



# Corporate Presentation

December 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.



# COFIDE at a Glance

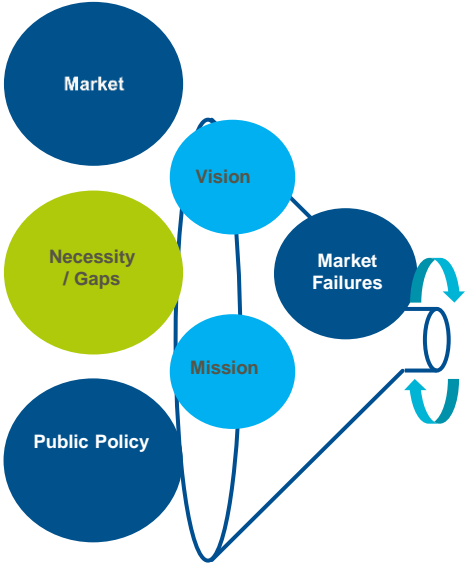
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<b>Who Owns Us</b>	<ul style="list-style-type: none"><li>■ The Republic of Peru (through FONAFE) owns 99.23%</li><li>■ CAF owns the remaining 0.77%</li></ul>
<b>What We Do</b>	<ul style="list-style-type: none"><li>■ Provide financing for infrastructure 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 the financing of large infrastructure projects, especially in energy and transportation</li><li>■ It includes important projects such as Lima Subway Line 2 and Chaglla Hydro Power Plant</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>



# Our Strategy to 2021

## A. Ensure the sustainability of COFIDE



- 1. Support productive investment and infrastructure - "Integrated Action"
- 2. Develop social infrastructure and decentralized investment
- 3. Strengthen the role of COFIDE in the support To the MYPE
- 4. Position COFIDE as Bank of Country Development

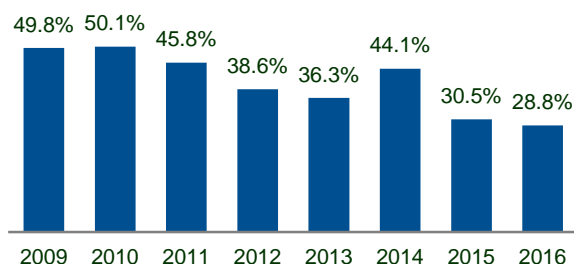


## B. Seek Excellence in Management

# 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



## 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

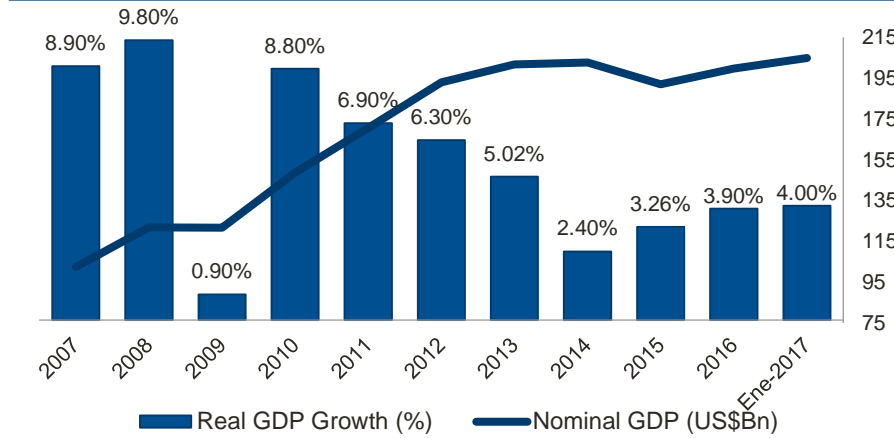
- CAF, a regional development bank established in 1970, acquired its stake in COFIDE in 1997
- US\$35.6Bn in assets (US\$22.0Bn in loans) as of September 2016.
- CAF ratings: Aa3 / AA- / AA-

Notes:

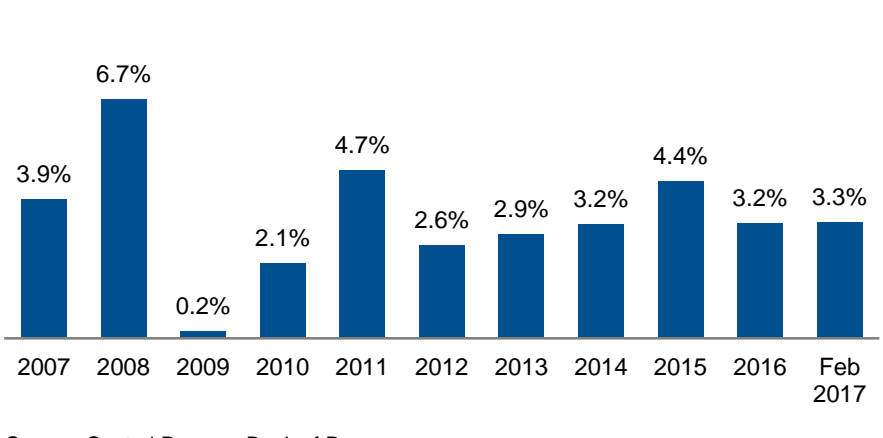
(1) Capital adequacy ratio calculated as regulatory capital over risk weighted assets .

# Peruvian Economy Keeps Growing...

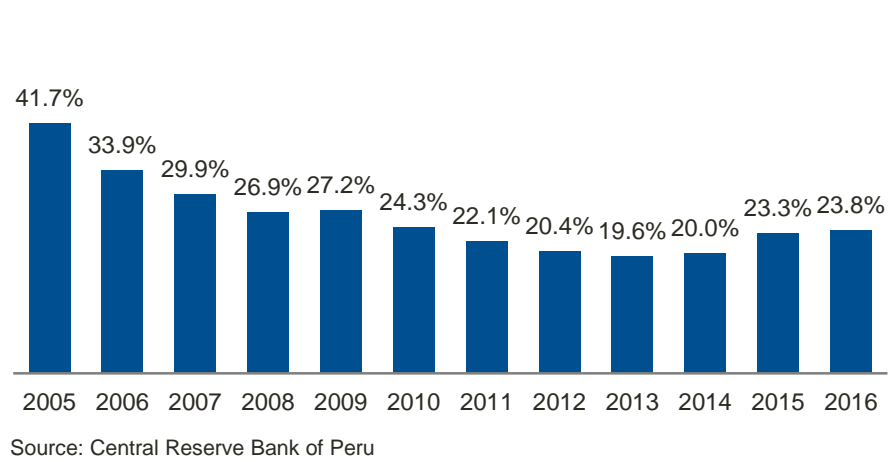
## Continued GDP Growth (%)



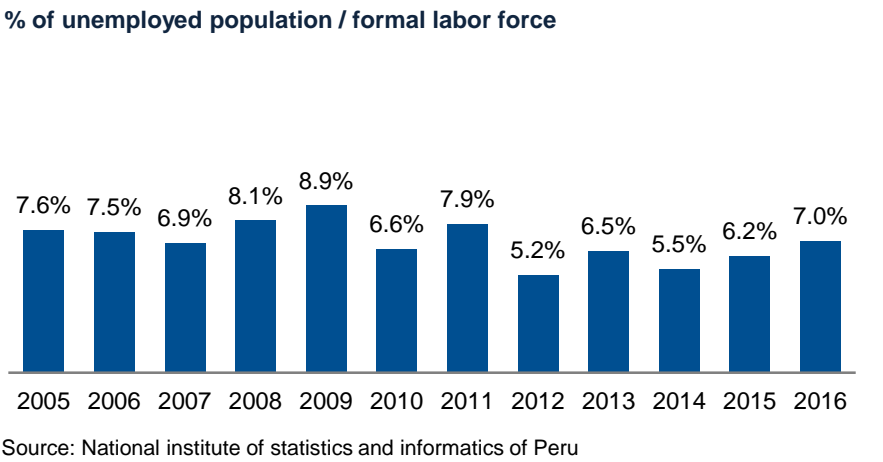
## Moderate Inflation (CPI, % change)



## Stable Debt / GDP (%)



## Low Unemployment (%)



# Overview of Main Lines of Business

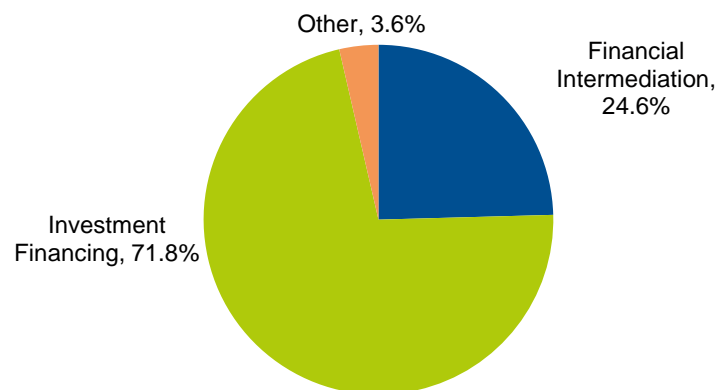
## Investment Financing

- **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\$ 192 mn as of December 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

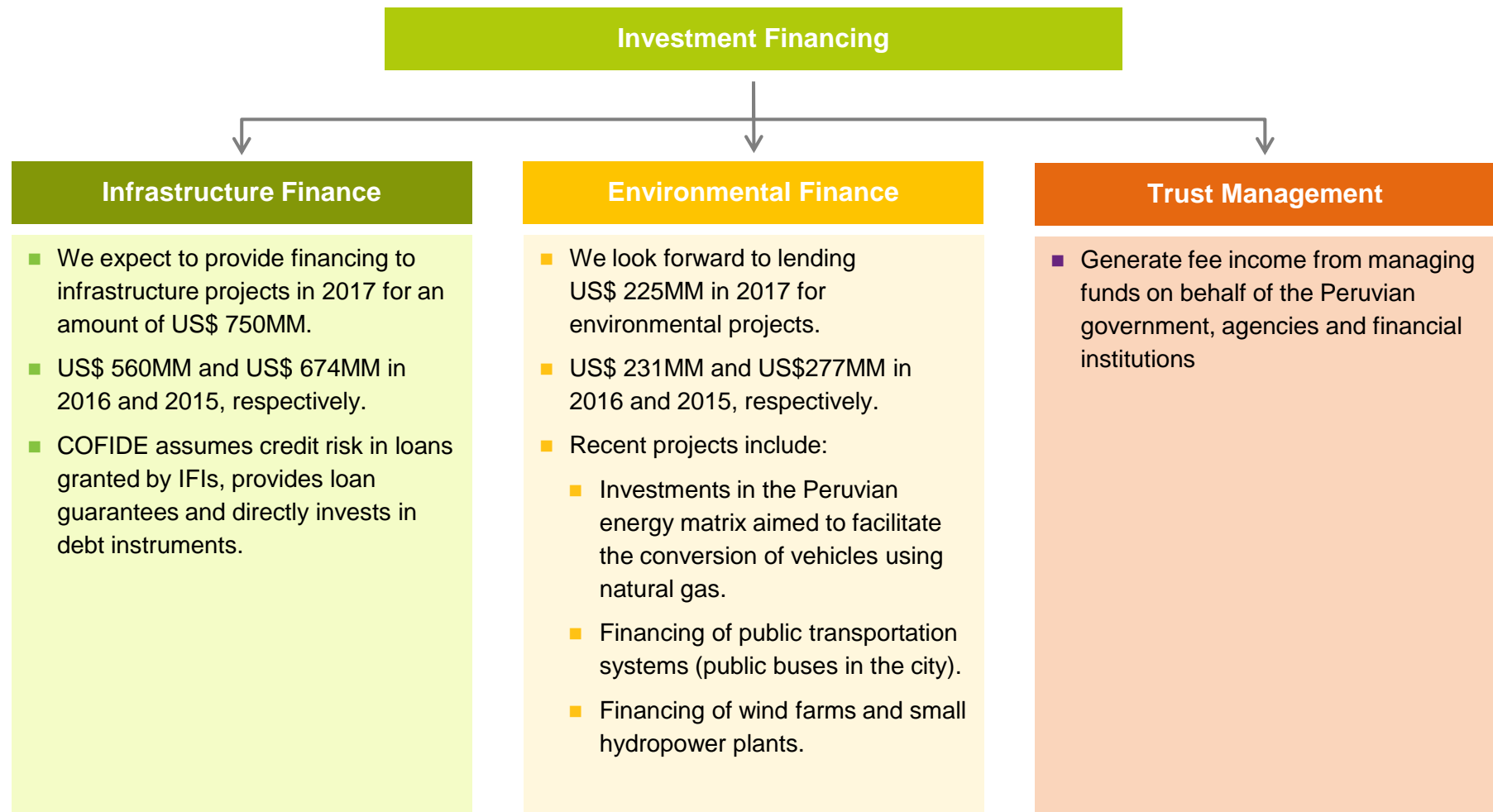
- All infrastructure financing projects are subject to the following four fundamental requirements:
  - Financing is done in partnership with other well known local and international financial institutions
  - COFIDE finances no more than 50% of the financing each infrastructure project <sup>(2)</sup>
  - 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)

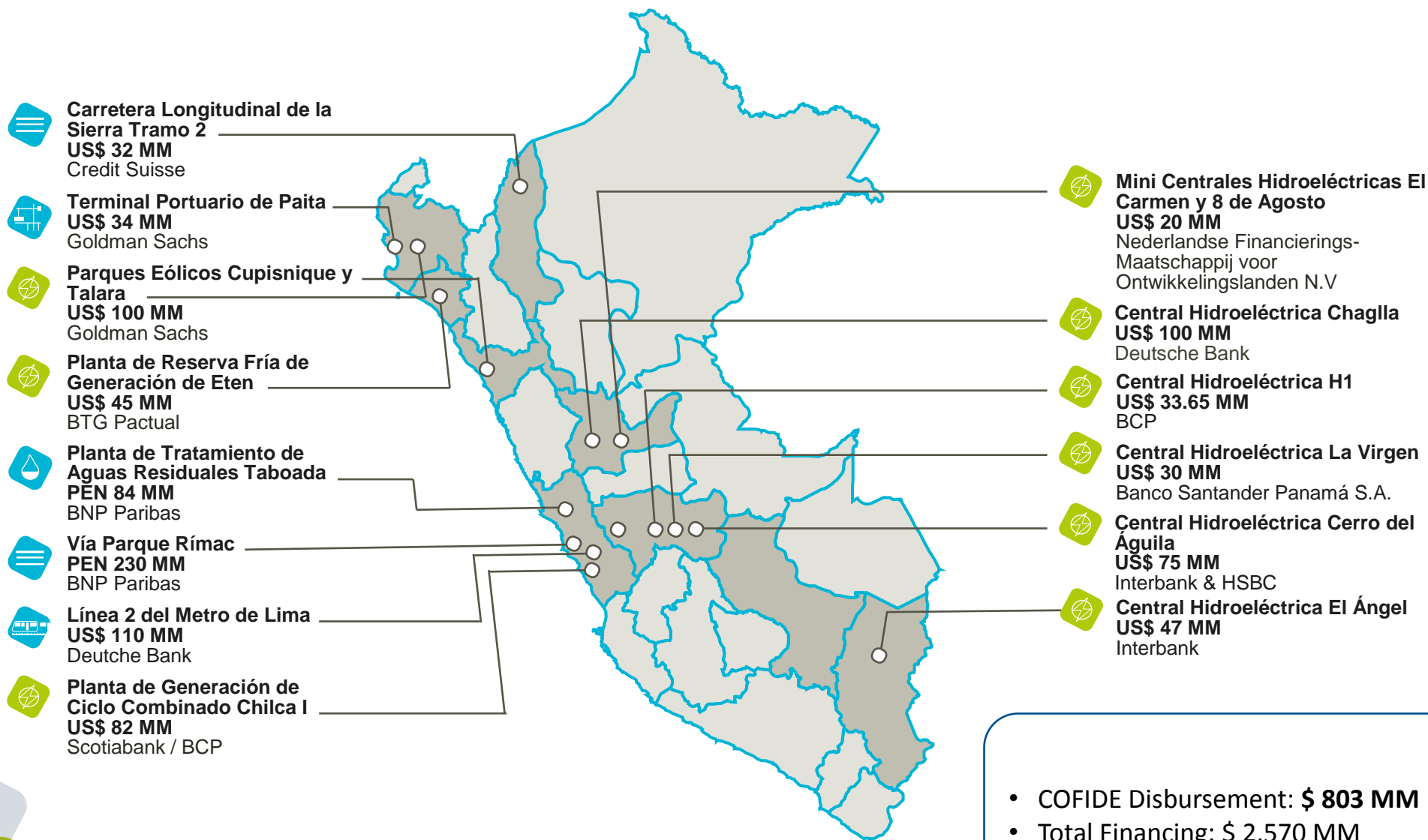
(2) Board of Directors can approve larger financings

# Investment Financing: Spearheading Infrastructure in Peru



*Peru has an infrastructure gap of more than US\$ 160Bn*

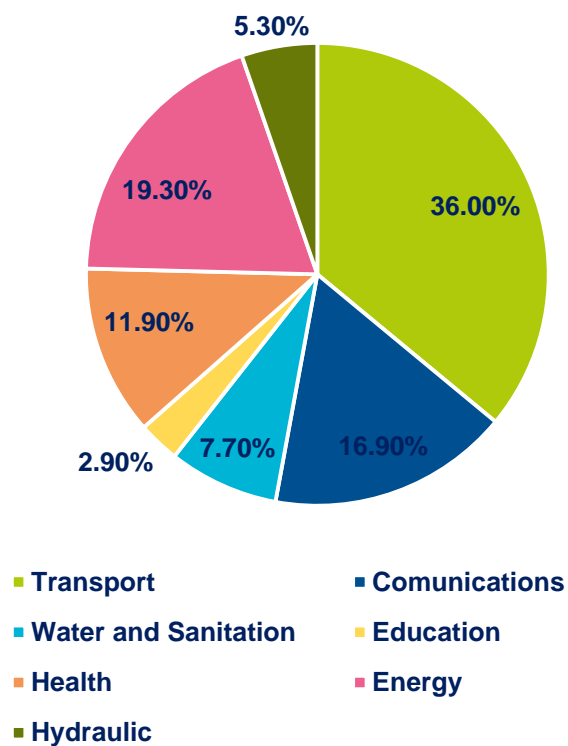
# Infrastructure Summary



- COFIDE Disbursement: **\$ 803 MM**
- Total Financing: **\$ 2,570 MM**

# Peruvian Infrastructure GAP

## Peruvian Infrastructure GAP 2016 - 2025



## Infrastructure GAP\* 2016-2025 (US\$ MiM)

Sector	GAP Short Horizont 2016 - 2020	GAP Mid Horizont 2021 - 2025	GAP Large Horizont 2016 - 2025
Water and Sanitation	6,970	5,282	12,252
Communication	12,603	14,432	27,036
Transport	21,253	36,246	57,499
Energy	11,388	19,387	30,775
Health	9,472	9,472	18,944
Education	2,592	1,976	4,568
Hydraulic	4,537	3,940	8,477
<b>Total</b>	<b>68,815</b>	<b>90,735</b>	<b>159,551</b>

Source: "Un Plan para salir de la pobreza: Plan Nacional de Infraestructura 2016 - 2025" – AFIN (2015).

\* The infrastructure gap estimate takes into account a horizontal gap (as a result of the comparison with the Pacific alliance countries in the medium term, and OECD countries in the long run), and a vertical gap (which depends on the needs Of the country associated with its growth).

# COFIDE Infrastructure Projects 2017

## RUTAS DE LIMA



**Total Investment: S/ 3,352 MM**  
**COFIDE : S/ 180 MM**  
**Sponsors: Brookfield, Odebrecht, ySigma**

## VÍA EXPRESA SUR



**Total Investment: US\$ 330 MM**  
**COFIDE : US\$ 25 MM**  
**Sponsor: Graña y Montero**

## INTERNATIONAL AIRPORT OF CHINCHERO



**Total Investment : US\$ 477 MM**  
**COFIDE : US\$ 20 MM**  
**Sponsors: Corporación America y Andino Investment Holding**

## AEROPUERTOS DEL PERÚ



**Total Investment : US\$ 1,200 MM**  
**COFIDE : Por definir**  
**Sponsors: Grupo Sandoval - Talma**

## PORT OF PISCO



**Total Investment : US\$ 347 MM**  
**COFIDE : US\$ 91.5 MM**  
**Sponsors: Servinoga S.L, Pattac Empreendimentos e Participações S.A. y Tucumann Engenharia e Empreendimentos Ltda**

## COSAC & EXTENSIONS



**Total Investment : + de US\$ 130 MM**  
**COFIDE : To define**  
**T. Norte + T. Sur: + de 15 km adicionales**

# COFIDE Infrastructure Projects (2017 – 2018)\*

## LONGITUDINAL DE LA SIERRA HIGHWAY



Total Investment : US\$ 464 MM  
COFIDE : US\$ 100 MM

## HUANCAYO-HUANCAVELICA RAILWAY



Total Investment : US\$ 204 MM  
COFIDE: US\$ 35 MM

## MANTARO-YANANCO TRANSMISSION LINE



Total Investment : US\$ 568.2 MM  
COFIDE: US\$ 100 MM

## LIMA RING ROAD



Total Investment : US\$ 2,047 MM  
COFIDE : US\$ 100 MM

## TITICACA WATER TREATMENT PLANT



Investment : US\$ 300 MM  
COFIDE : US\$ 55 MM

## PORT OF ILO

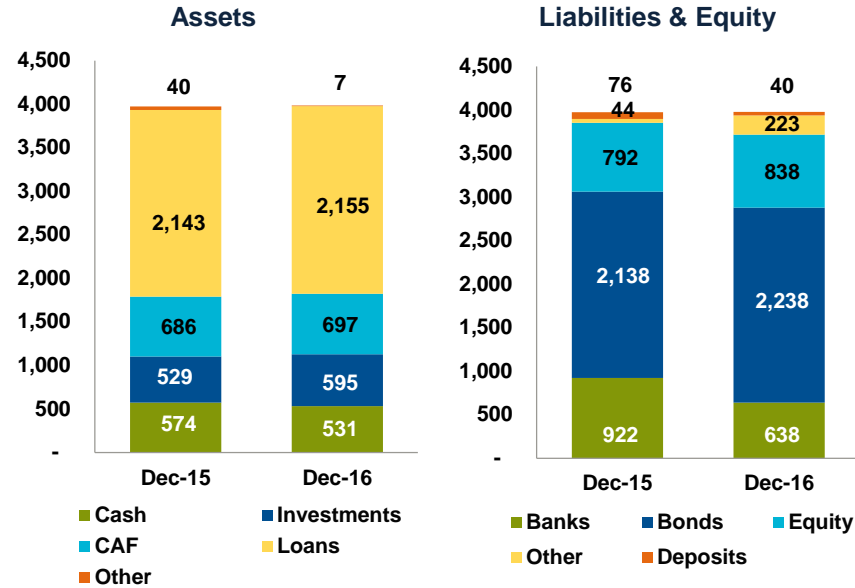


Total Investment : US\$ 204 MM  
COFIDE : US\$ 40 MM

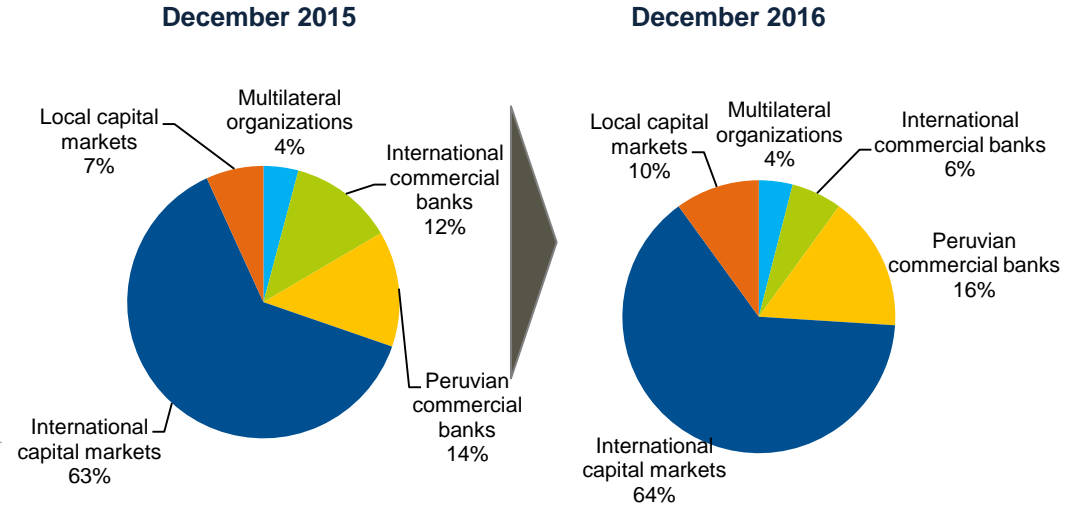
(\*) Next Projects to be granted by Proinversion

# COFIDE's Strong Balance Sheet

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

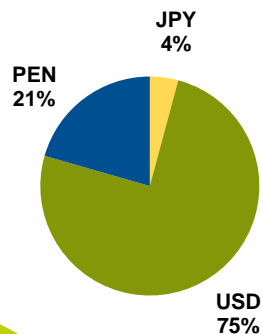


## Funding Breakdown

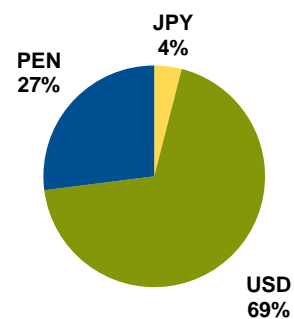


## Diversified Funding by Currency

December 2015

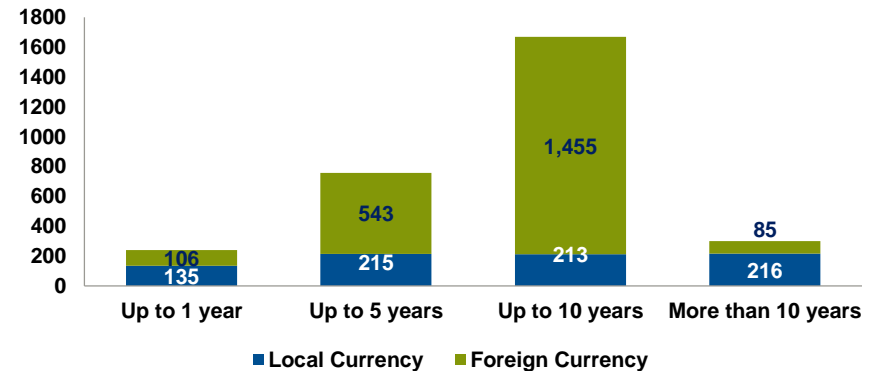


December 2016



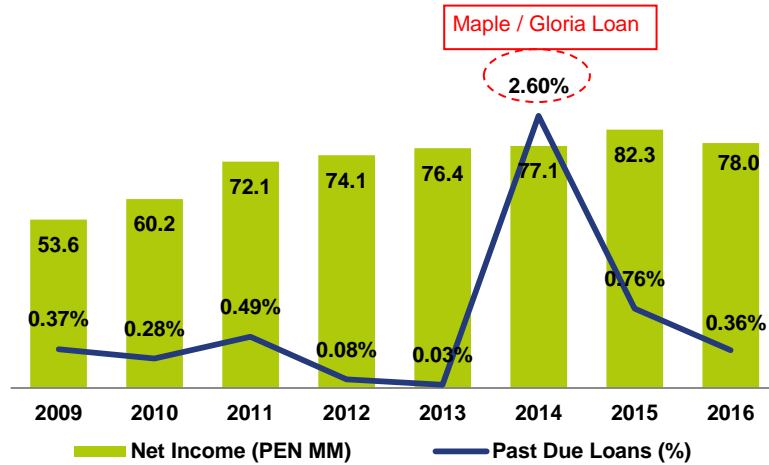
## Debt Maturity Profile (US\$m)

December 2016



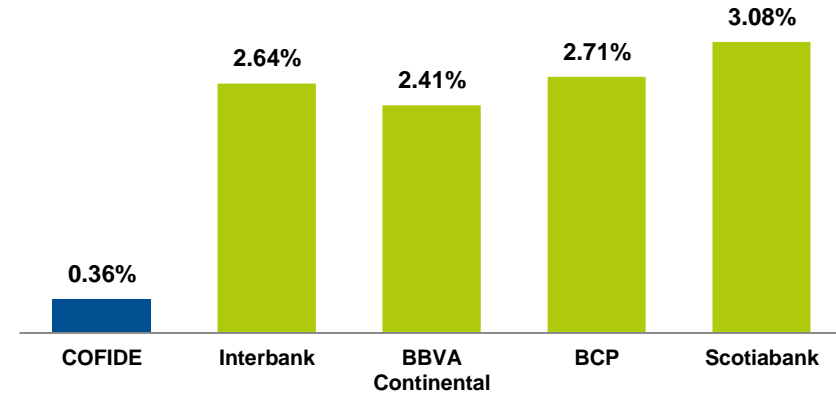
# Portfolio Reflects Good Credit Culture and Strong Capital

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



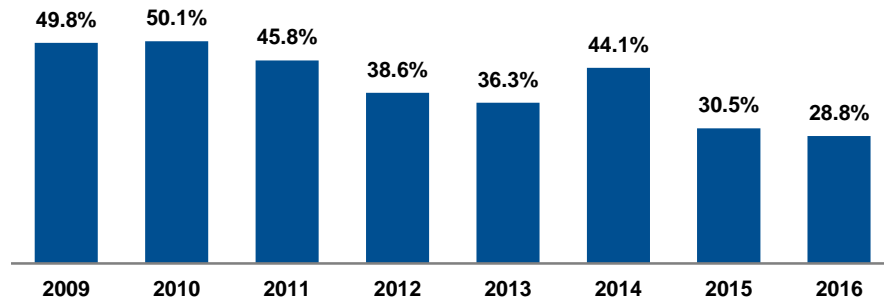
Past Due Loans / Total Loans – Financial System (%)

December 2016



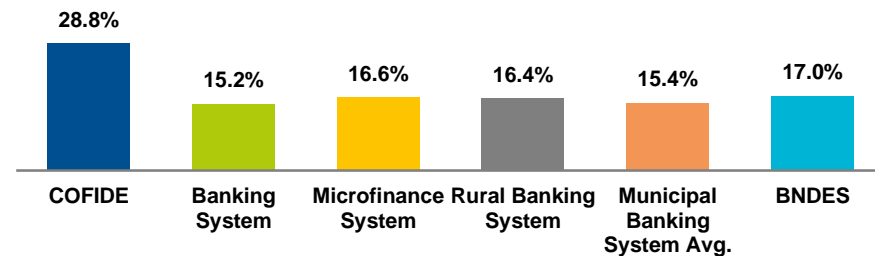
Capital Adequacy Ratio <sup>(1)</sup>

Evolution 2009 – 2016



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

December 2016



Source: Superintendencia de Banca, Seguros y AFP

Notes:

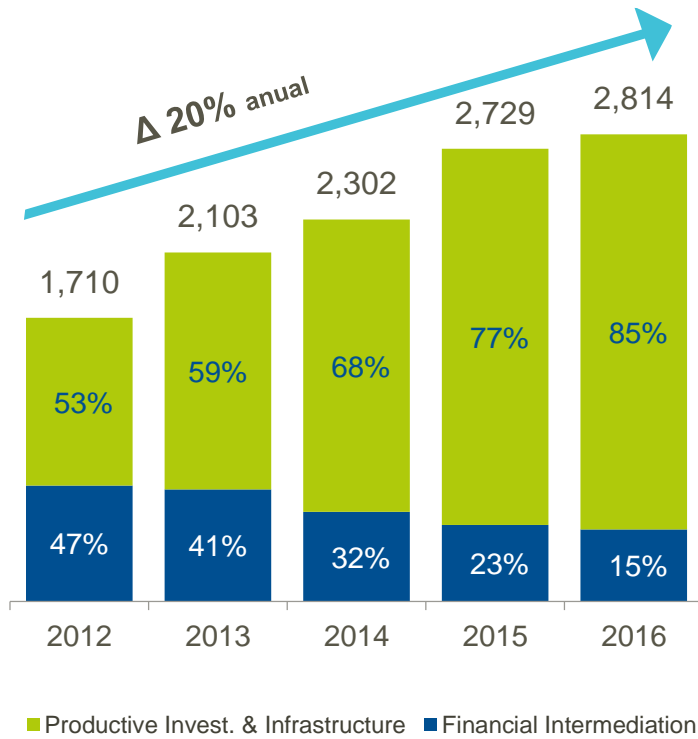
(1) Capital adequacy ratio calculated as regulatory capital over risk weighted assets.

Source: Superintendencia de Banca, Seguros y AFP.

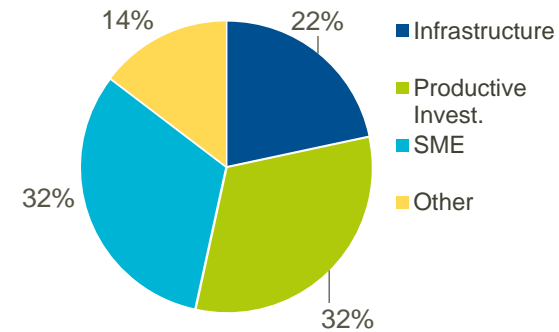


# Portfolio Reflects Good Credit Culture and Strong Capital

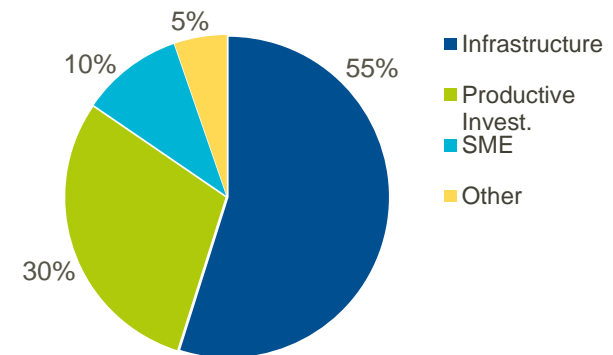
**Loans & Investments by Business Line**



**BreakDown as of dec-2011 (%)**



**BreakDown as of dec-2016 (%)**





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