

COFIDE

Earnings Presentation 2Q 2019



COFIDE
EL BANCO DE DESARROLLO DEL PERÚ

Topics

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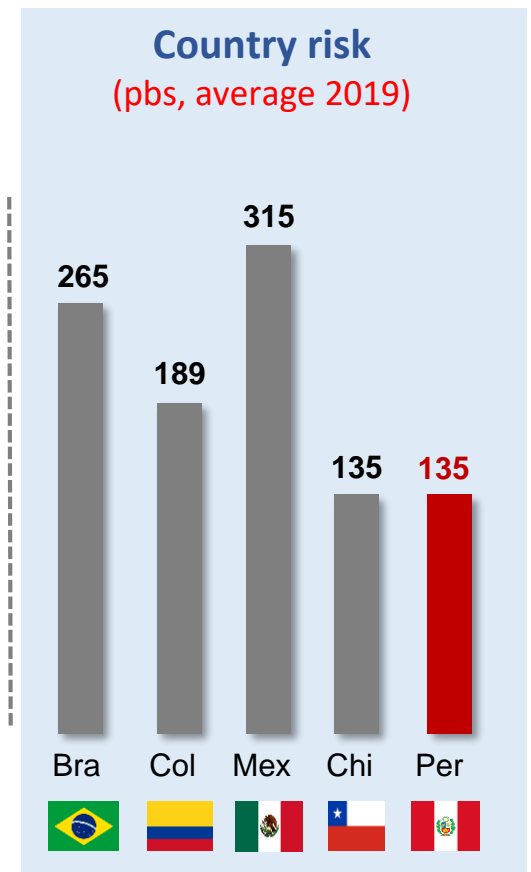
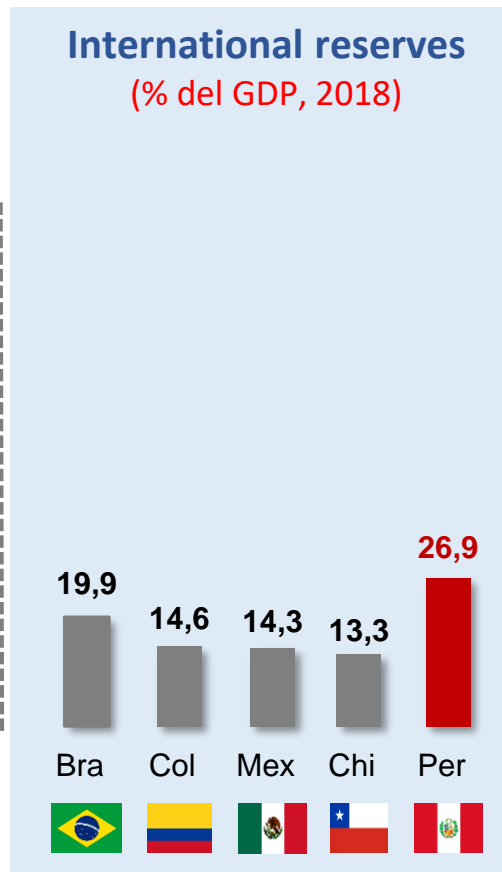
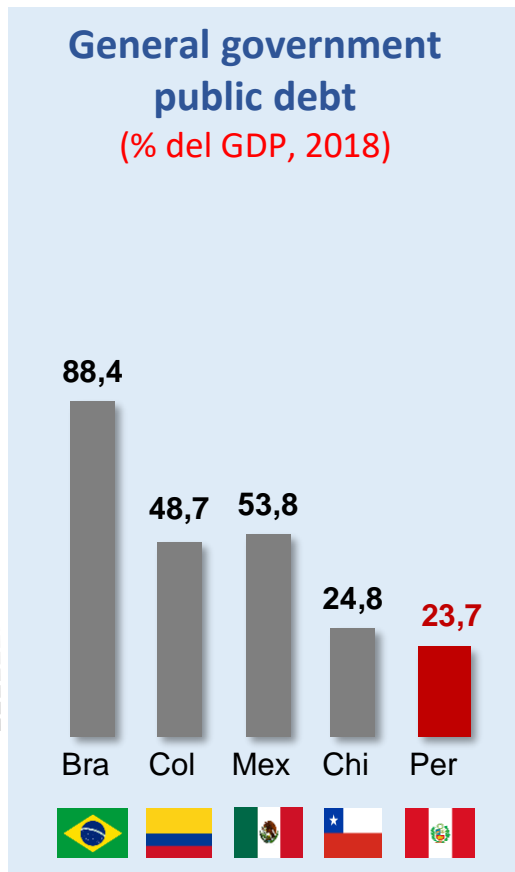
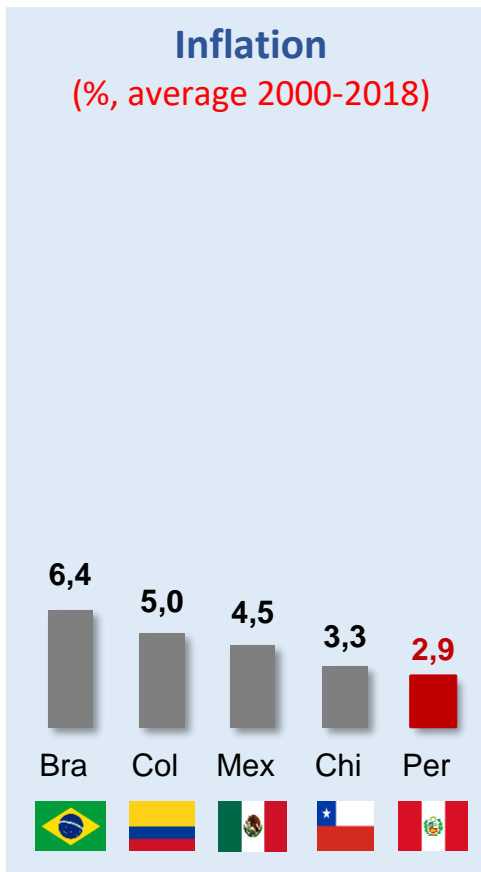
2Q19 Highlights

- Net income after taxes increased versus 2Q18 by 415.3%, reaching USD 1.3 million.
- NPL ratio significantly improved versus 2Q18, decreasing from 18.1% to 7.7%.
- Loan Loss Provisions increased from 93.8% to 243.9% year-over-year.
- Capital Ratio increased from 26.8% to 28.5% year-over-year, well above the average of the Peruvian banking sector.
- The Bond portfolio increased by 5.8% year-over-year, partially offsetting the Loan portfolio decline.
- New USD 25 million - 15 year concessional credit line facility granted by ICO (Spanish state-owned Bank).
- Issuance of First Green Bond: 3 year, PEN 100 MM and YTM 5,125%, oversubscribed by 1.41 times.
- COFIDE cashed a penalty fee of USD 4.0 million for the prepayment of Odebrecht's Chaglla Power senior loan, after the sale of the plant to China's Three Gorges. This operation boosted gross margin to 12.4% during the 2Q19.

Recent Events

- 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 280 SME.
- New Board Member appointed (July 8, 2019) and appointment of 3 new officers (August 1, 2019).
- COFIDE is in search of a CEO and an Development and Innovation Officer.
- S&P upgraded COFIDE’s outlook from negative to stable (August 13, 2019).

Peru's Strong Macroeconomic Fundamentals



Sources: BCRP

Key Financial Figures

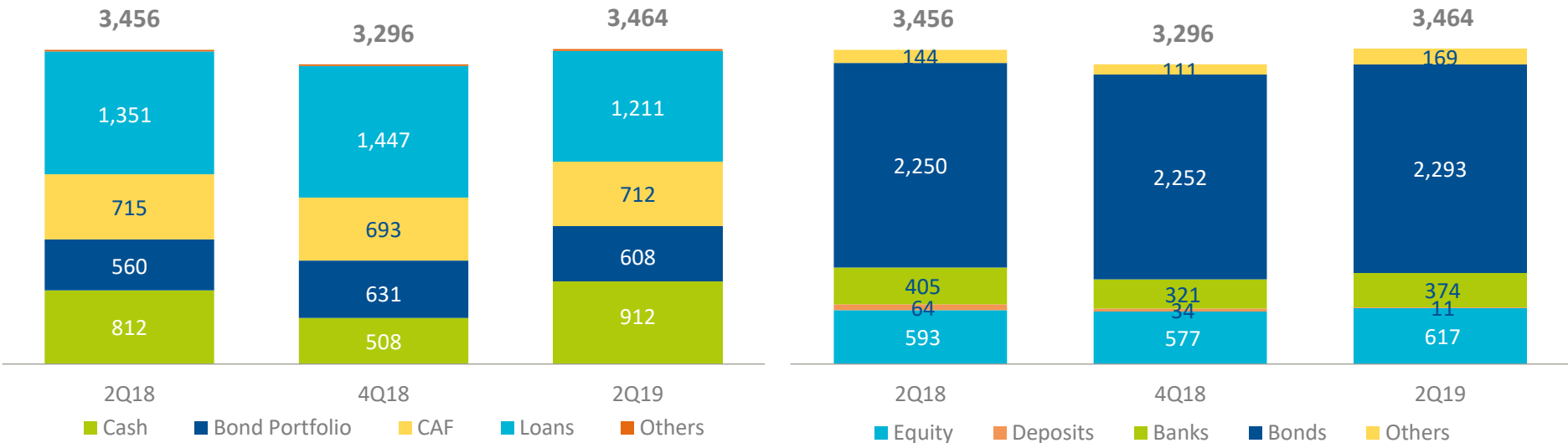
Key Indicators	2Q2019	2Q2018	1Q2019	YoY	
Loans net of provisions (USD MM)	1,211	1,351	1,265	-10.4%	
Bond portfolio (USD MM)	564	533	594	5.8%	
Cash (USD MM)	912	812	700	12.3%	
Gross margin (%)	12.4	10.2	7.4	220 bps	
Operating Cost (USD MM)	4.8	4.3	5.5	10.7%	
Net income after taxes (USD MM)	1.31	0.26	1.16	415.3%	
Non-performing loans (%)	7.7	18.1	7.4	-1047 bps	
Provisions/NPL (%)	243.9	93.8	242.2	15007 bps	
ROAE (%)*	1.06	3.90	0.86	-284 bps	
Capital Ratio (%)	28.5	26.8	28.2	169 bps	

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

Assets and Liabilities Breakdown

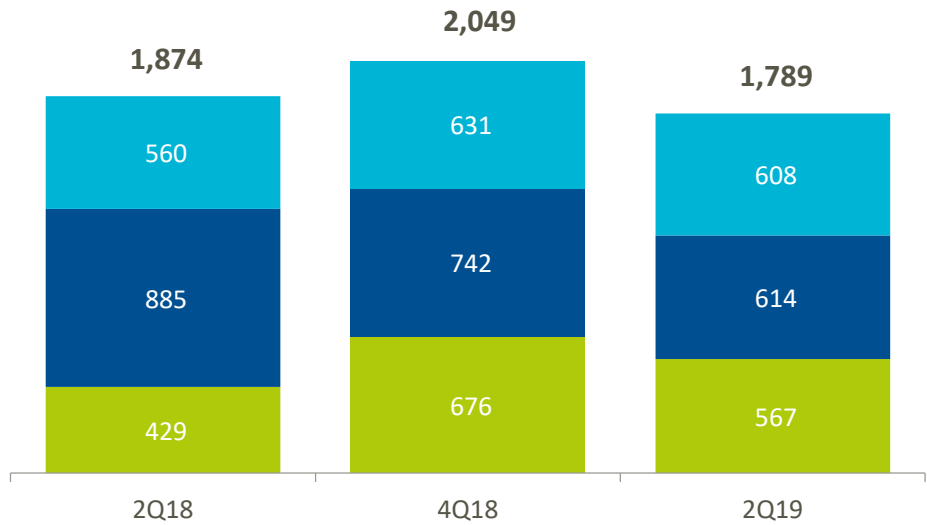
Assets (USD MM)

Liabilities & Equity (USD MM)



Higher Bond Portfolio and SME Financing YoY

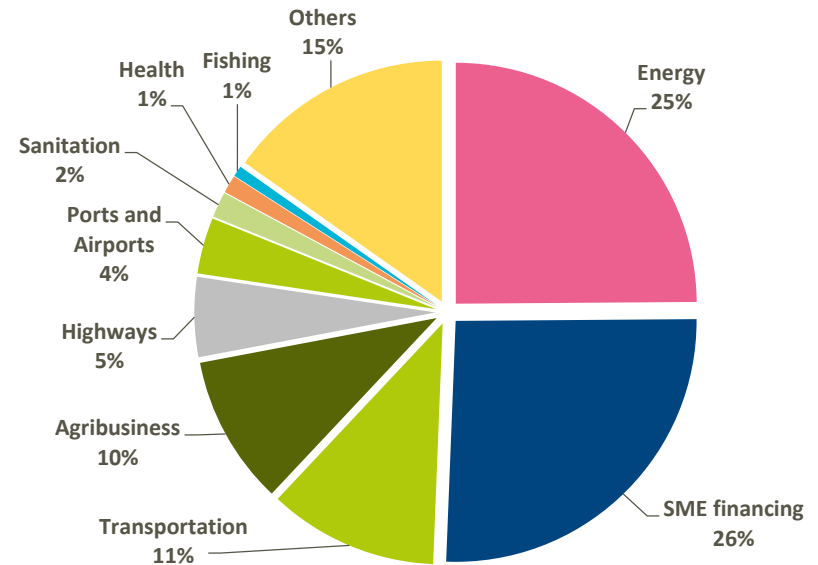
Loans & Bond Portfolio (USD MM)



■ 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

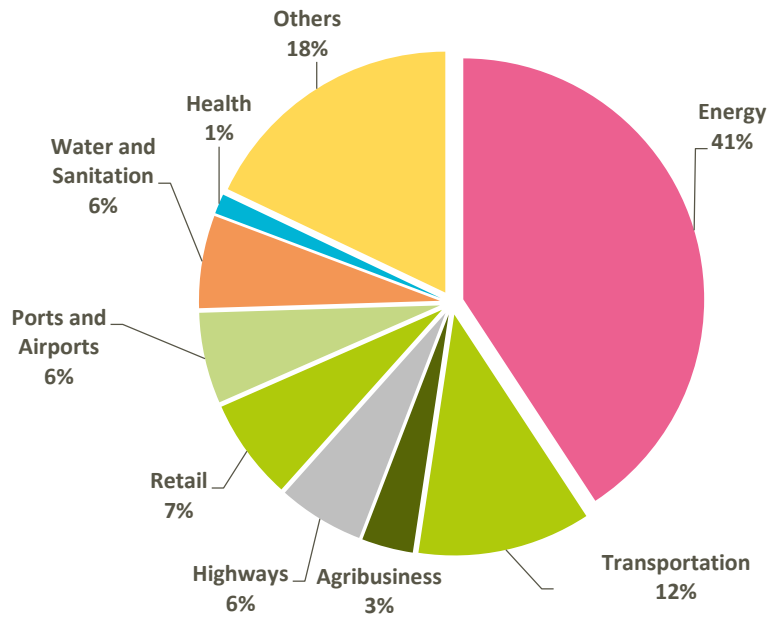
Main Positions in Bond Portfolio

USD							
Issuer	Economic Sector	Maturity	YTM	Mark to Market Amount USD MM	Unrealized P&L USD MM	Internacional Rating	% Portafolio
ENERGIA EOLICA	Energy	18/08/2034	6.35%	95.1	6.5	BBB-	23.02%
CERRO DEL AGUILA	Energy	16/08/2027	4.13%	52.0	1.2	BBB-	12.57%
ETEN	Energy	30/12/2033	7.68%	43.4	2.7	BBB-	10.50%
TERMINALES PORTUARIOS PAITA	Transport	5/07/2034	8.23%	37.1	3.6	BB	8.97%
LONGITUDINAL DE LA SIERRA II	Transport	30/11/2033	5.23%	35.1	0.9	BBB	8.50%
OTHERS				150.6	4.7		36.45%
Total USD			6.14%	413.3	19.5		100.00%

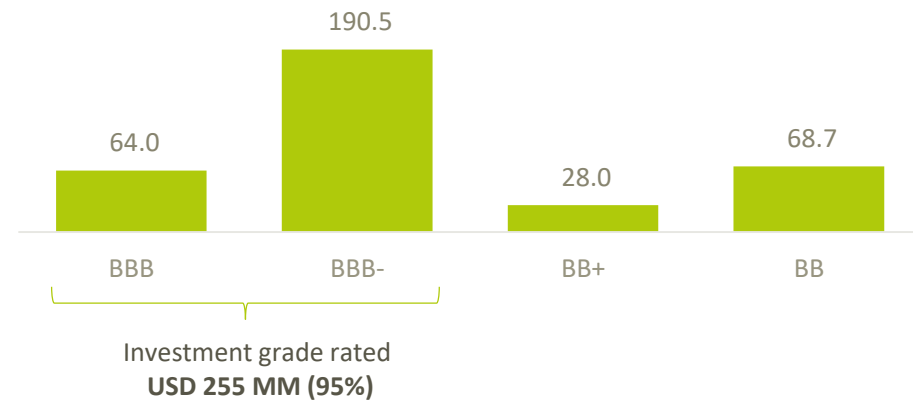
PEN							
Issuer	Economic Sector	Maturity	YTM	Mark to Market Amount eq. USD MM	Unrealized P&L eq. USD MM	Local Rating	% Portafolio
LÍNEA AMARILLA	Transport	30/06/2037	8.76%	70.6	2.5	AA	36.22%
TABOADA FINANCE LTD	Sanity	1/01/2033	7.92%	37.8	9.0	AAA	19.40%
PRIMAX 1	Energy	7/10/2036	7.94%	27.1	2.3	AA	13.89%
CORPORACIÓN AZUCARERA DEL PERÚ	Agribusiness	15/08/2031	9.00%	21.0	-0.1	A+	10.76%
PRIMAX	Energy	7/10/2027	7.13%	13.1	0.8	AA	6.74%
OTHERS				25.3	0.3		12.99%
Total PEN			8.15%	194.9	15.4		100.00%
COFIDE (USD)				608.3	34.9		

High Quality Bond Portfolio

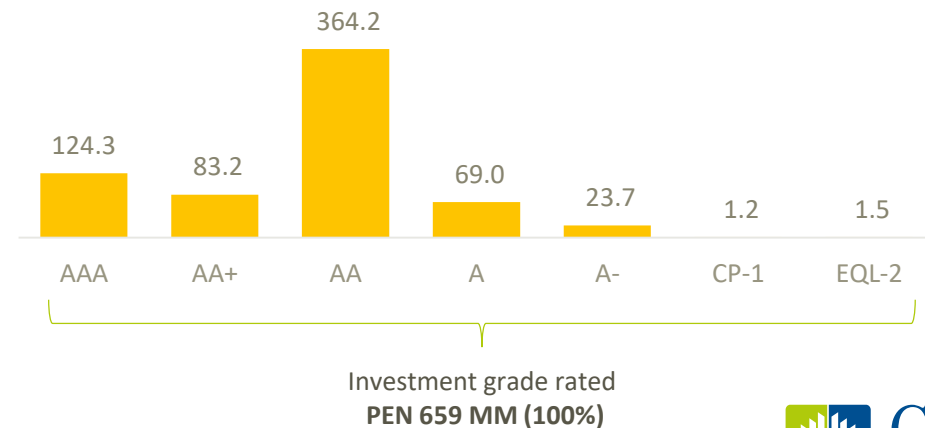
Portfolio by Economic Sector (USD MM)



Portfolio by International Rating (USD MM)

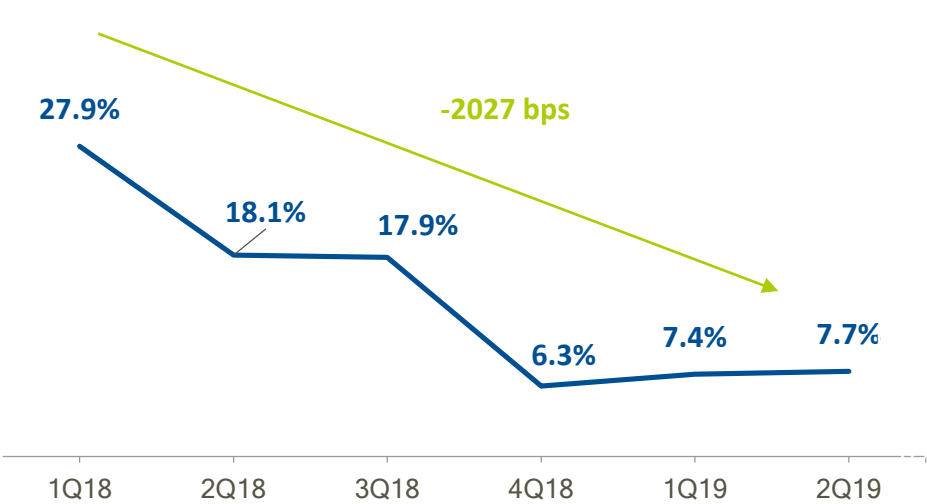


Portfolio by Local Rating (PEN MM)

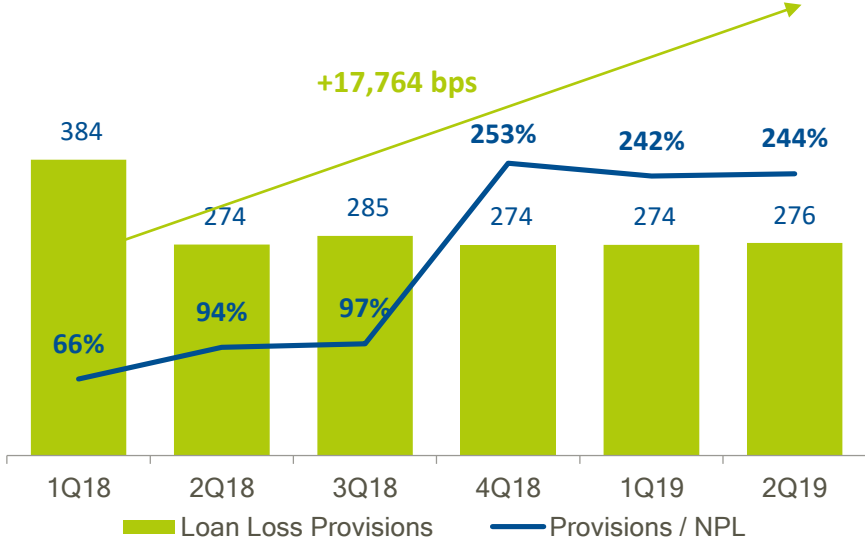


Stronger Credit Metrics in the Loan Portfolio

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	165.35	DOUBTFUL	60.0%	99.21
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
Total			499.88			433.74

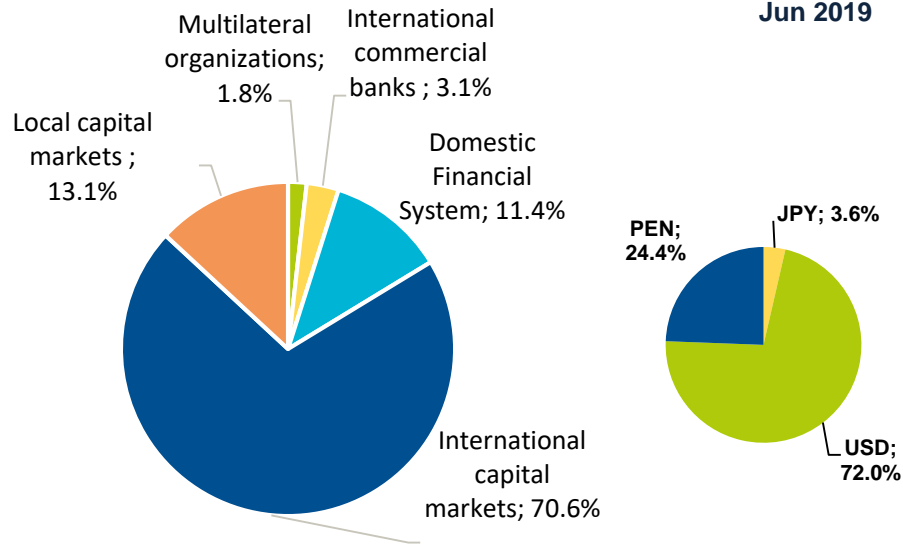
(*) Does not include indirect loan

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

Stable and Diversified Funding

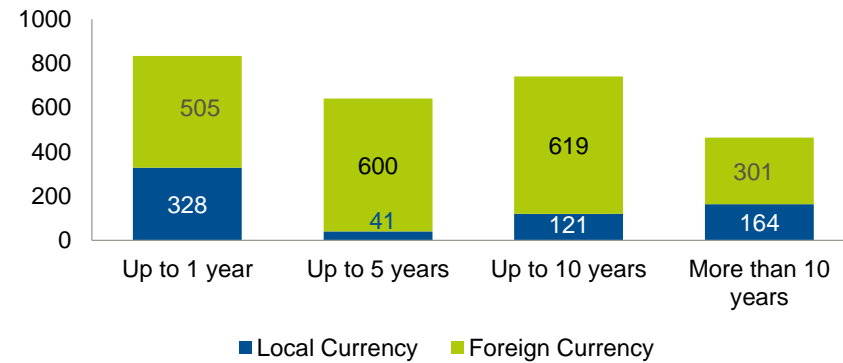
Funding Composition (%)

Jun 2019



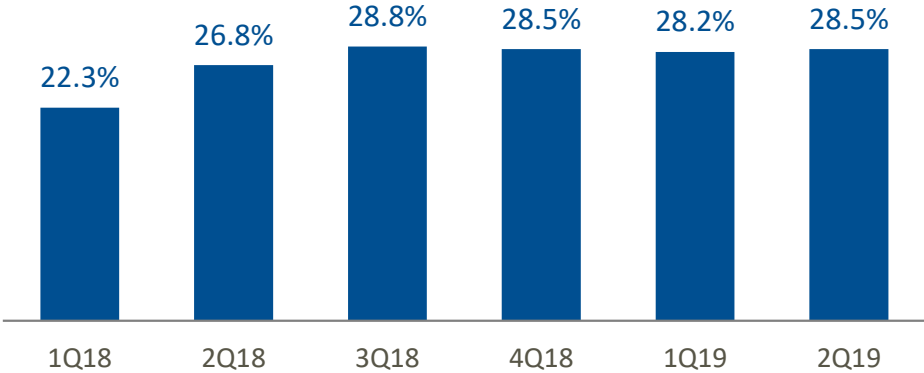
Debt Maturity Profile (USD MM)

Jun 2019

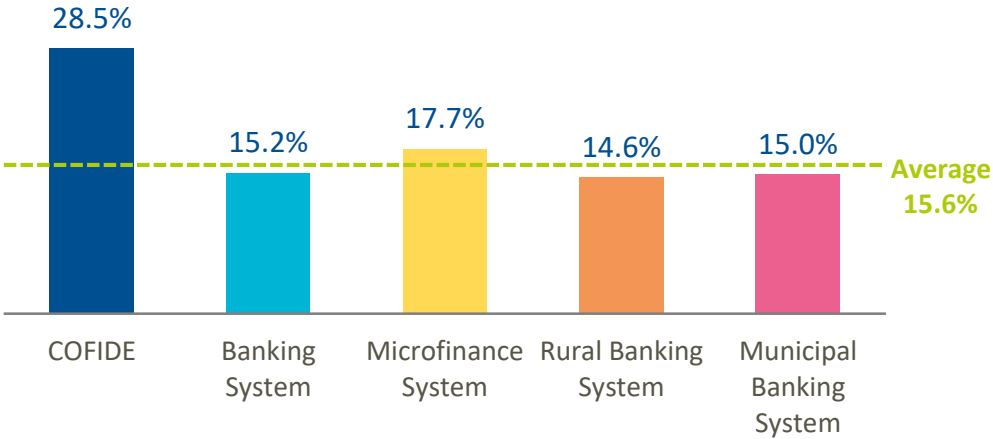


Robust Capitalization Metrics

Capitalization Ratio (1) (%)



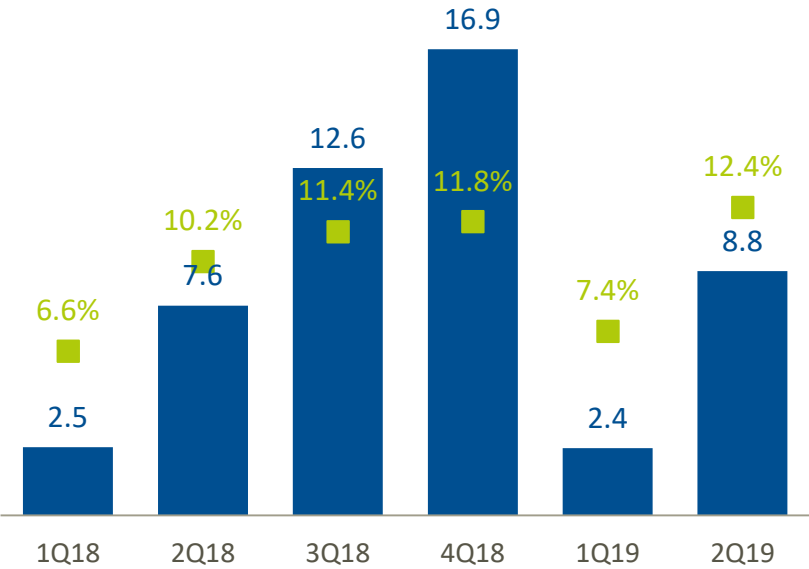
Compared to Local Peers (2) (%)



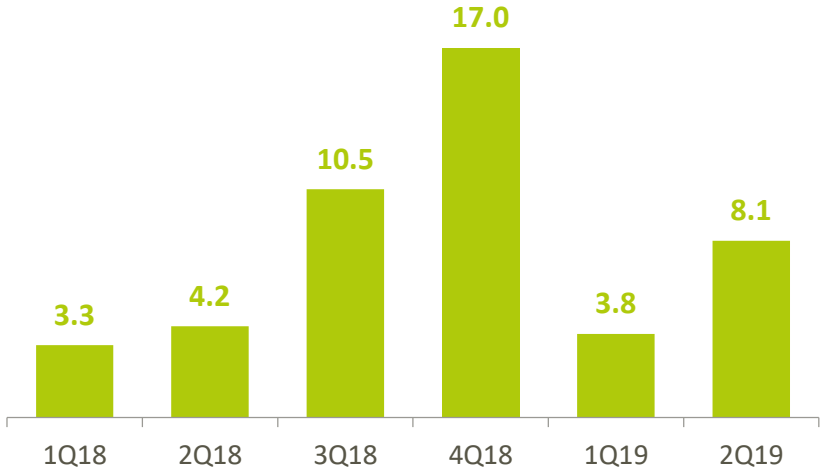
Notes:
 (1) Capital adequacy ratio calculated as regulatory capital over risk weighted assets
 (2) Financial System April 2019

Improved Financial Performance Trend

Gross Margin – upward trend
(USD MM & %)

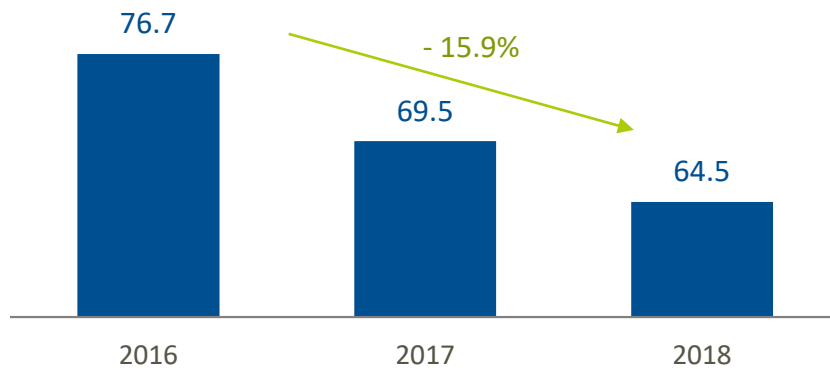


Increased Net Income
(PEN MM)

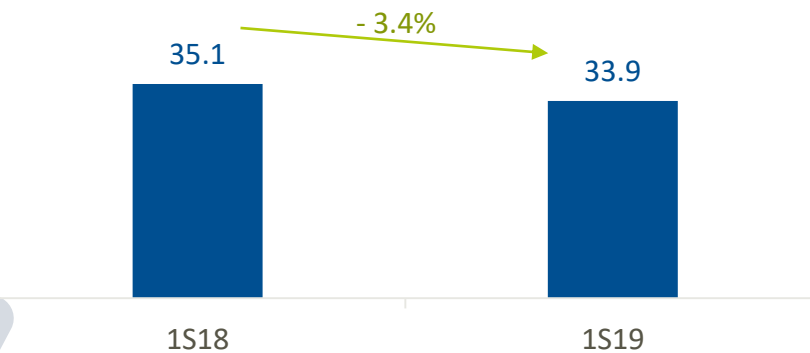


Efficient Corporate Structure

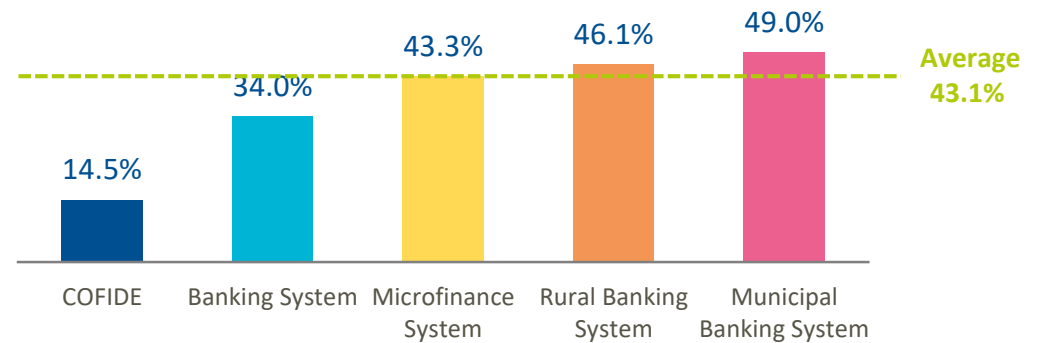
Important Reduction in Operating Cost (PEN MM)



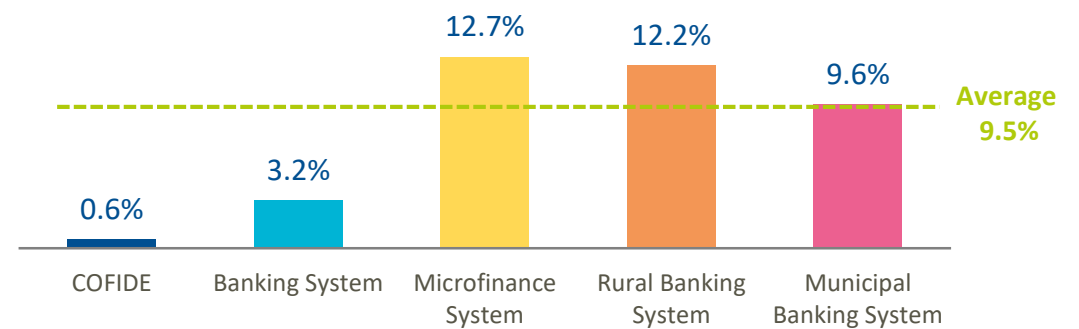
Important Reduction in Operating Cost (PEN MM)



Operating Cost / Financial income - Local Peers (1)



Operating Cost / Profitable Assets - Local Peers (1)



Notes:
(1) Financial System May 2019

FY 2019 Guidance for FY 2019

	1H 2019	Guidance for FY 2019
ROE	1.06%	<0.9%-1.3%>
EBITDA Margin	8.6%	<9%-13%>
Net Income	PEN 8.1 MM	<PEN 18 MM – 22 MM>
Capitalization Ratio	28.5%	>25%
Loan Loss Provisions / NPL	244%	<250%-300%>

Key Takeaways

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Disclaimer

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