

# COFIDE

## Earnings Presentation

### 3Q 2019



**COFIDE**

EL BANCO DE DESARROLLO DEL PERÚ

# Topics

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- 2 **Recent Events**
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- 4 **3Q19 Performance Summary and Operating Results**
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## 3Q19 Highlights

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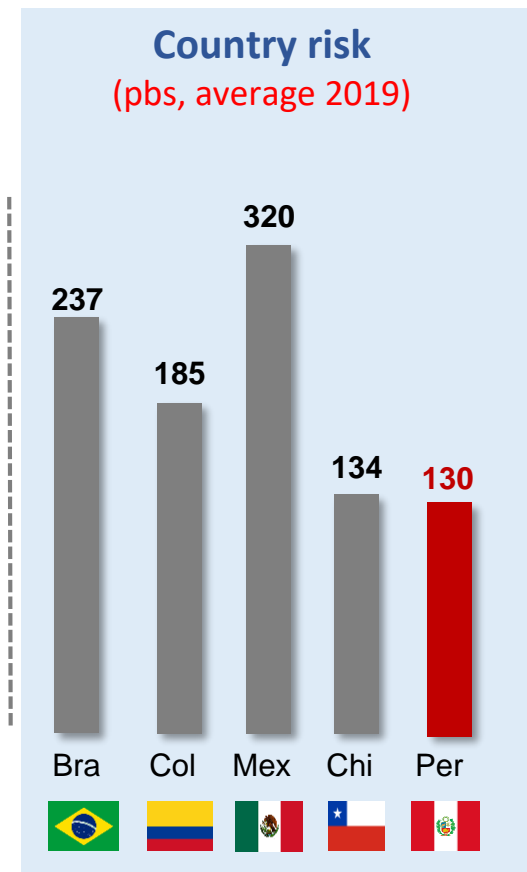
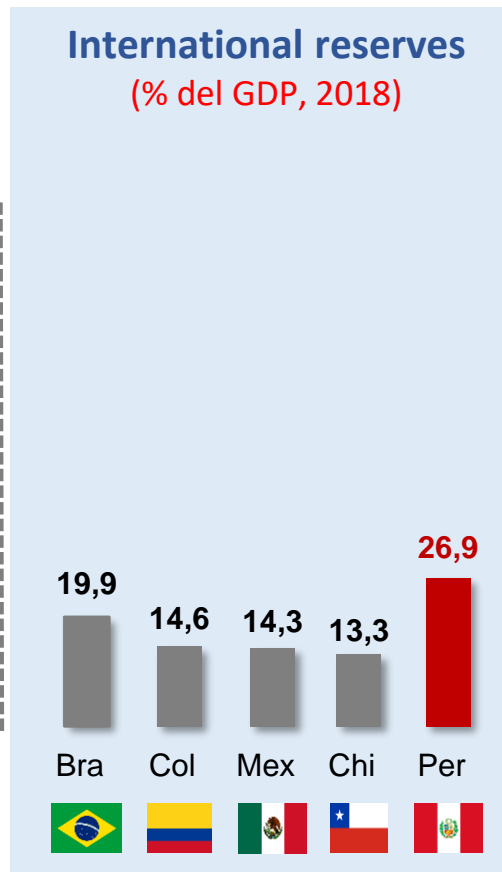
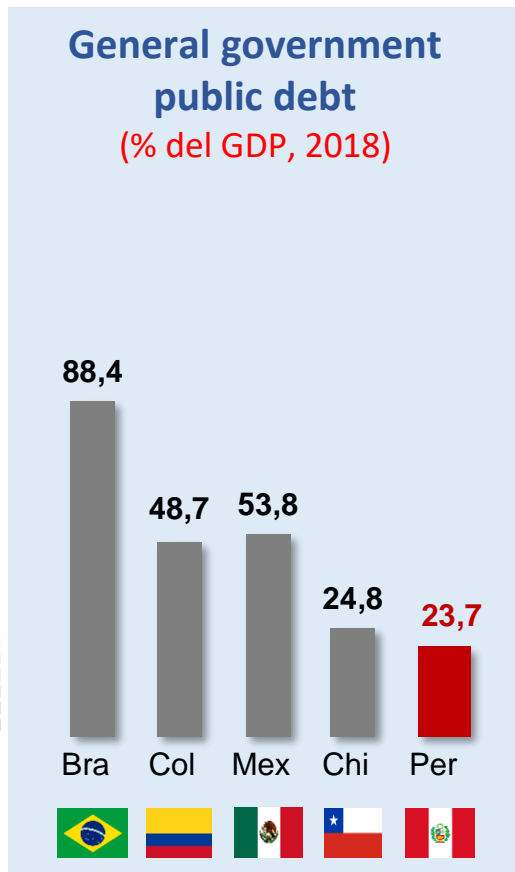
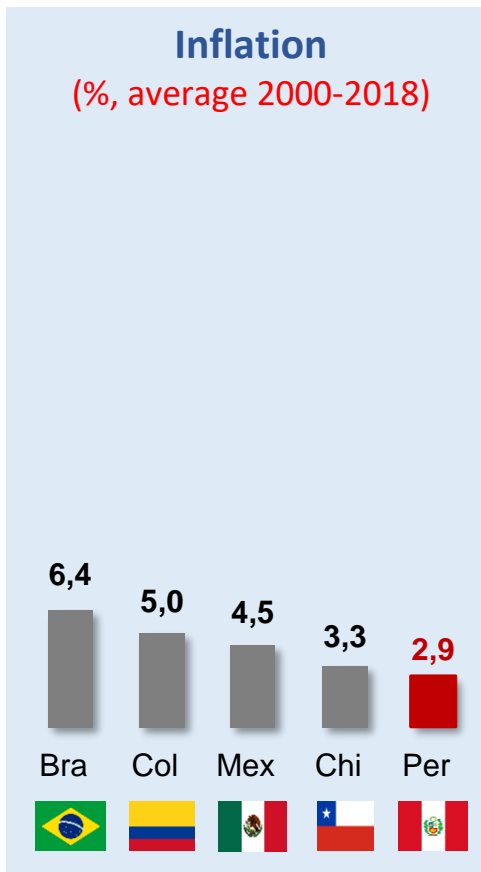
- S&P upgraded COFIDE's outlook from negative to stable (August 13, 2019).
- NPL ratio significantly improved versus 3Q18, decreasing from 17.9% to 8.7%, and the Loan Loss Provisions increased from 96.8% to 229.1% year-over-year.
- Capital Ratio increased from 28.8% to 30.0% year-over-year, well above the average of the Peruvian banking sector.
- The Bond portfolio increased by 9.9% year-over-year, partially offsetting the Loan portfolio decline.
- COFIDE paid the USD 500 million bond that matured in July 2019 (July 15, 2019).
- Issuance of inflation-indexed Bond: 10 year, PEN 100 MM and YTM 3,00% + VAC (July 19, 2019), oversubscribed by 2.02 times.
- Issuance of Commercial Paper: 1 year, PEN 50 MM and YTM 4,03125% (July 24, 2019), oversubscribed by 1.3 times.
- “Fondo Crecer” (a new trust for SME that deploys loans, guarantees, and other financial instruments, through companies in the financial system and the capital markets), initiated operations on July 25, 2019, reaching 960 SME at 3Q19 and covering credits for US\$ 4 million.
- COFIDE approved the creation of the Compliance Office on September 11.

## Recent Events

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- First Issuance of sustainable Bond in Perú: 3 year, PEN 100 MM and YTM 3,78125% (October 25, 2019), oversubscribed by 1.93 times.
- Issuance of Commercial Paper: 1 year, PEN 48.5 MM and YTM 3,31250% (October 21, 2019), oversubscribed by 3.82 times.
- Issuance of Commercial Paper: 9 months, PEN 79.8 MM and YTM 3,34375% (October 30, 2019), oversubscribed by 1.36 times.
- COFIDE elected to Gerardo Freiberg as the new CEO of the company and Aimi Yamamura as the new Development and Innovation Officer

# Peru's Strong Macroeconomic Fundamentals



Sources: BCRP

# Key Financial Figures

Key Indicators	3Q2019	3Q2018	2Q2019	YoY	
Loans net of provisions (USD MM)*	1,095	1,372	1,211	-20.2%	●
Bond portfolio (USD MM)	665	605	608	9.9%	●
Cash (USD MM)	498	670	912	-25.7%	●
Gross margin (%)	10.6	11.4	12.4	-77 bps	●
Operating Cost (USD MM)	3.8	3.8	4.8	-0.9%	●
Net income after taxes (USD MM)	0.65	1.89	1.31	-65.6%	●
Non-performing loans (%)	8.7	17.9	7.7	-922 bps	●
Provisions/NPL (%)	229.1	96.8	243.9	13227 bps	●
ROAE (%)**	0.86	3.72	1.06	-286 bps	●
Capital Ratio (%)	30.0	28.8	28.5	123 bps	●

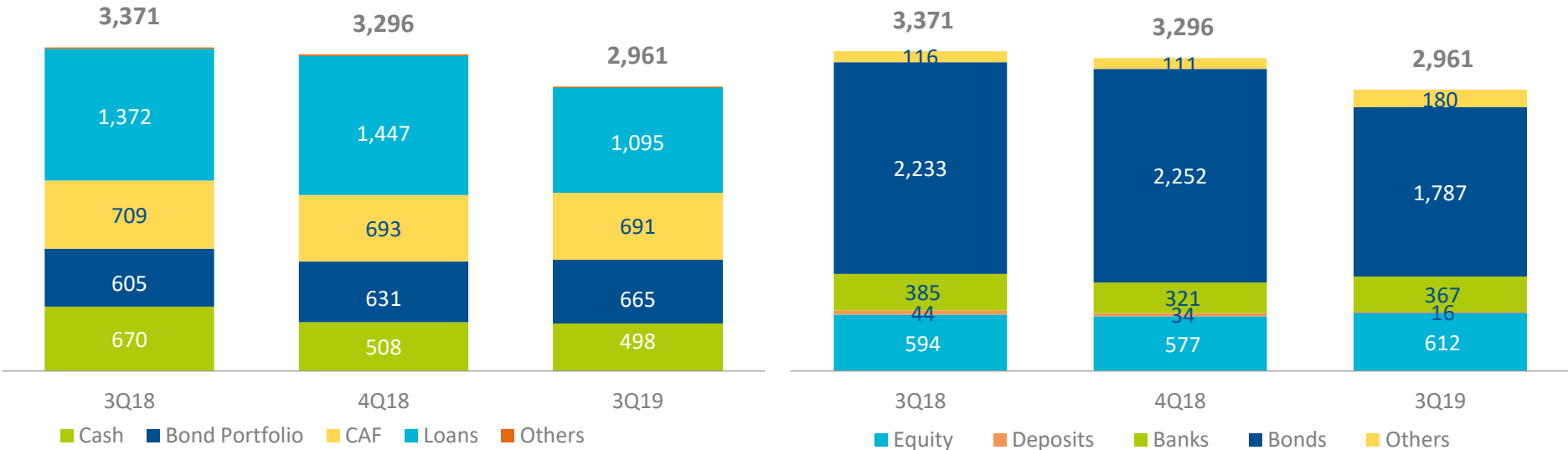
\* Considers loans prepayments of USD 248 MM during 2019.

\*\* Includes extraordinary incomes from bonds and loans sales during 4Q17.

# Assets and Liabilities Breakdown

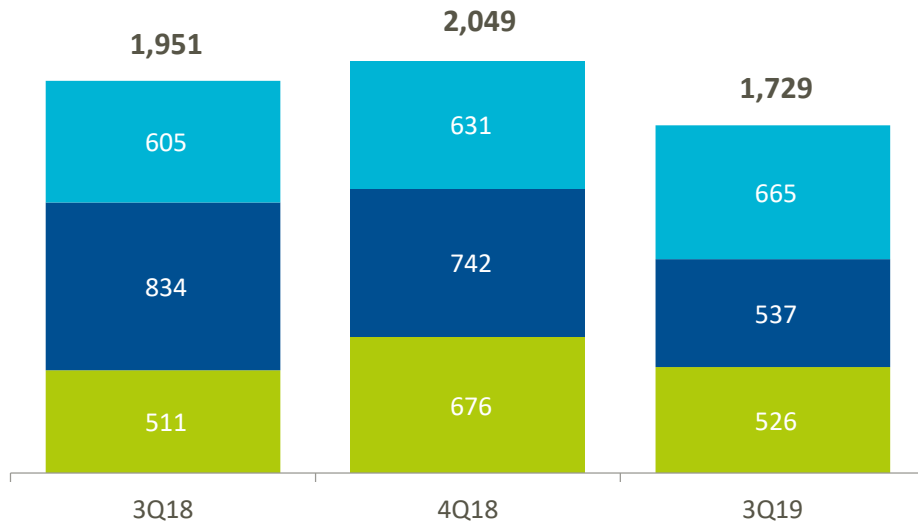
## Assets (USD MM)

## Liabilities & Equity (USD MM)



# Higher Bond Portfolio and SME Financing YoY

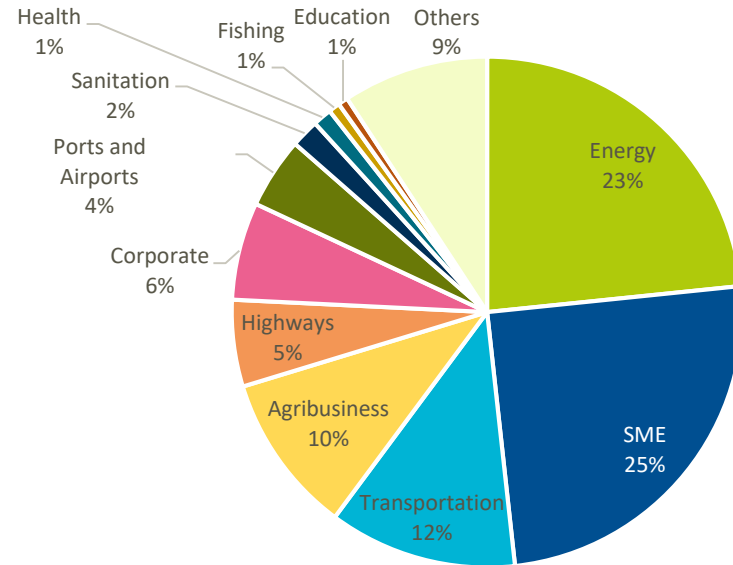
## Loans & Bond Portfolio (USD MM)



■ Corporate Bond Portfolio ■ Infrastructure & Productive Loans\* ■ SME Financing\*

\* Does not include NPL, only direct loans

## Loans & Bond Portfolio by sector\*\* (%)



\*\* Includes NPL, direct and indirect loans



# Main Positions in Bond Portfolio

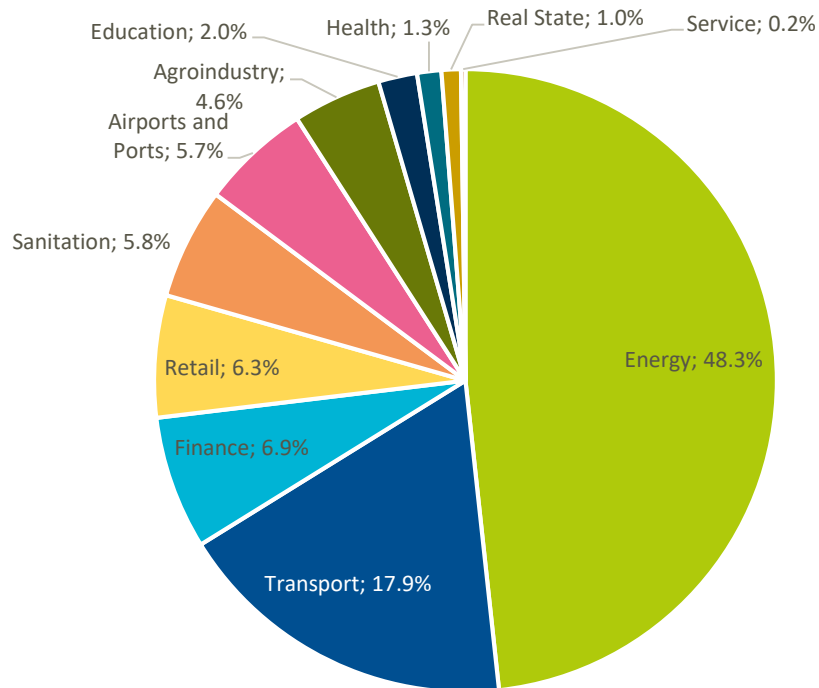
USD							
Issuer	Economic Sector	Maturity	YTM	Mark to Market Amount USD MM	Unrealized P&L USD MM	International Rating	% Portfolio
ENERGÍA EÓLICA	Energy	30/08/2034	6.35%	96.4	8.6	BBB-	21.3%
CERRO DEL AGUILA	Energy	16/08/2027	4.13%	52.0	1.7	BBB-	11.5%
ETEN	Energy	30/12/2033	7.68%	45.0	3.6	BBB-	10.0%
PUERTO PAITA	Airports and Ports	1/04/2037	8.37%	37.9	4.6	BB	8.4%
LONGITUDINAL DE LA SIERRA II	Transport	31/10/2033	5.23%	36.3	1.6	BBB	8.0%
OTHERS				185.0	8.8		40.86%
<b>Total USD</b>			<b>6.00%</b>	<b>452.6</b>	<b>29.0</b>		<b>100.0%</b>

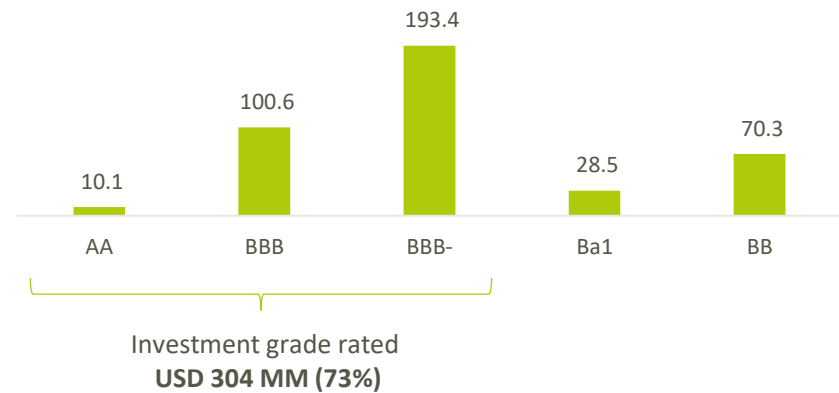
PEN							
Issuer	Economic Sector	Maturity	YTM	Mark to Market Amount eq. USD MM	Unrealized P&L eq. USD MM	Local Rating	% Portfolio
LÍNEA AMARILLA	Transport	30/06/2037	8.76%	72.0	4.4	AA	33.9%
TABOADA FINANCE LTD	Sanitation	1/01/2033	7.92%	38.4	10.2	AAA	18.1%
PRIMAX 1	Energy	7/10/2036	7.94%	27.8	3.3	AA	13.1%
CORPORACIÓN AZUCARERA DEL PERÚ	Agroindustry	15/08/2031	9.00%	20.5	0.5	A	9.7%
PRIMAX	Energy	7/10/2027	7.13%	13.3	1.1	AA	6.3%
OTHERS				40.5	1.4		19.1%
<b>Total PEN</b>			<b>7.99%</b>	<b>212.6</b>	<b>20.9</b>		<b>100.0%</b>
<b>COFIDE (USD)</b>				<b>665.3</b>	<b>50.0</b>		

# High Quality Bond Portfolio

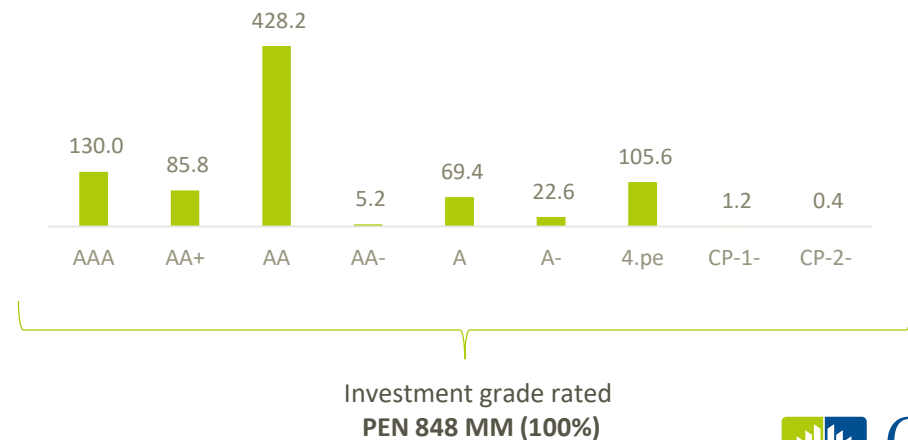
## Portfolio by Economic Sector (USD MM)



## Portfolio by International Rating (USD MM)

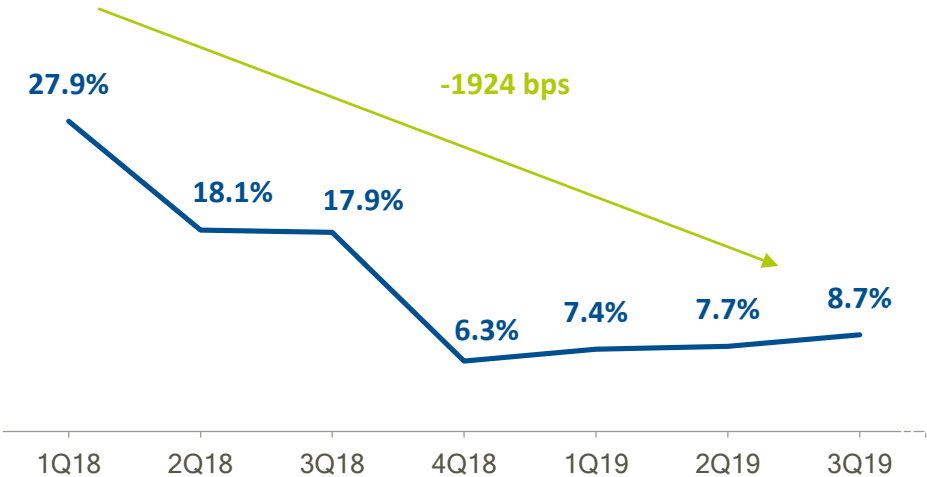


## Portfolio by Local Rating (PEN MM)

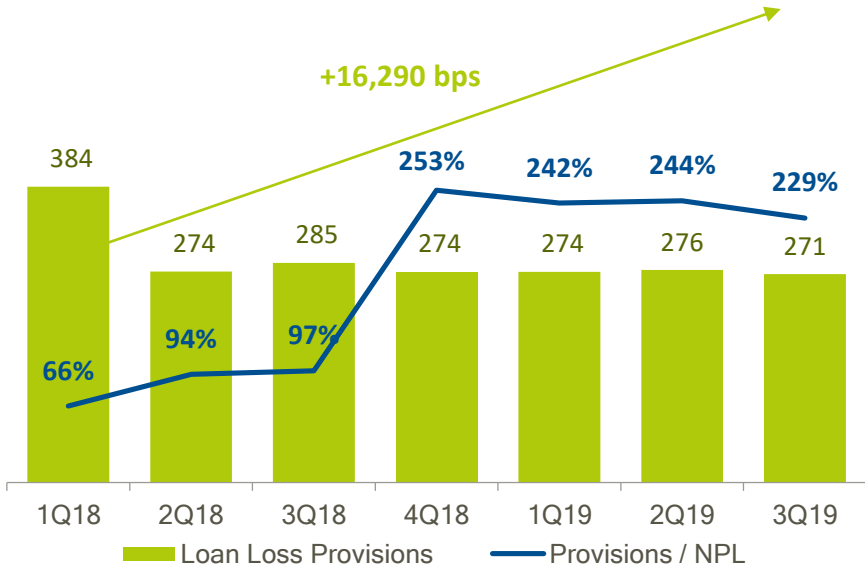


# Stronger Credit Metrics in the Loan Portfolio

**Past Due Loans / Total Loans (%)**



**Loan Loss Provisions (USD MM)**



# Fully Provisioned NPL Portfolio (besides COSAC)

## Distressed loans

Final Debtor	Intermediary Bank	Disbursement date	Amount (USD MM)	Rating	Provision Rate	Provision
COSAC (Metropolitano Bus S) (*)	Bco. Santander	09/03/2009	159.40	DOUBTFUL	60.0%	95.64
GSP - Odebrecht	Deutsche Bank	31/12/2014	125.00	WRITE-OFF	100.0%	125.00
Minera IRL (junior gold mine)	Goldman Sachs	4/06/2015	70.00	LOSS	100.0%	70.00
Líneas de Transmisión(**) - Isolux	Bco. Santander	25/09/2014	62.50	WRITE-OFF	100.0%	62.50
Gen. Eléctrica Molloco - Isolux	Goldman Sachs	17/09/2013	30.00	WRITE-OFF	100.0%	30.00
Generación Andina	FMO	7/08/2015	14.53	LOSS	100.0%	14.53
Clean Energy	Goldman Sachs	21/12/2012	25.00	LOSS	100.0%	25.00
Pegaco	Bco. Financiero	17/06/2014	7.50	WRITE-OFF	100.0%	7.50
<b>Total</b>			<b>493.93</b>			<b>430.17</b>

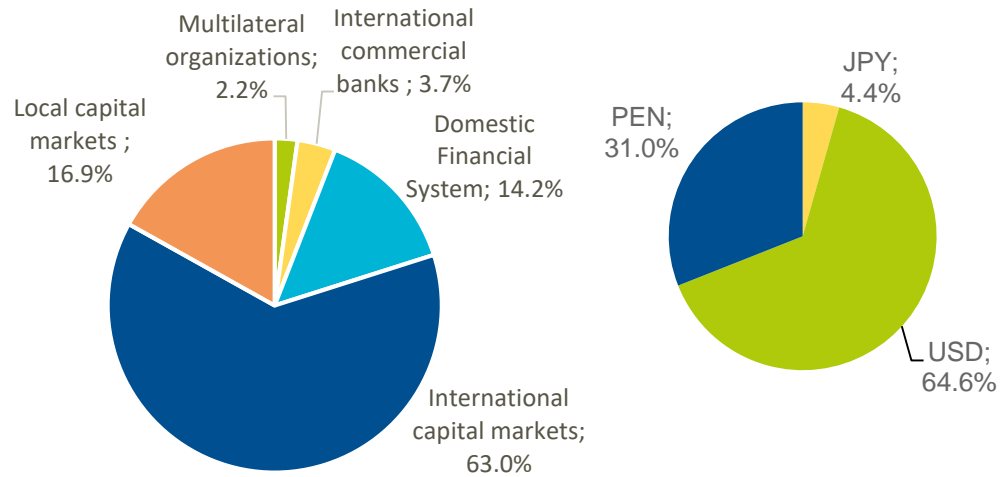
(\*) Does not include indirect loan

(\*\*) Does not include indirect loan for USD 30.0 MM, fully provisioned.

# Stable and Diversified Funding

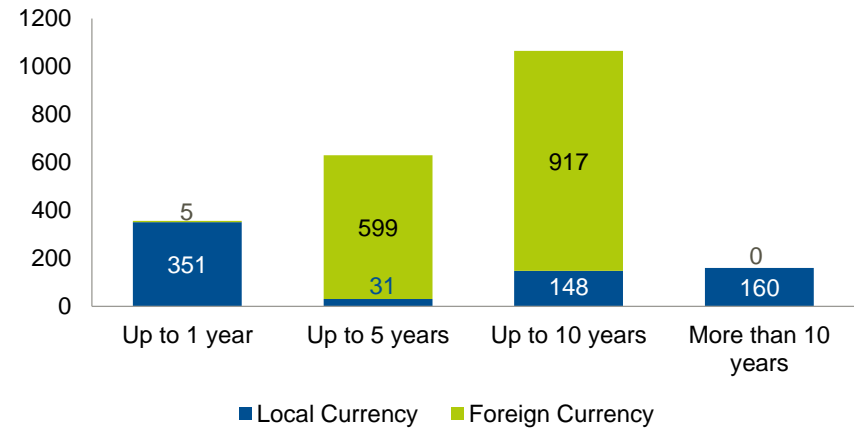
## Funding Composition (%)

Set 2019



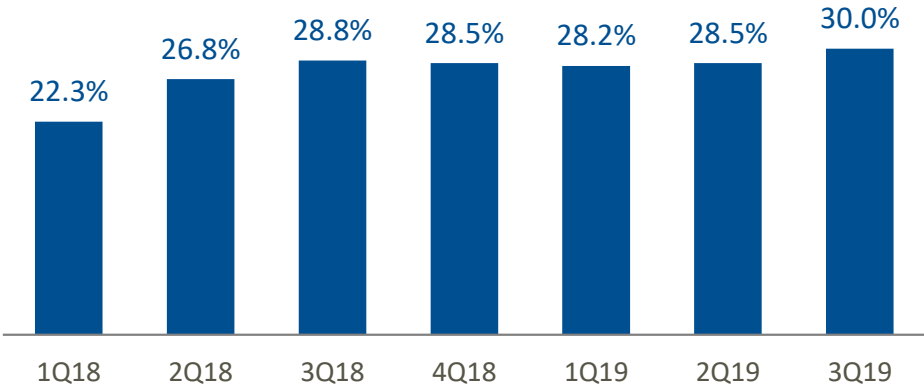
## Debt Maturity Profile (USD MM)

Set 2019

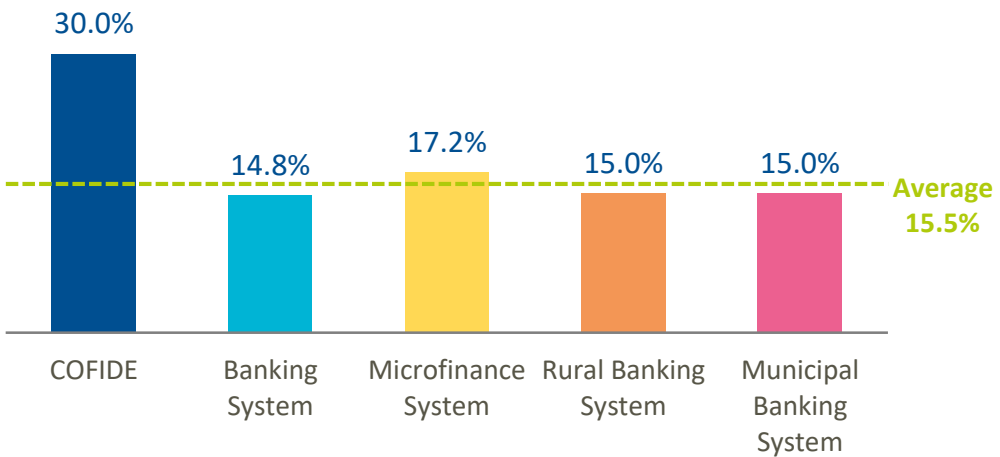


# Robust Capitalization Metrics

## Capitalization Ratio (1) (%)



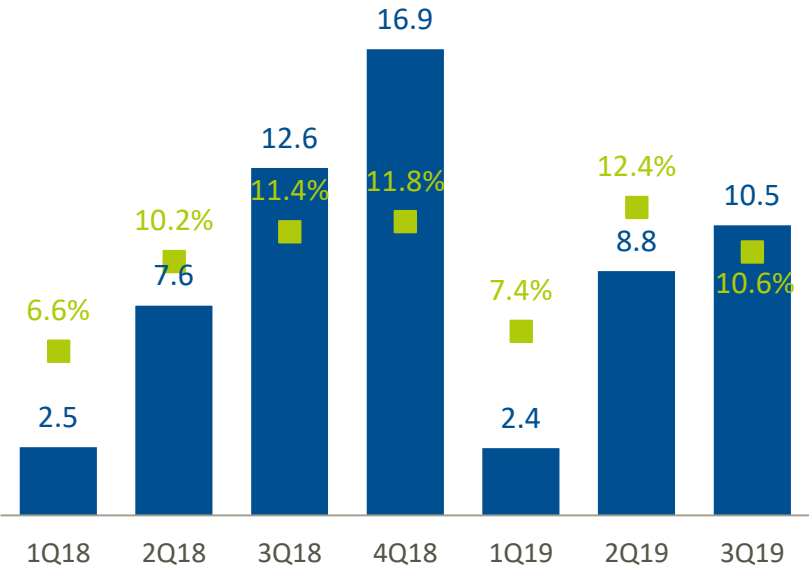
## Compared to Local Peers (2) (%)



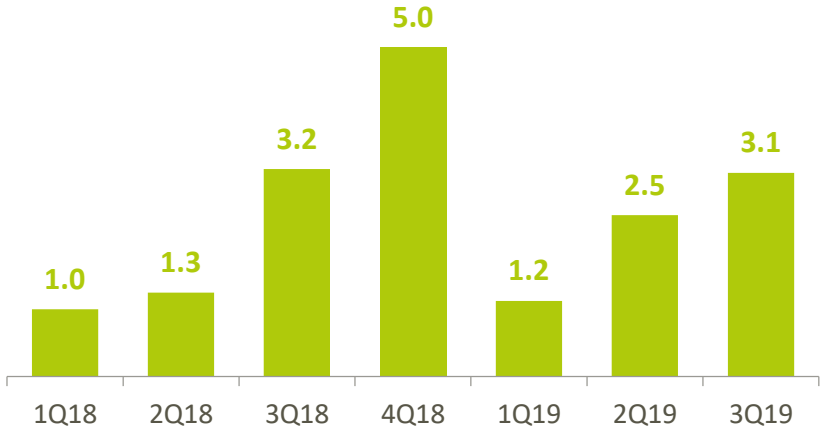
Notes:  
 (1) Capital adequacy ratio calculated as regulatory capital over risk weighted assets  
 (2) Financial System August 2019

# Improved Financial Performance Trend

**Gross Margin**  
(USD MM & %)

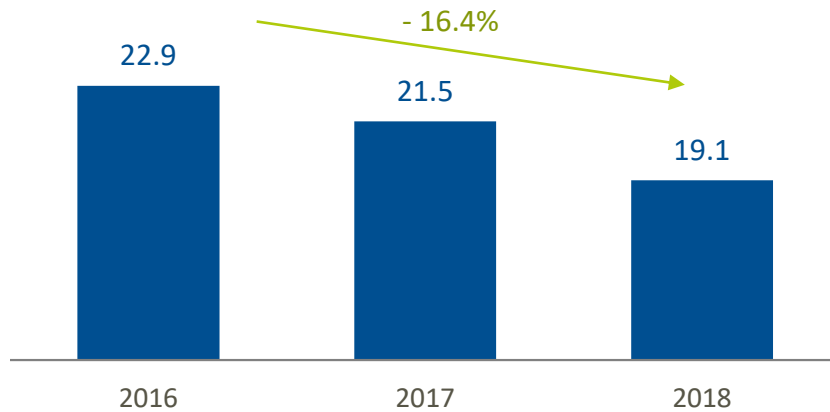


**Increased Net Income**  
(USD MM)

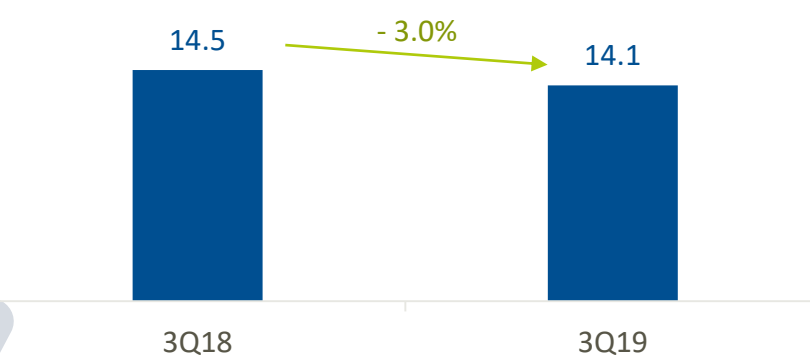


# Efficient Corporate Structure

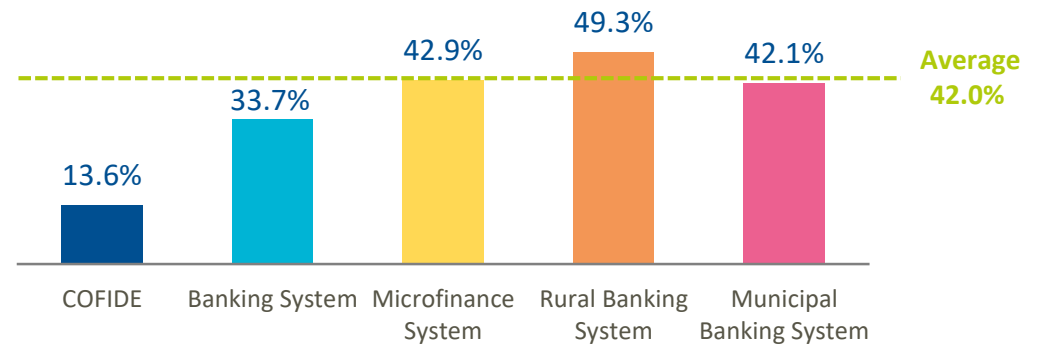
## Important Reduction in Operating Cost (USD MM)



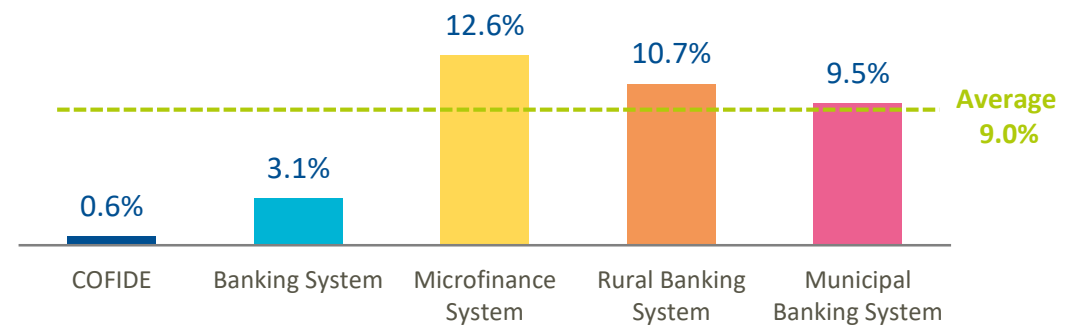
## Important Reduction in Operating Cost (USD MM)



## Operating Cost / Financial income - Local Peers (1)



## Operating Cost / Profitable Assets - Local Peers (1)



Notes:  
 (1) Financial System Sep 2019, Microfinance System Aug 2019



# FY 2019 Guidance for FY 2019

	9M 2019	Guidance for FY 2019
ROE	0.86%	<0.9%-1.3%>
Gross Margin	10.6%	<9%-13%>
Net Income	PEN 10.6 MM	<PEN 18 MM – 22 MM>
Capitalization Ratio	30.0%	>25%
Loan Loss Provisions / NPL	229%	<230%-250%>

## Key Takeaways

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- S&P upgraded COFIDE's outlook from negative to stable (August 13, 2019).
- NPL ratio significantly improved versus 3Q18, decreasing from 17.9% to 8.7%.
- Loan Loss Provisions increased from 96.8% to 229.1% year-over-year.
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