

BALANCE SHEET

As of March 31, 2019
(In thousands of soles)

<u>Assets</u>	<u>TOTAL</u>	<u>Liabilities</u>	<u>TOTAL</u>
Cash and due from banks	2,321,330	Obligations to the public	12,119
Available-for-sale investments	4,420,651	Deposits of financial entities	104,273
Loan portfolio, net	4,198,790	Borrowings and financial obligations	8,480,289
Hedge derivatives	650	Held-for-trading and hedge derivatives	8,406
Accounts receivable, net	3,598	Accounts payable	69,642
Property, furniture, and equipment, net	5,903	Provisions	143,215
Intangible assets, net	869	Deferred tax	172,140
Current tax	23,795	Other liabilities	5,526
Other assets	6,372		
		Total liabilities	8,995,610
		Net equity	
		Capital stock	1,882,848
		Additional capital	13,523
		Required reserves	2,149
		Adjustments to equity	60,263
		Retained earnings	23,719
		Net profit or loss for the period	3,846
		Total net equity	1,986,348
Total Assets	10,981,958	Total liabilities and net equity	10,981,958

Income Statement
Income Statement

from January 01 to March 31, 2019

(In thousands of soles)

	<u>TOTAL</u>
<u>Interest income</u>	<u>110,303</u>
Cash and due from banks	11,609
Available-for-sale investments	32,317
Direct loan portfolio	66,377
<u>Interest expenses</u>	<u>102,236</u>
Obligations to the public	148
Borrowings and obligations of the local financial system	7,152
Borrowings and obligations of the foreign financial system	4,142
Other borrowings and local and foreign obligations	526
Fees and other charges on borrowings and financial obligations	1,909
Securities, bonds and obligations outstanding	87,729
Interest on accounts payable	216
Profit or loss from hedging operations	414
Gross finance margin	<u>8,067</u>
<u>Provision for direct loans</u>	<u>(6,539)</u>
Net finance margin	<u>14,606</u>
<u>Income from finance services</u>	<u>7,084</u>
Income from indirect lending	1,192
Income from trust and trust fees	5,841
Various income	51
<u>Expenses from finance services</u>	<u>750</u>
Expenses from trust and trust fees	68
Various expenses	682
Financial margin net of income and expenses for finance services	<u>20,940</u>
Profit or loss from financial transactions	<u>10,288</u>
Available-for-sale investments	3,802
Held-for-trading derivatives	(5,455)
Profit or loss from hedging operations	-496
Exchange difference, net	12,126
Others	311
Operating margin	<u>31,228</u>
<u>Administrative expenses</u>	<u>18,330</u>
Personnel and board of directors' expenses	10,740
Expenses for services received from third parties	6,402
Taxes and contributions	1,188
<u>Depreciation and amortization</u>	<u>861</u>
Net operating margin	<u>12,037</u>
<u>Net asset and provision valuation</u>	<u>5,140</u>
Provisions for indirect lending	(47)
Provisions for uncollectibility of accounts receivable	(65)
Impairment of investments	595
Provision for litigations and claims	204
Other provisions	4,453
Net operating profit or loss	<u>6,897</u>
<u>Other income and expenses</u>	<u>(956)</u>
Profit or loss for the period before tax	<u>5,941</u>
Income tax	<u>(2,095)</u>
Net profit or loss for the period	<u>3,846</u>

**CORPORACION FINANCIERA DE DESARROLLO (COFIDE)
ANNOUNCES FIRST QUARTER 2019 RESULTS**

Lima, Peru – May 31, 2019 - Corporación Financiera de Desarrollo S.A. (“the Company” or “COFIDE”), a leading Peruvian development bank, today announced its financial results for the first quarter of 2019 (“1Q19”) period ended March 31, 2019. Financial figures were reported in accordance with International Financial Reporting Standards (“IFRS”) and local regulations. All figures are expressed in U.S. dollars (US\$) unless indicated otherwise. COFIDE’s financial results described in this report are unaudited; therefore, these figures are subject to change.

I. MAIN FINANCIAL AND OPERATING HIGHLIGHTS

- Net income after taxes increased by 12% year-over-year, reaching US\$ 1.2 million.
- NPL ratio significantly improved versus 1Q18, decreasing from 27.9% to 7.4%.
- Capital Ratio increased from 22.3% to 28.2% year-over-year, well above the average of the Peruvian banking sector.
- The Bond portfolio increased by 14.3% year-over-year, partially offsetting the Loan portfolio decline.
- Operating framework of “Fondo Crecer” was approved (a new trust for SME).
- Moody's affirmed Baa3 local and foreign currency issuer rating of COFIDE and changed the outlook on the rating to Stable from Negative and raised our credit base assessment from B3 to B2 (25 April 2019).
- New Chairman and Board Member appointed, as well as a new CRO and CFO.

Key Indicators	1Q2019	1Q2018	4Q2018	YoY	
Loans net of provisions (US\$ MM)	1,265	1,540	1,447	-17.8%	●
Bond portfolio (US\$ MM)	594	520	598	14.3%	●
Cash (US\$ MM)	700	763	508	-8.3%	●
Gross margin (%)	7.4	6.6	11.8	77 bps	●
Operating Cost (US\$ MM)	5.5	6.4	4.6	-13.4%	●
Net income after taxes (US\$ MM)	1.16	1.03	1.87	12.2%	●
Non-performing loans (%)	7.4	27.9	6.3	-2052 bps	●
Provisions/NPL (%)	242.2	66.2	253.0	17599 bps	●
ROAE (%)*	0.86	2.21	0.80	-135 bps	●
Capital Ratio (%)	28.2	22.3	28.5	587 bps	●

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

II. MACROECONOMIC SITUATION

Peru is currently one of the most dynamic economies in the region, with an expected GDP growth of 4.2% for 2019, as well as expected inflation of 2.0% (MEF projections).

The financial strength of the government (COFIDE's main shareholder) results of a track record of responsible management of the country's macroeconomic accounts, particularly stable levels of net international reserves (26.7% of the GDP), the highest in the region, as well as a sustainable rate of gross public debt (23.7%), the lowest in the region.

III. STRATEGY AND BUSINESS MODEL

COFIDE has defined its long-term strategic vision in line its social mandate, in order to contribute to Peru's greater overall development. This includes significant infrastructure projects and productive investments, as well as support for SME's¹ and pioneering entrepreneurship.

- The Company seeks to support the financial private sector, by broadening the participation of financial institutions in the local economy and generating added-value as a catalyst of resources. Our participation seeks to close market gaps and correct certain economic unbalances in specific sectors, in line with **public policy** objectives.
- **Contribute to the country's development** in terms of its economic, social and environmental objectives (a "triple outcome") by participating in projects that are in line with social and environmental norms.
- As a second-tier bank, COFIDE participates in the **structuring and financing**² of public and private projects in order to generate infrastructure and productive investment, as well as **SME financing**.
- Additionally, COFIDE aims to secure its **role of promoting pioneer and sustainable companies**: these include SME's and start-ups that seek financial inclusion through business development and innovative products.

¹ Micro and small businesses

² Includes: credits, bond purchases and warrants

COFIDE’s strategic vision is defined by six strategic objectives towards 2021:

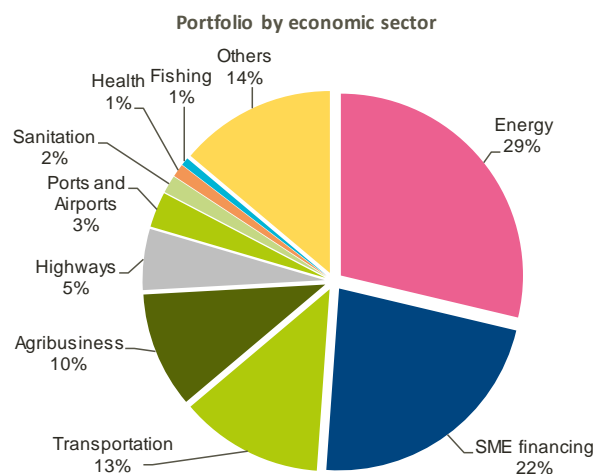


IV. FINANCIAL AND OPERATING HIGHLIGHTS

Loan and Bond Portfolio

In 1Q19, the Company’s loan portfolio net of provisions declined by 17.8% compared to 1Q18. This decrease was the result of loan write-offs for US\$ 225.0 million during the second quarter of 2018, 100% provisioned as part of the equity strengthening plan, and loan redemptions and pre-payments of loans.

On the other hand, the Company’s bond portfolio increased by 14.3% compared to 1Q18, supported by the acquisition of long-term bonds related to infrastructure and productive investment projects, which reached a total of US\$ 123 million.



Profitability

In 1Q19, the gross financial margin rose by 77 basis points year-over-year to 7.4%, related to a reduction in financial expenses. Additionally, due to productivity measures for 2017-2018, the operating efficiency ratio improved by 55 bps year-over-year, reaching a level of 16.6% of the interest income.

Solvency and Liquidity

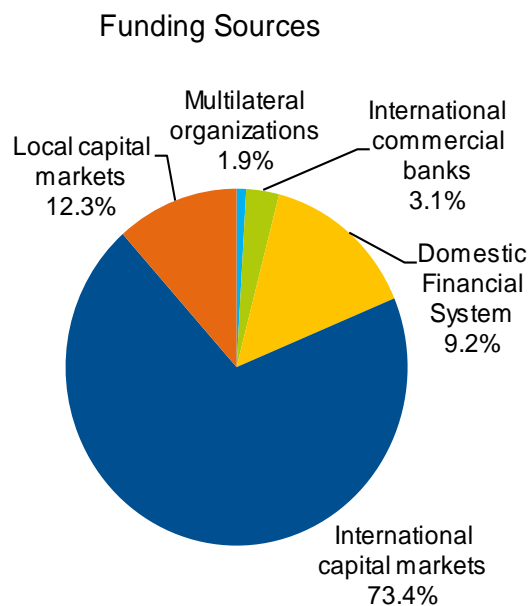
Financial leverage (Liabilities/Equity) for 1Q19 reached approximately 4.5 times, slightly above the 3.9 times reached in 1Q18. This is a stronger financial position compared with the rest of the Peruvian banking sector, which has an average of 7.5 times. Additionally, in terms of liquid assets and cash, the available amount represents 21.1% of total assets for 1Q19, very similar to the figure reached in 1Q18 (21.3%).

Capitalization

The global capital ratio improved reaching 28.2% in 1Q19, versus 22.3% in 1Q18. The Peruvian government granted COFIDE US\$ 152.5 million during 2018, as part of its equity-strengthening plan. As part of this plan, COFIDE raised provisions for US\$ 152.9 million. It is important to mention that COFIDE does not expect to require additional reserves for loan losses for the remainder of 2019³.

V. FUNDING

Total financing was US\$ 2,588.8 million, of which 73.4% stem from the international capital markets, 12.3% from the local capital markets and 9.2% from the domestic financial system.



³ Fitch Ratings Half-Year Update, October 2018

VI. ABOUT THE OBJECTIVES OF COFIDE'S NEW FOCUS AND ITS CORPORATE GOVERNANCE

COFIDE, Peru's Development Bank, has as its principal mandate, to finance infrastructure and productive projects, sustainable in the long term, as well as to finance SME's in line with the policy lines of the Peruvian government: infrastructure, economic and social development.

As part of aligning the Government's objectives with those of our institution, actions oriented to the strengthening of corporate governance were implemented during 2017 and 2018: The strengthening of Corporate Governance Standards, specifically *Risk Committee; Assets and Liabilities Committee; Audit, Ethics and Compliance Committee*; the creation of two (2) new committees focused on ensuring that new loan proposals are aligned to COFIDE's role as a development bank through an *Eligibility Committee*, and a periodic follow-up and review of the portfolio through a *Follow-up (Monitoring) Committee*.

The aforementioned is within the range of objectives of COFIDE's new focus:

- Institutional sustainability and strengthening corporate governance
- Superior risk policies and explicit support of the government
- Strengthening board and executive leadership
- Financial sustainability
- Operational excellence
- Growth of the business focused on the role of development bank of Peru

VII. RECENT EVENTS

- Issuance of Green Bond: 3 year, PEN 100 MM and YTM 5,125% (26 April 2019).
- 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 14.6% in April.
- New USD 25 million - 15 year concessional credit line facility granted by ICO (Spanish state-owned Bank) (21 May 2019).
- Prepayment of ICCGSA's stake in loan to Corporación Agrícola Olmos (USD 6 MM), which was provisioned at 5%. ICCGSA is a local construction company involved in corruption scandal.