may be, subject to many risks, uncertainties and factors relating to the operations and business environments of COFIDE that may cause actual results to be materially different from any future results expressed or implied in such forward-looking statements. Although COFIDE believes that the expectations and assumptions reflected in the forward-looking statements are reasonable based on information currently available to COFIDE’s management, COFIDE cannot guarantee future results or events. COFIDE expressly disclaims any duty to update any of the forward-looking statements, or any other information contained herein.



# Key Investment Highlights

---

1 ■ **Key Government Policy Tool for Economic Development**

2 ■ **Peruvian Economy Provides Opportunity-Rich Environment**

3 ■ **Central Element of Government Infrastructure Promotion Policy**

4 ■ **Leader in Providing Financing to Small and Medium Enterprises (SME)**

5 ■ **Effective Risk Management Culture and Policies Reflected in Strong Portfolio**

6 ■ **Solid Capital Structure and Financial Performance**

# COFIDE at a Glance

---

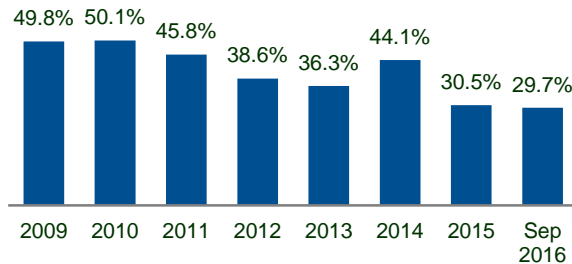
|  |   |
|--|---|
| <b>Who Owns Us</b>                               | <ul style="list-style-type: none"><li>■ The Republic of Peru (through FONAFE) owns 99.23%</li><li>■ CAF owns the remaining 0.77%</li></ul>  |
| <b>What We Do</b>                                | <ul style="list-style-type: none"><li>■ Provide financing for infrastructure and environmental projects to close Peru's infrastructure gap</li><li>■ We spearhead infrastructure projects by providing early financing</li><li>■ Provide financing for underserved market segments, particularly in SME lending sector</li></ul>  |
| <b>How We Do It</b>                              | <ul style="list-style-type: none"><li>■ Investment Financing: assume project exposure at key junctures</li><li>■ Intermediation Financing: financing through regulated financial institutions</li><li>■ Investment Management Services: manage funds on behalf of the Peruvian government, agencies and financial institutions</li><li>■ We lend under standard market conditions</li></ul> |
| <b>Our Contribution to Peru's Infrastructure</b> | <ul style="list-style-type: none"><li>■ Expected to participate in projects totalling ~20% of Peru's infrastructure pipeline for the next 2 years</li><li>■ Should disburse at least US\$1.0Bn in the next 2 years</li><li>■ It includes important projects such as South Peru Gas Pipeline and Lima Subway Line 2.</li></ul>   |
| <b>Our Regulator</b>                             | <ul style="list-style-type: none"><li>■ The Superintendencia de Banca, Seguros y Administradoras de Fondos de Pension ("SBS")</li><li>■ Operate under same regulatory environment that the rest of the financial institutions in Peru</li></ul>   |
| <b>Our Ratings</b>                               | <ul style="list-style-type: none"><li>■ Moody's: Baa2 (Peru: A3)</li><li>■ S&amp;P: BBB+ (Peru: BBB+)</li><li>■ Fitch: BBB+ (Peru: BBB+)</li></ul>  |
| <b>Our Asset Quality</b>                         | <ul style="list-style-type: none"><li>■ Our Past-due Loan ratio is 0.82% as of September 2016</li></ul>   |



# Ownership Assures Government Support

- Sovereign-owned development bank established in 1971
- Autonomous board of directors manages day-to-day operations independently of the Peruvian Government
- Part of the National Financial System and regulated by the Superintendencia de Banca Seguros y AFPs (SBS)

## Capital Adequacy Ratio <sup>(1)</sup>



## FONAFE

- FONAFE was created in 1999 to oversee the Peruvian Government's corporate activities and equity stakes
- Board of directors of six Ministers appoints management team for the Peruvian Government's majority holdings, including COFIDE

100%



99.23%



0.77%



## International Credit Ratings

|                  | Moody's       | S&P           | Fitch         |
|------------------|---------------|---------------|---------------|
| Republic of Peru | A3 (stable)   | BBB+ (stable) | BBB+ (stable) |
| COFIDE           | Baa2 (stable) | BBB+ (stable) | BBB+ (stable) |

## CAF

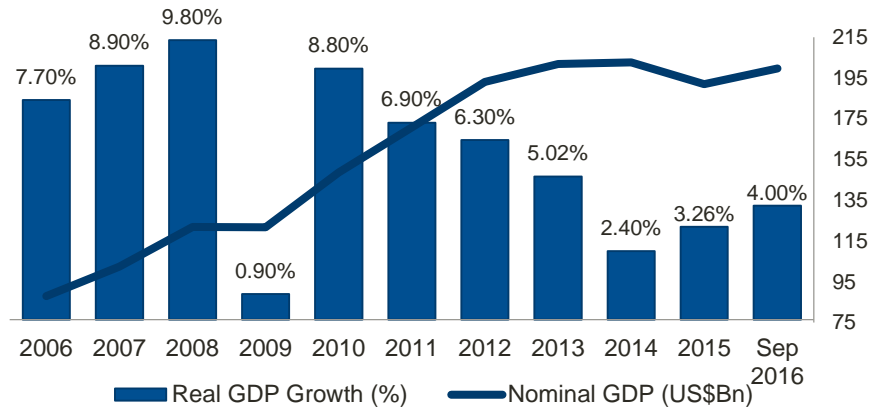
- CAF, a regional development bank established in 1970, acquired its stake in COFIDE in 1997
- US\$34.3Bn in assets (US\$21.2Bn in loans) as of June 2016.
- CAF ratings: Aa3 / AA- / AA-

Notes:

(1) Capital adequacy ratio calculated as regulatory capital over risk weighted assets .

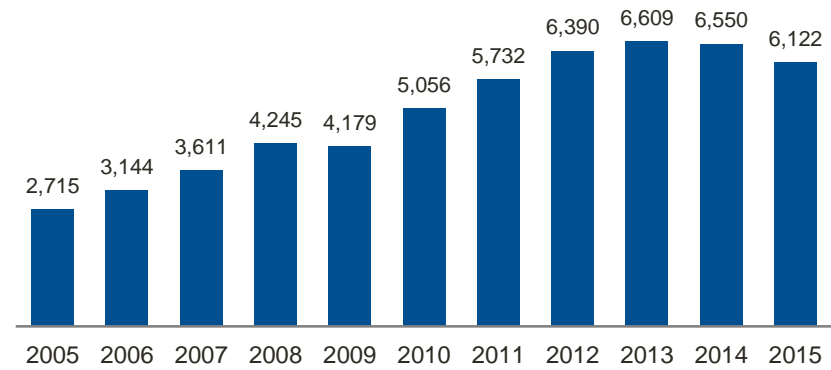
# Peruvian Economy Keeps Growing...

## Continued GDP Growth (%)



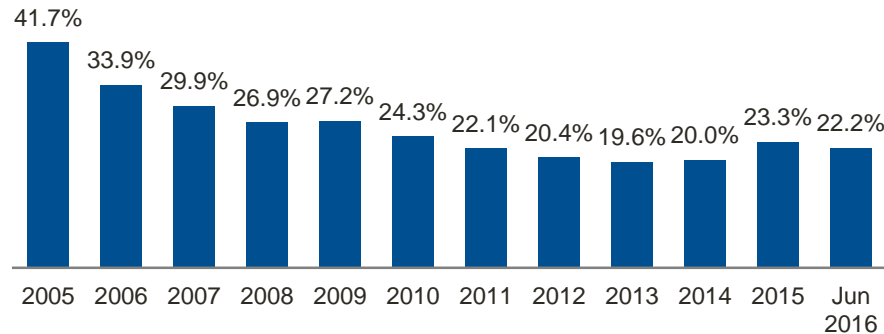
Source: Central Reserve Bank of Peru.

## Rising GDP per Capita (US\$)



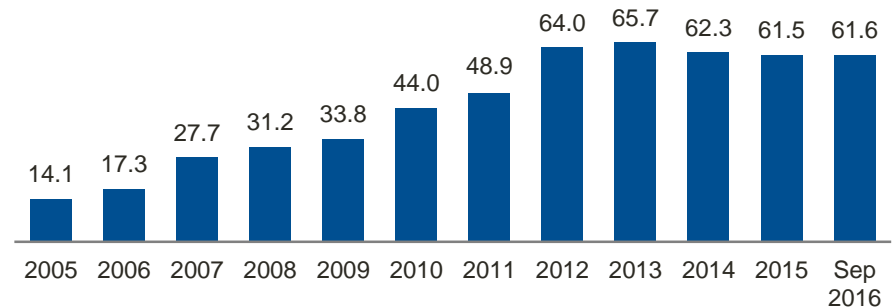
Source: World Bank

## Stable Debt / GDP (%)



Source: Central Reserve Bank of Peru

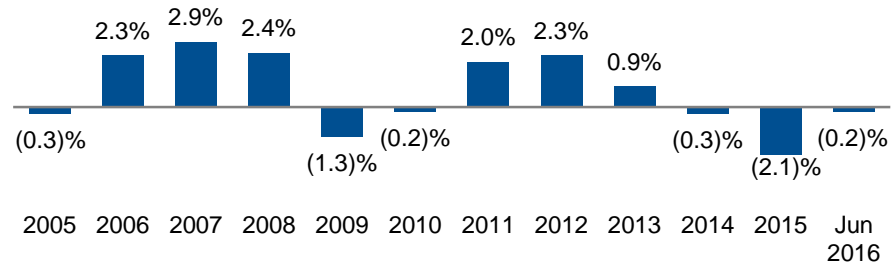
## Significant International Reserves (US\$Bn) <sup>(2)</sup>



Source: Central Reserve Bank of Peru

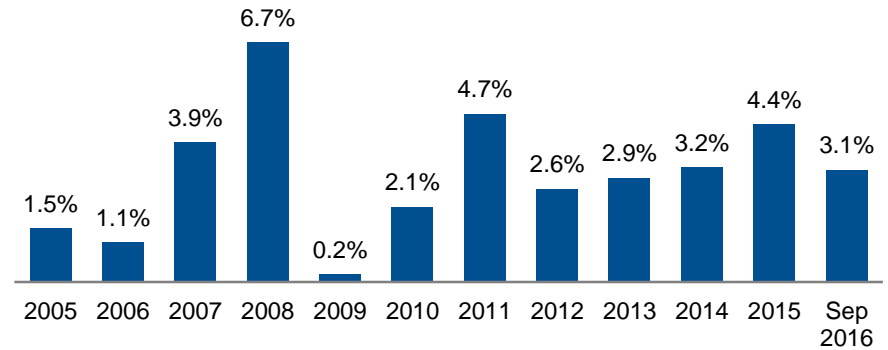
# ...and Remains Strong

## Sustained Fiscal Surplus – Fiscal Balance /GDP (%)



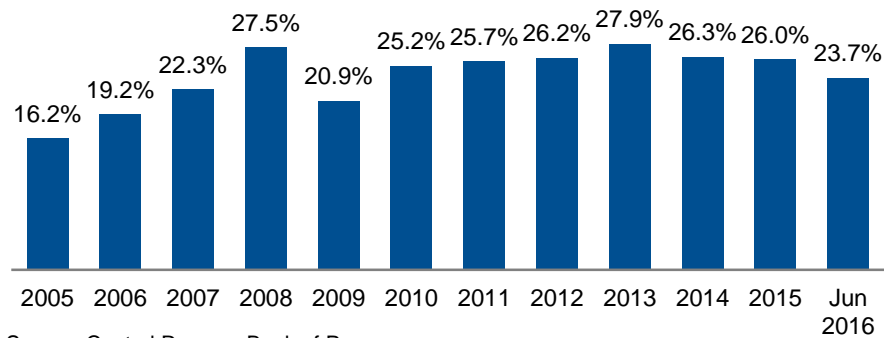
Source: Central Reserve Bank of Peru.  
Note: First quarter 2016 data on 12-month rolling basis.

## Moderate Inflation (CPI, % change)



Source: Central Reserve Bank of Peru

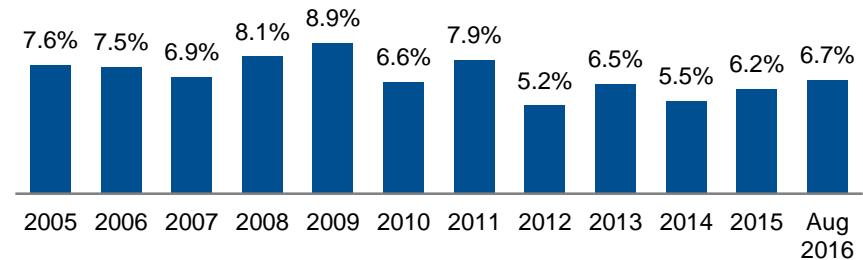
## Sustained Investment / GDP (%)



Source: Central Reserve Bank of Peru.  
Note: First quarter 2016 data on 12-month rolling basis.

## Low Unemployment (%)

% of unemployed population / formal labor force

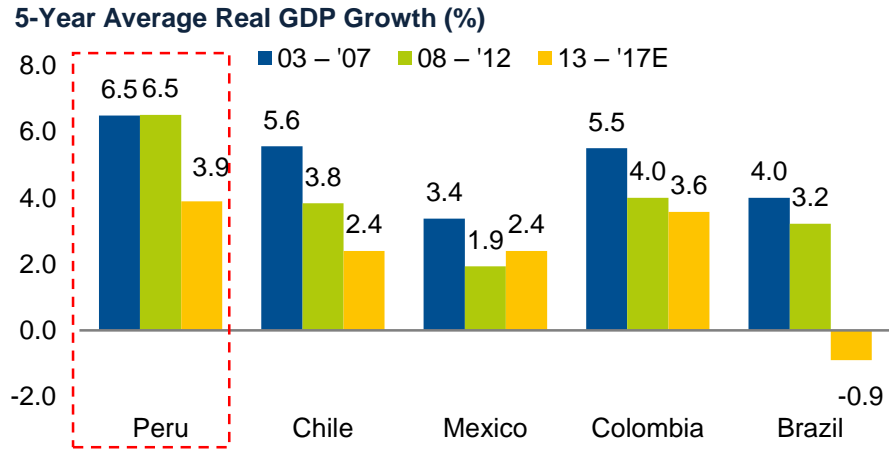


Source: National institute of statistics and informatics of Peru

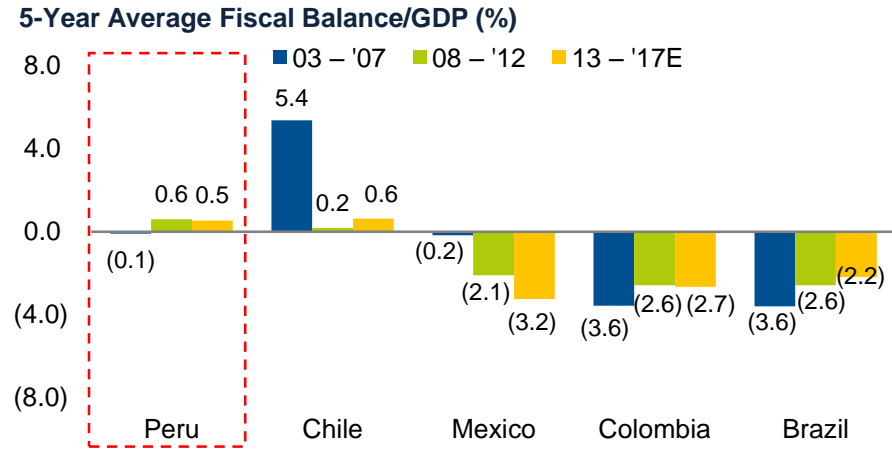


# Strong Macro Fundamentals Versus Regional Peers

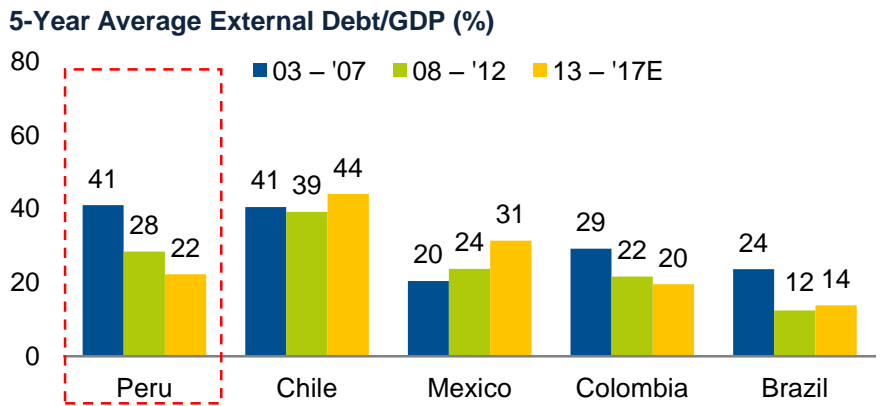
## Higher GDP Growth



## Controlled Fiscal Balance

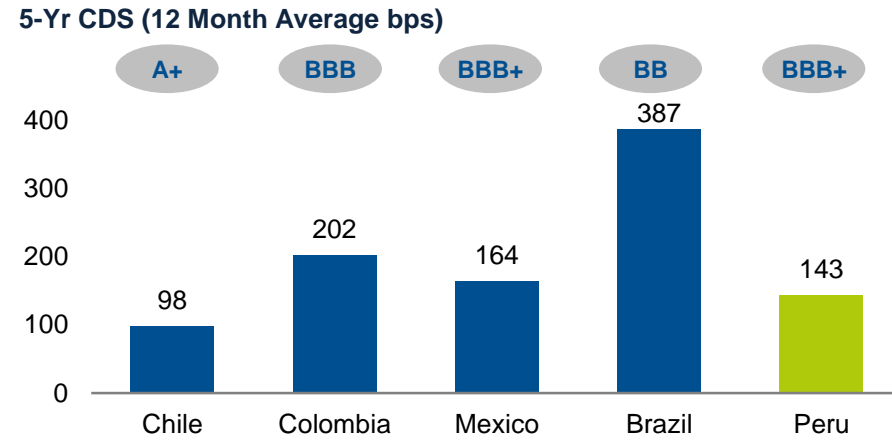


## Decreasing Indebtness



Source: IHS

## Low Country Risk Perception



Source: Bloomberg, S&P. The credit rating is the lowest available rating for long-term foreign debt for each country.

# Overview of Main Lines of Business

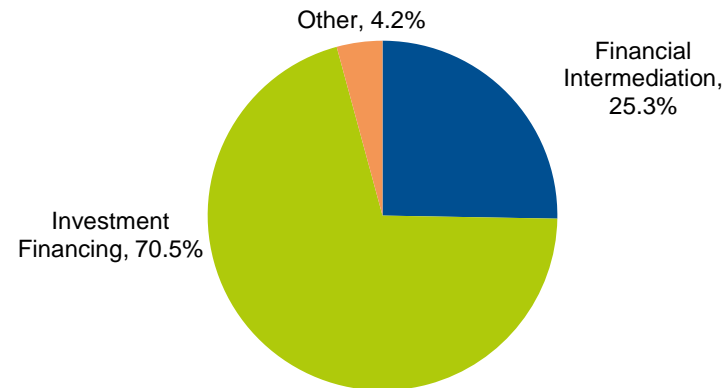
## Investment Financing

- **Focused primarily on the financing of infrastructure projects** undertaken by private or sovereign-owned companies. Mainly energy and transportation projects, as well as key environmental initiatives.
- **Funding infrastructure projects through Peruvian or foreign IFIs**, and also by investing directly in debt instruments used to finance projects
- **COFIDE's credit exposure is to the investment project financed by the ultimate borrower** in the event of default

## Financial Intermediation

- **Finances primarily the SME sector**, complementing the private financial sector by providing medium and long-term financing
- **Lending takes place only through Peruvian Intermediary Financial Institutions (IFI)**, including commercial banks, municipal and rural banks, credit unions and entities specializing in SME financings
- **COFIDE's credit exposure is to the IFI**, rather than the ultimate borrower

## Financial Income Breakdown by Line of Business



**Financial Income: US\$ 140.7 mn as of September 2016**  
*Other includes Interest Earning over available cash*

# Conservative Credit Culture and Strong Portfolio Performance

| Credit Approval Process  |              |   |   |
|--------------------------|--------------|---|---|
| Committees               | Leader       | Other Attendees   | Key Topics  |
| 1 Assets and Liabilities | COFIDE's CEO | <ul style="list-style-type: none"> <li>Corporate Business, Risk, Finance and Intermediation Chief Officers</li> </ul> | <ul style="list-style-type: none"> <li>Treasury, derivatives and liquidity gaps</li> <li>Initial assessment of financing opportunities</li> </ul> |
| 2 Risk Committee         | BoD Chairman | <ul style="list-style-type: none"> <li>Corporate Business, Risk, Finance and Intermediation Chief Officers</li> </ul> | <ul style="list-style-type: none"> <li>First approval of all infrastructure financing</li> <li>Recommendations for BoD meetings</li> </ul>        |
| 3 Directors Approval     | BoD Chairman | <ul style="list-style-type: none"> <li>COFIDE's CEO</li> <li>Minimum of 3 BoD members</li> </ul>                      | <ul style="list-style-type: none"> <li>Final approval of financing opportunities</li> </ul>   |

## Policy for Financial Intermediation

- Strong diligence is performed to the financing entities, including on-site visits (minimum 1 per year)
- Loans are collateralized by the lending portfolio being financed
  - The collateralized portfolio can only be comprised by loans of the top two SBS's categories <sup>(1)</sup>
  - If loans fall below these two categories, they should either be replaced with other performing loans or should be repaid to COFIDE

## Policy for Infrastructure Financing

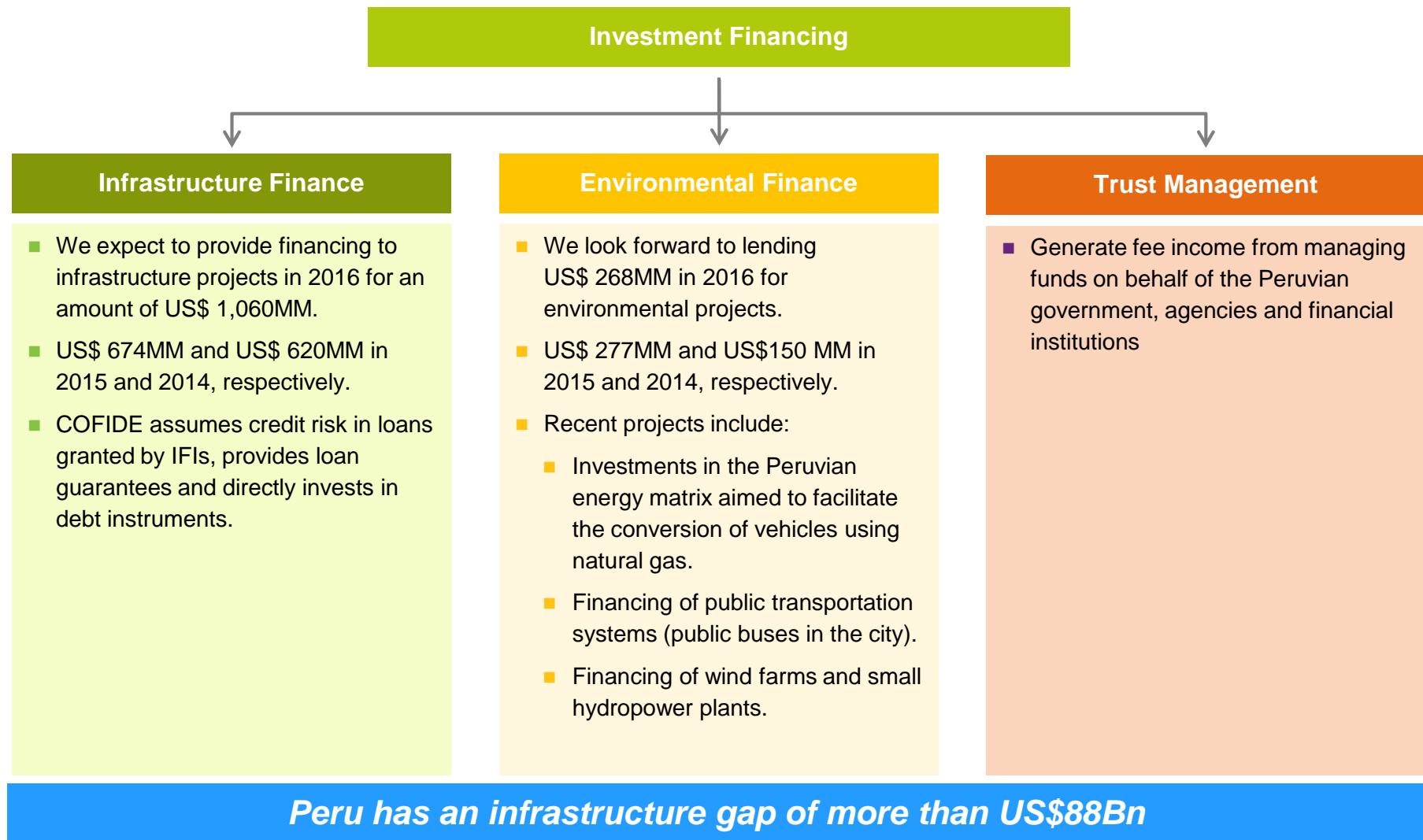
- All infrastructure financing projects are subject to the following four fundamental requirements:
  - Financing is done in partnership with other well known local and international financial institutions
  - COFIDE finances no more than 50% of the financing each infrastructure project <sup>(2)</sup>
  - Financing per project cannot be greater than US\$125mm
  - Tickets on bonds cannot be larger than 20% of the total financing

Notes:

(1) Top two categories of SBS as 1 (Normal) and 2 (Cred. Con Problema Potencial)

(2) Board of Directors can approve larger financings

# Investment Financing: Spearheading Infrastructure in Peru



Source: Instituto Peruano de Economía.

# COFIDE Infrastructure Investments

## COFIDE'S FOCUS IN INFRASTRUCTURE PROJECTS (2008 – 2016)

### Energy (US\$636MM)

- **Gasoducto Sur Peruano:** (US\$125 MM, Deutsche Bank)
- **Hydro Energy:** Cerro del Águila (US\$45MM, Interbank & HSBC); Chaglla (US\$100MM, Deutsche Bank); Molloco (US\$ 30MM, Goldman Sachs); Ege Junin (US\$ 28,6 MM, Interbank & BTGPactual)
- **Fenix Thermoelectric Power Plant :** (US\$100MM, BTG Pactual)
- **Eten Cold Reserve Power Plant:** (US\$45MM, BTG Pactual) (Bond)
- **Wind Power:** (US\$100MM, Goldman Sachs) (Bond)
- **Moyobamba - Iquitos Transmission Line:** (US\$62.5MM Santander)
- **Ergon Power** - photovoltaic solar panels: (US\$30MM, Credit Suisse).

### Mining, Fishing and Agriculture (US\$188MM)

- **Minera Ares:** (US\$50 MM, Hochschild) (Bond)
- **Hayduk:** (US\$ 48 MM, Interbank)
- **Minera IRL:** (US\$ 70MM, Goldman Sachs)
- **Camposol:** (US\$20MM, Credit Suisse) (Bond)
- **Coazucar:** (PEN 67MM) (Bond)

### Toll Roads and Transportation (US\$547MM)

- **COSAC I Buses:** (PEN 548MM, Interbank & Deutsche Bank)
- **Vía Parque Rímac:** (PEN 230MM, BNP Paribas) (Bond)
- **IIRSA Sur 5:** (US\$85MM, BNP Paribas)
- **IIRSA Sur 1:** (US\$50MM, Deutsche Bank)
- **The Buenos Aires-Canchaque:** (US\$35MM, Deutsche Bank)
- **Metro de Lima Linea 2:** (US\$30MM, Deutsche bank and US\$80 MM in Bonds)
- **Longitudinal de la Sierra Road Project:**(US\$31.5MM Credit Suisse)

### Water & Sanitation (US\$63MM)









- **Taboada Plant:** (PEN 200MM, BNP Paribas) (Bond)

### Ports (US\$34MM)

- **Terminales Portuarios Euroandinos:** (US\$34MM, (Bond) (Goldman Sachs)

# COFIDE Infrastructure Projects

## Key Ongoing Projects

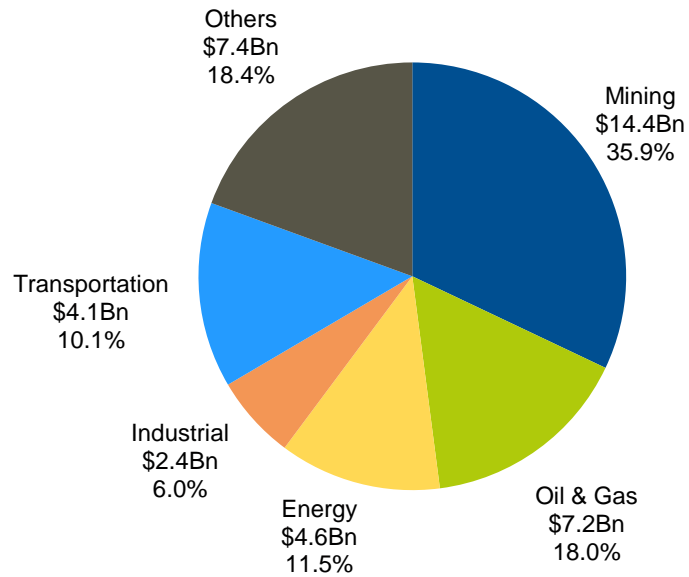
|   | Project Description   | COFIDE Investment         | Partners  |
|---|---|---------------------------|---|
|    | <p><b>Gasoducto Sur Peruano</b></p> <ul style="list-style-type: none"> <li>Gasoducto Sur Peruano is a 34-year concession in which over 1,000km of gas pipeline will be built connecting the Camisea Oil Fields with key ports in Peru</li> <li>COFIDE granted Citibank a US\$125MM loan in order for Citibank to provide a US\$275MM project loan to Gasoducto Sur Peruano (concessionaire)</li> <li>COFIDE additionally granted DB <sup>(1)</sup> a 5-year US\$125MM loan to partially cover the Gasoducto Sur Peruano equity check</li> </ul> | <p><b>US\$250MM</b></p>   |    |
|    | <p><b>Cupisnique &amp; Talara Wind Farms</b></p> <ul style="list-style-type: none"> <li>During 2014, the Cupisnique and Talara Wind Farms began operations with a combined capacity of 110 MW</li> <li>In December 2014, they issued US\$200MM in long term financing “green bonds”, in which COFIDE participated by purchasing 50% of the total issue</li> </ul>   | <p><b>US\$100MM</b></p>   |    |
|   | <p><b>Chaglla Hydro Power Plant</b></p> <ul style="list-style-type: none"> <li>Development, Construction and Operation of 456 MW Chaglla Hydroelectric Power Plant with total investment of US\$800MM</li> <li>COFIDE participated with a US\$100MM loan to DB in order for DB to provide a 19-year term project finance loan to Odebrecht for construction</li> </ul>  | <p><b>US\$100MM</b></p>   |   |
|  | <p><b>Taboada Water Treatment Plant</b></p> <ul style="list-style-type: none"> <li>The Taboada Plant is the main residual water treatment plant in Lima, and in 2011 issued a PEN\$ 942MM issue in order to finance the second tranche of construction</li> <li>COFIDE participated by acquiring PEN\$ 200MM of the issue</li> </ul>  | <p><b>PEN\$ 200MM</b></p> |  |

Note:  
(1) DB: Deutsche Bank

# Significant Infrastructure Pipeline in Peru

According to the Central Reserve Bank of Peru there are 53 projects intended to be carried out along with private enterprises for the period 2015 - 2017. These include investment in Mining, Oil & Gas, Energy, Industrial and Transportation.

## Infrastructure Projects Pipeline 2015 - 2017



**Total Estimated Investment: US\$24.6Bn**

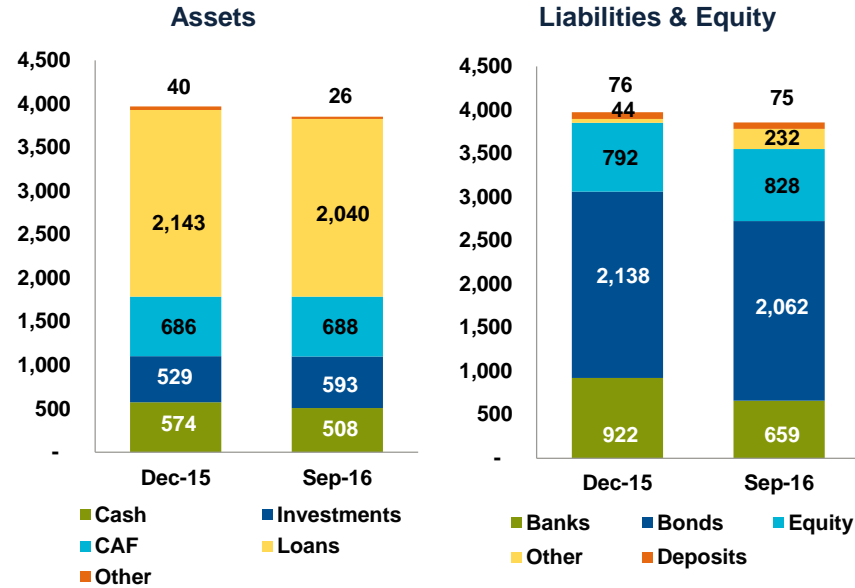
Source: Central Reserve Bank of Peru

## Pipeline Highlights

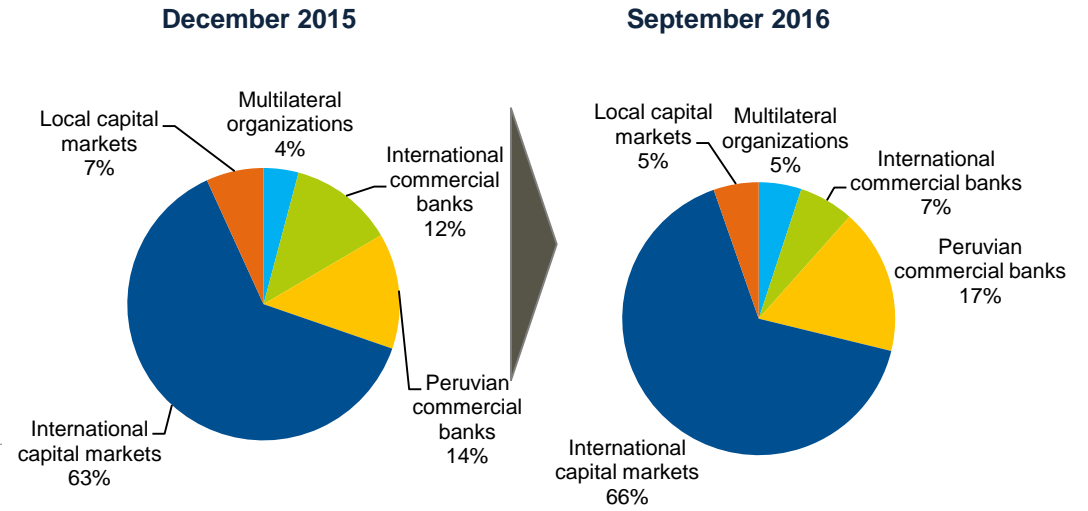
- **Mining:** Toromocho (US\$4,800MM), Las Bambas (US\$5,200MM), Constanca (US\$1,800MM) and Cerro Verde (US\$4,400MM)
- **Oil & Gas:** Perenco Lote 67 (US\$1,800MM) Gaseoducto del Sur project (US\$4.1Bn)
- **Energy:** Thermal Power Plants Kallpa and Enersur (US\$900MM) Southern Energy Node (US\$700MM)
- **Industrial:** Phosphates project Bayovar II (US\$430MM), Hochschild & Mitsubishi Phosphates project (US\$250MM)
- **Transportation:** Vía Parque Rímac (US\$670MM) Metro de Lima Linea 2 (US\$5.4Bn) Airport Chincheros (US\$660MM)
- **Other:** Olmos irrigation project (US\$580MM)

# COFIDE's Strong Balance Sheet

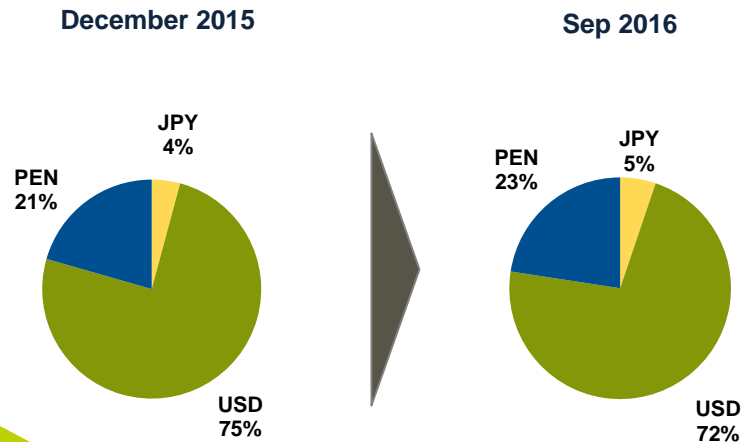
## Balance Sheet Breakdown Evolution (US\$ mn)



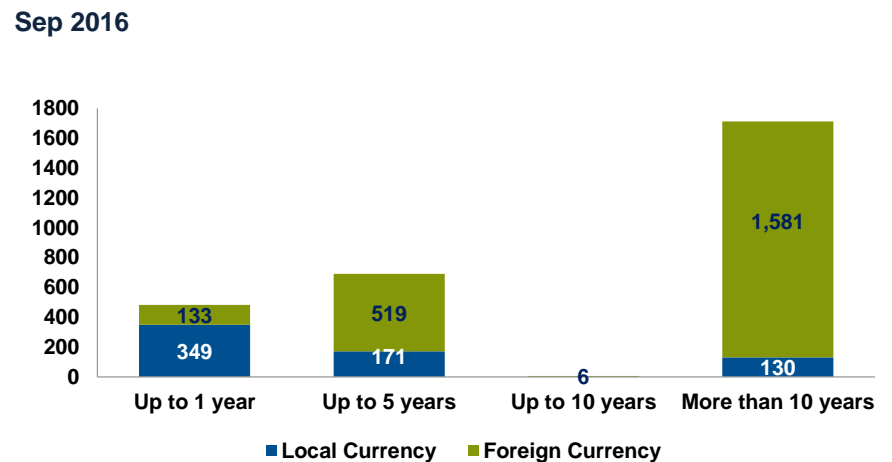
## Funding Breakdown



## Diversified Funding by Currency



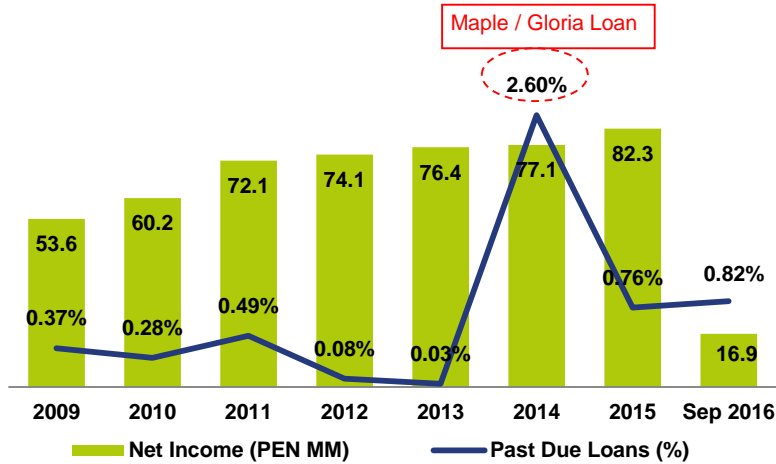
## Debt Maturity Profile (US\$m)





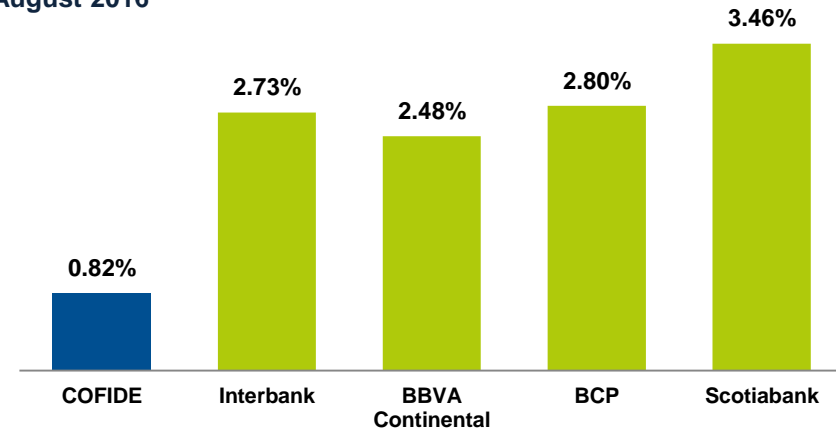
# Portfolio Reflects Good Credit Culture and Strong Capital

Past Due Loans / Total Loans (%) & Net Income



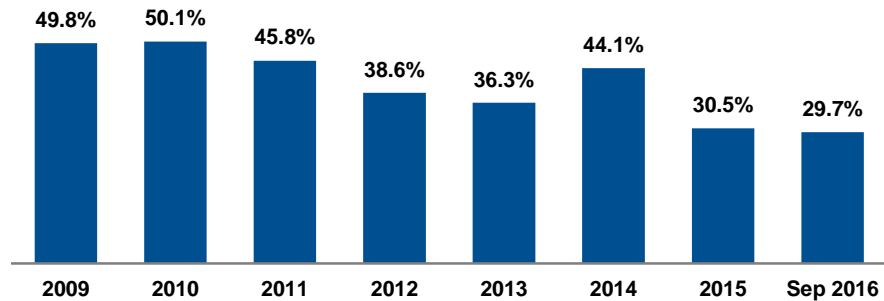
Past Due Loans / Total Loans – Financial System (%)

August 2016



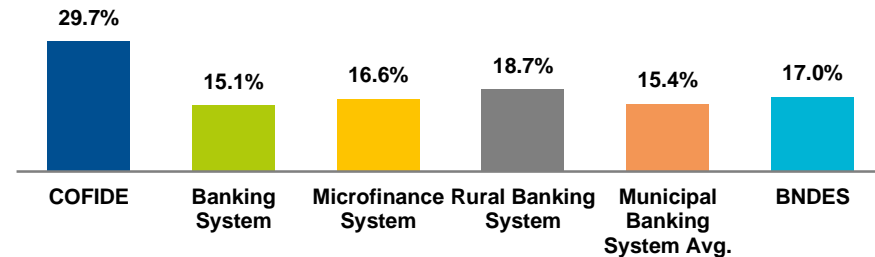
Capital Adequacy Ratio <sup>(1)</sup>

Evolution 2009 – Sep 2016



Superb Capital Adequacy Ratio <sup>(1)</sup>

August 2016



Source: Superintendencia de Banca, Seguros y AFP

Notes:

(1) Capital adequacy ratio calculated as regulatory capital over risk weighted assets.

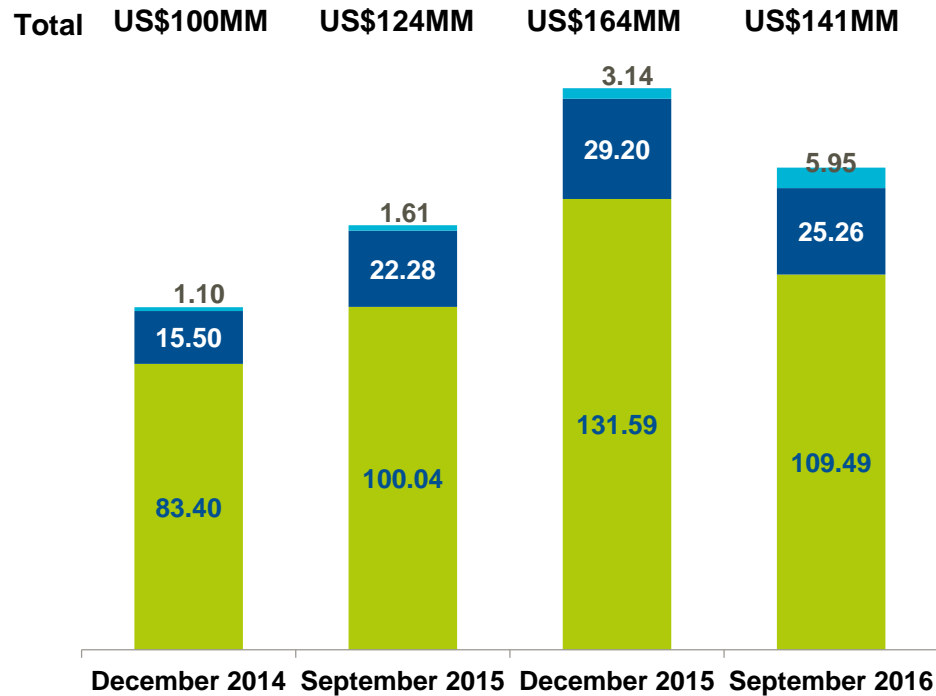
Source: Superintendencia de Banca, Seguros y AFP.

# Superior Operational Efficiency

## Income Breakdown (%)

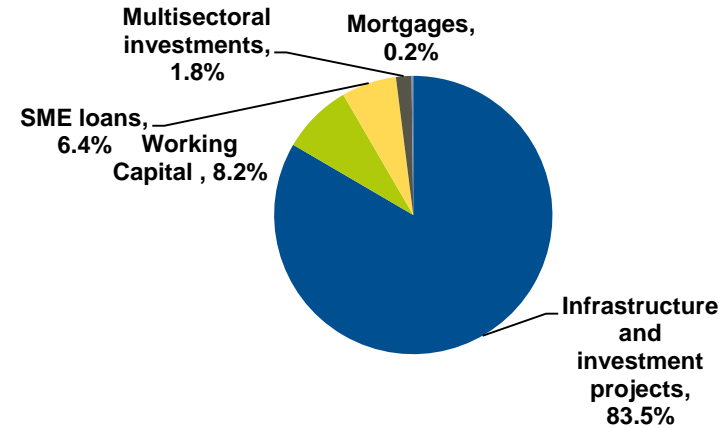
Recurrent income breakdown <sup>(1)</sup>

- Interest from cash and due from banks
- Interest on securities
- Interest on loans

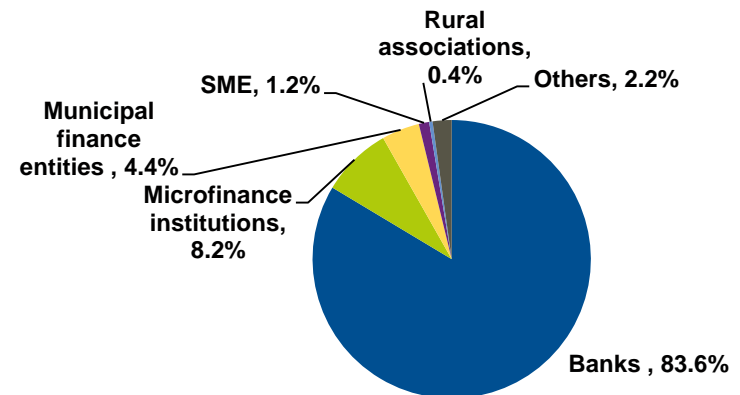


## Loan Portfolio Breakdown (%)

By type of loan – Sep 2016



By type of borrower – Sep 2016



Notes:

(1) Does not take into consideration recovery from exchange rate differences and other financial income.



Central telefónica 615-4000  
Augusto Tamayo 160, San Isidro  
[www.cofide.com.pe](http://www.cofide.com.pe)