



Republic of Costa Rica

Investor Presentation
March 2023

mh Ministerio de
Hacienda
COSTA RICA

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J.P.Morgan

 Santander



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Costa Rica's Representatives



Nogui Acosta Jaén
Minister of Finance

- Minister of Finance of Costa Rica. Prior to his current position Mr. Acosta was Vice Minister of Finance of the Alvarado Quesada administration
- Before serving as Vice Minister, Mr. Acosta was an adviser in the "Superintendencia de Pensiones" for over two years
- Mr. Acosta also has a track record in the private sector as he was Deputy Manager of Banco Nacional Seguros and General Manager of Improsa Seguros
- Mr. Acosta Jaén holds a Master's degree in Economics with a specialization in Corporate Economics from *Universidad de Costa Rica*. He also holds a degree in Business Management from "*Universidad de Costa Rica*"



Priscilla Zamora Rojas
Deputy Minister of Revenue

- Deputy Minister of Revenue of the Ministry of Finance
- Before joining the Ministry, she worked as an international tax manager for Deloitte for +3 years and as legal advisor for +6 years
- Priscilla started her career as a paralegal at *Arias & Munoz Law Firm*
- She holds a degree of Juris Doctor from *Universidad de Costa Rica* and a LL.M. from Georgetown University Law Center. She also has a certificate of financial Management from *Universidad de Costa Rica*




Melvin Quiros
Director of Public Credit

- Director of Public Credit for Costa Rica
- He has a masters of applied macroeconomics from *Universidad Católica de Chile*. He also holds degrees in Economics and Business Management with a specialization in financial management from *Universidad Nacional de Costa Rica*
- He has worked at Ministry of Finance for +16 years. Previously, he worked as Director of Debt for the National Treasury of *Ministerio de Hacienda*
- Mr. Quiros is a professor for the Professional Master's Program in Public Finance and Management at the International Center for Economic Policy for Sustainable Development (*CINPE*)

Summary of Potential Terms & Conditions



Issuer	The Republic of Costa Rica
Expected Issue Ratings	BB- / B+ / B2 (Fitch/S&P/Moodys)*
Currency	US\$ (U.S. Dollar)
Size	Up to US\$1,500 million
Rank	Senior Unsecured
Format	144 A / Regulation S
Tenor (WAL)	11-year (10-year WAL)
Repayment	Three equal amortizations in years 9,10 and 11
Use of Proceeds	The proceeds from the issuance and sale of the Notes will be used by the Republic for approved budgetary needs
Benchmark	UST 10yr
Listing	London Stock Exchange
Governing Law	New York Law
Jt. Bookrunners	J.P.Morgan  Santander
Development Finance Structuring Agent	J.P.Morgan

Key Investment Highlights





Located in Central America, bordered by Nicaragua to the north, Panama to the southeast, the Pacific Ocean to the west, and the Caribbean Sea to the east

Costa Rica has an estimated population of 5.2 million

In 2022, Costa Rica's GDP was U.S. \$68.4 billion with a GDP per capita of U.S. \$13,116.4*

- Average GDP growth 2006 – 2022: ~3.6%
 - 2022: 4.3%
 - 2023 (proj.): 2.7%
- GDP: US\$68.4 billion
- GDP per capita: USD 13,116.4*, similar to Malaysia
- GDP per capita (PPP): \$24,837, similar to the Dominican Republic and Mexico
- Most recent member of the OECD
- Uninterrupted, democratically elected governments since 1949
- Highly stable constitutional democracy
- Inflation targeting scheme
- Managed float exchange regime

Costa Rica is a Global Leader in Environmental & Sustainable Development Matters



Recognized as a Leader in ESG Factors by Independent Entities Globally

Costa Rica is developing ambitious plans to become the world's greenest nation



Holds 5% of the world's land-based biodiversity

Holds 4% of the world's marine life

Produces +99% of its electricity from renewable resources

Approximately 30% of its territory is protected natural land

Electrical grid is over 95% free of emissions

Forest area exceeds 52% of its territory

Costa Rica is committed to the Paris Agreement, demonstrated by its Nationally Determined Contribution (NDC)

Unconditional Nationally Determined Contribution	% reduction compared to business-as-usual (BAU) by 2030 and a reduction of 25% of emission compared to 2012 emissions
Nationally Determined Contribution 2	The revised mitigation target will comply with the 1.5°C roadmap of the long term strategy, strengthen adaptation pathways and targets for nature-based solutions, and clarify the scope of gases included in the first NDC



WEF: Energy Transition Index (2021)
Latin America and the Caribbean



FRA: Naturally Regenerating Forest (2020)
Latin America and the Caribbean



Climate Watch: GHG emissions as a share of GDP (2019)
Latin America and the Caribbean



Climate Watch: GHG emissions as a share of GDP (2019)
Latin America and the Caribbean



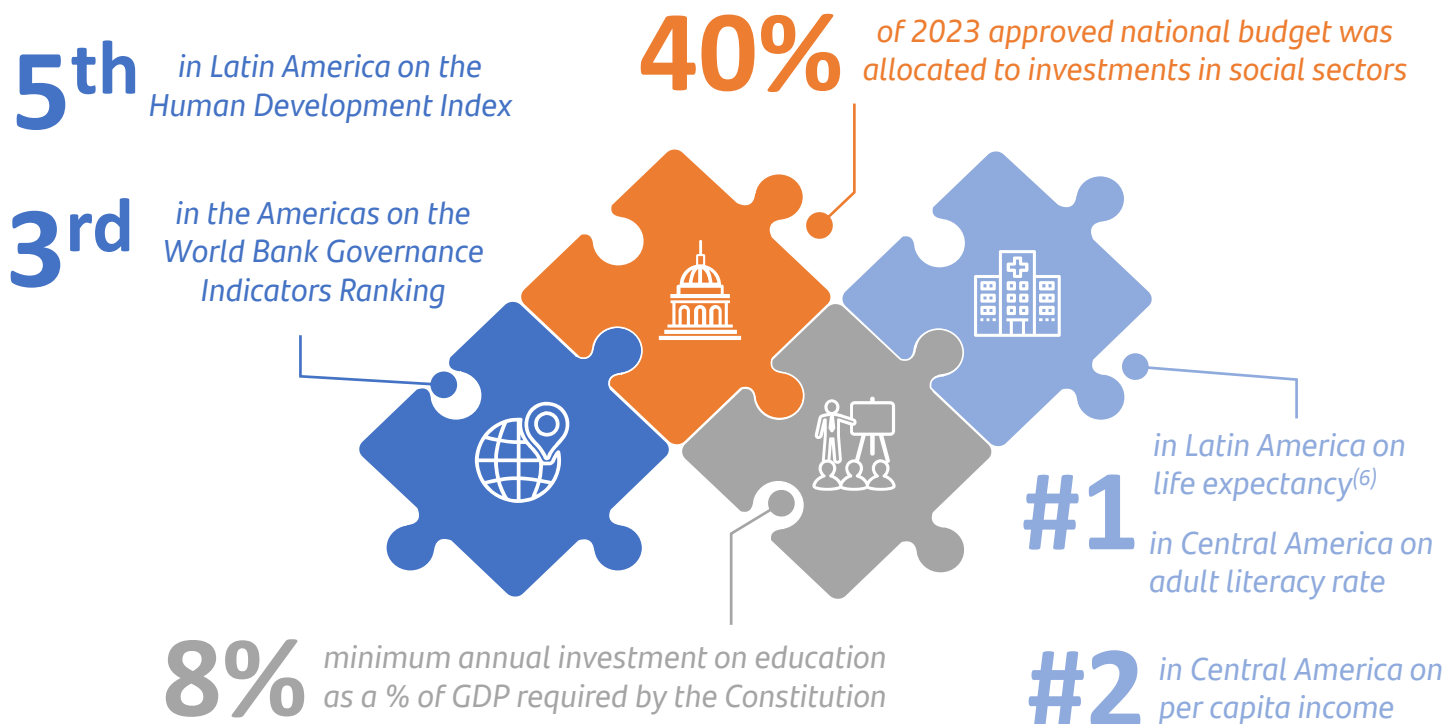
World Bank Governance Indicators (WBGI) ranking (2022)
Americas

Leader in Numerous Social-related Metrics driven by Robust Policies and Initiatives Focused on Social Development



The UNDP 2020 Human Development Report Classifies Costa Rica as a Very High Human Development Country

The current development priorities of Costa Rica include promoting sustainable economic growth with a focus on small and medium enterprises, reducing poverty and inequality, strengthening social services including healthcare, and enhancing environmental protection and resilience



Country	Per capita GDP ⁽¹⁾	Life expectancy ⁽²⁾	Adult Literacy rate
	\$12,509	80.5	98.0 ⁽¹⁾
	\$14,516	78.7	95.7 ⁽³⁾
	\$10,729	76.8	99.0 ⁽⁴⁾
	\$9,926	75.1	95.2 ⁽²⁾
	\$6,692	76.9	94.5 ⁽²⁾
	\$6,131	77.5	95.6 ⁽²⁾
	\$5,026	74.5	83.3 ⁽¹⁾
	\$4,409	73.5	90.0 ⁽²⁾
	\$2,831	75.4	88.5 ⁽³⁾
	\$2,091	74.7	82.6 ⁽⁵⁾

Costa Rica Intends to Measure, Monitor and Report on its Development Impact to Advance 7 of the 17 UN Sustainable Development Goals (SDGs)



Costa Rica is including a development impact section that highlights their main plans for environmental and social development, including specific metrics related to the following initiatives. The Sovereign has committed to report against these metrics annually, based on the following public plans:

- National Plan for Development and Public Investments 2023-2026¹
- National Decarbonization Plan 2018-2050²
- National Plan for Climate Change Adaptation 2022-2026³
- National Policy for Risk Management 2016-2030⁴

Development Initiatives

Climate Change: Advocating for climate change adaptation, risk mitigation and sustainable energy sources

Social Development: Advancing social development including healthcare and alleviating poverty

Economic Development: Promoting economic development and full employment

Education: Advancing education and knowledge development, including relevant infrastructure

UN SDG Targets⁵



Target 7.2: By 2030, increase substantially the share of renewable energy in the global energy mix.
Target 7.3: By 2030, double the global rate of improvement in energy efficiency
Target 13.2: Integrate climate change measures into national policies, strategies and planning.



Target 1.1: By 2030, eradicate extreme poverty for all people everywhere, currently measured as people living on less than \$1.25 a day.
Target 3.8: Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all.



Target 8.3: Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services.



Target 4.7: Ensure that all learners acquire the knowledge and skills needed to promote sustainable development, through education.
Target 4.a: Build and upgrade education facilities that are child, disability and gender sensitive.
Target 9.c: Significantly increase access to information and communications technology and strive to provide universal and affordable access to the Internet in least developed countries by 2030.

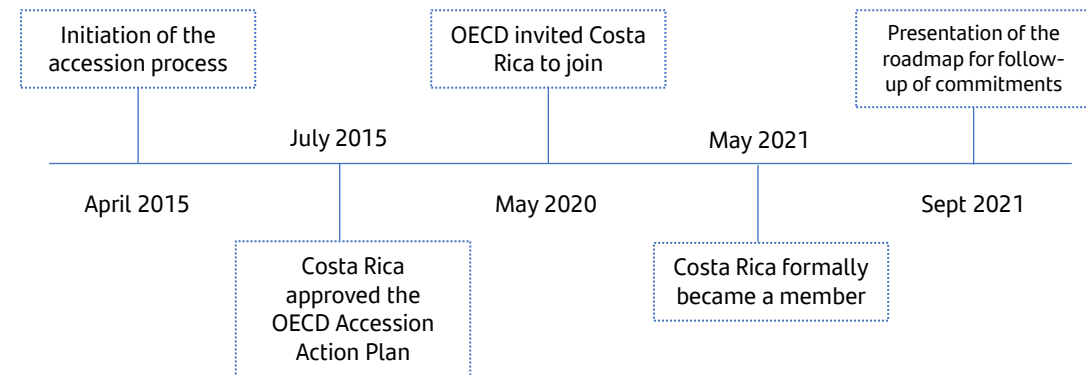
Costa Rica is One of the Most Recent Members of the OECD



Member of the OECD → **One of eight countries admitted in the last 10 years**

✓ Costa Rica is one of the 38 countries admitted to be a member of the OECD and one of **only 4 Latin American countries in the Organization**

Chronology of the Process to be a Member of OECD



Benefits of being an OECD Member

- OECD's reservoir of expertise, including research, analysis and a forum where governments can work together finding solutions to common problems for sustainable development
- Tools to analyze and monitor their economic, social and environmental policies
- Expand capital markets





Continuous Growth through Covid and a Strong Post Covid Recovery

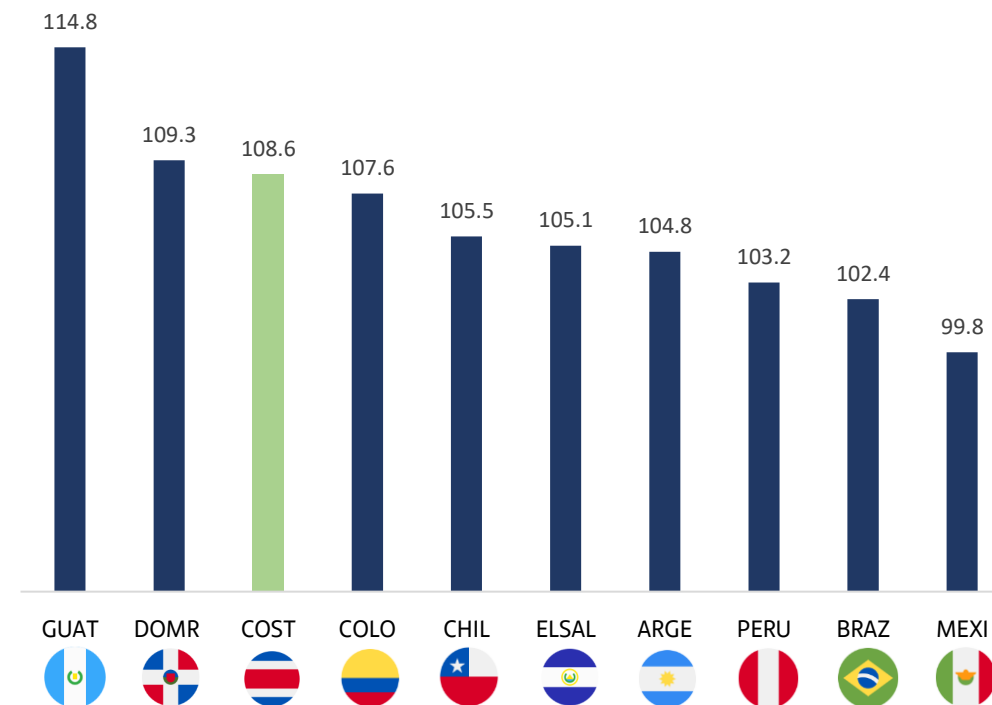
Real Gross Domestic Product

Annual variation (%)

	Average		
	2015-2019	2020-21	2022
GDP	3.3	1.8	4.3
DOMESTIC DEMAND (+)	2.4	1.5	1.1
Household consumption	3.2	0.0	3.3
Government consumption	2.7	1.2	1.9
Gross generation of fixed capital	-0.3	3.8	0.8
Change in inventory (% GDP)	-0.2	0.5	0.3
EXPORTS (+)	6.4	2.6	12.2
Goods	5.4	10.1	6.8
Services	7.6	-7.1	21.2
IMPORTS (-)	3.5	2.0	3.5
Goods	2.0	3.7	1.1
Services	9.7	-4.2	13.0

LatAm Economic Activity vs Pre-Covid Benchmark

(GDP Base 100 with January 2020 as benchmark vs Dec 2022)



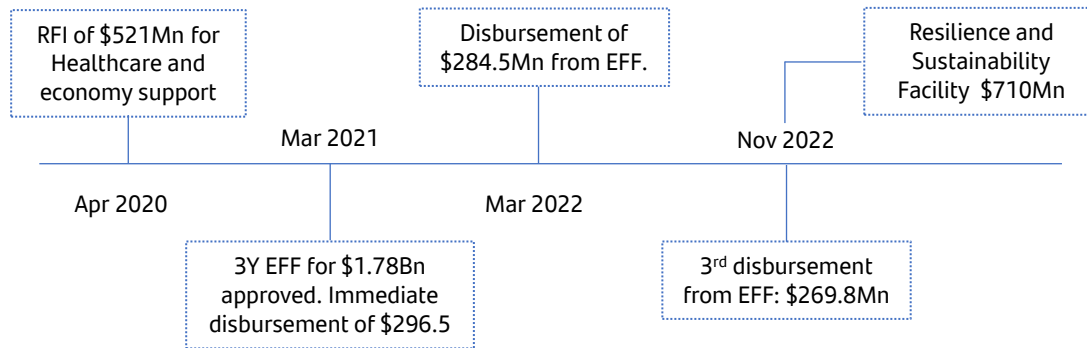


Strong Support from Multilaterals

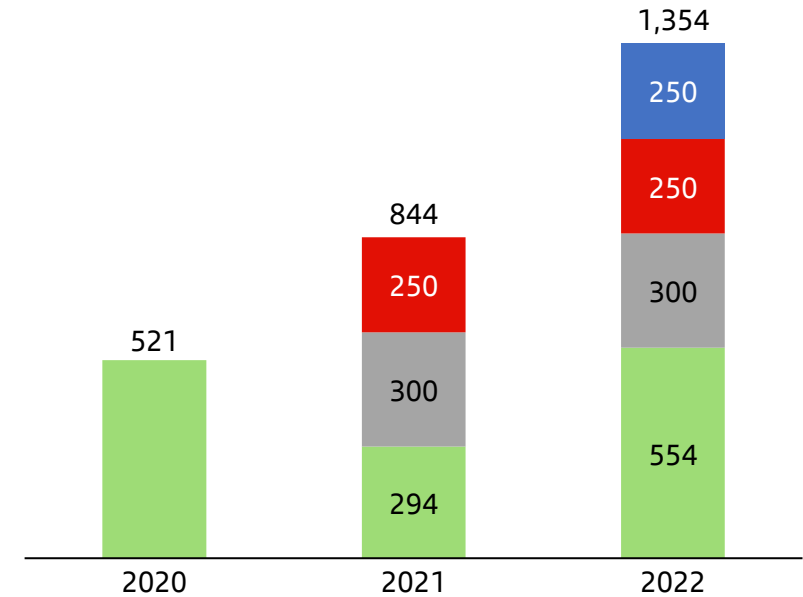
Close Relations with Multilaterals Resulting in Multiple Sources of Favorable Financing

Costa Rica's programs with IMF

- ✓ IMF assistance during Covid-19 through the Rapid Financing Instrument (RFI) and an Extended Fund Facility (EFF).
- ✓ Costa Rica has been the first country to benefit from the IMF's new Resilience and Sustainability Facility



Multilaterals' support through the years (\$Mn)



Pillars for the Targeted Assistance from IMF

1. Implement **fiscal reforms to ensure debt sustainability**
2. **Monetary and financial stability**, while strengthening the autonomy and governance of the Central Bank
3. **Key structural reforms** to promote inclusive, green and sustainable growth.

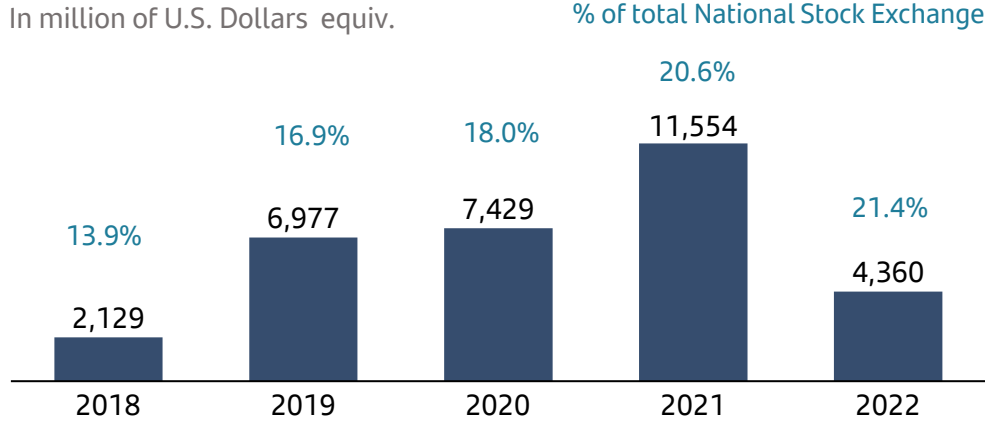
■ CABEI ■ IDB ■ World Bank ■ IMF

Deep & Well-Developed Local Capital Markets

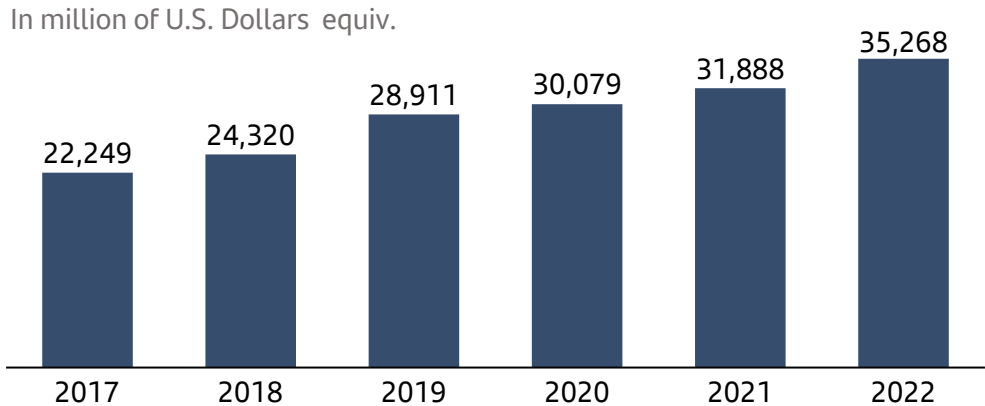


Costa Rica's Local Capital Markets are a Reliable Source of Financing in Even the Most Difficult Markets

Long Term (Bonds) Public Sector Issuance



Central Government Domestic Debt



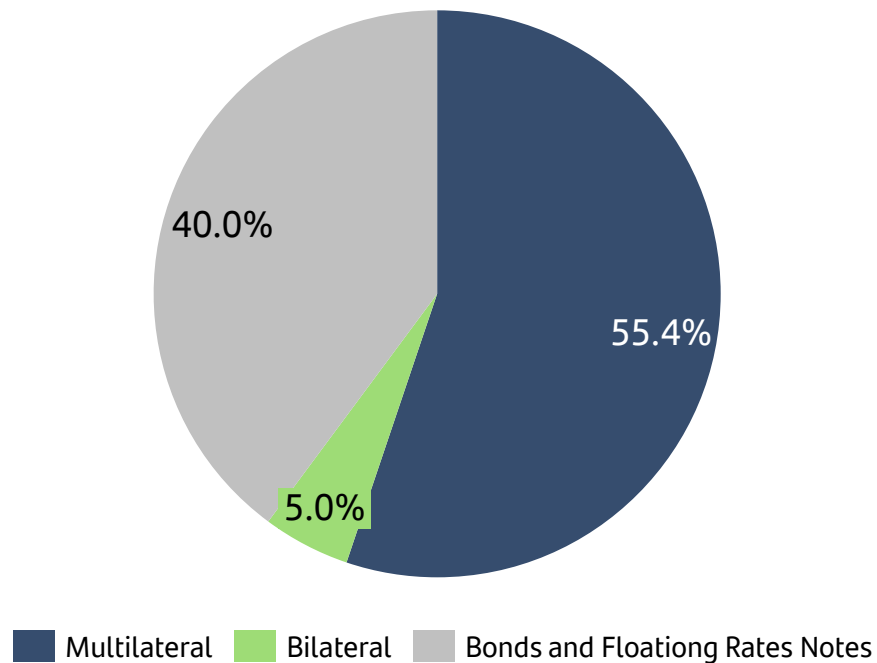
- *Deep, developed and expanding local capital markets* have provided a consistent source of funding in even the most difficult times
- For 2017-2022, public sector entities raised over **US\$32.5 billion** equivalent in long term debt in the local market
- On December 21, 2022, Costa Rica enacted Law No. 10,335, to clarify tax application and promote participation for offshore investors



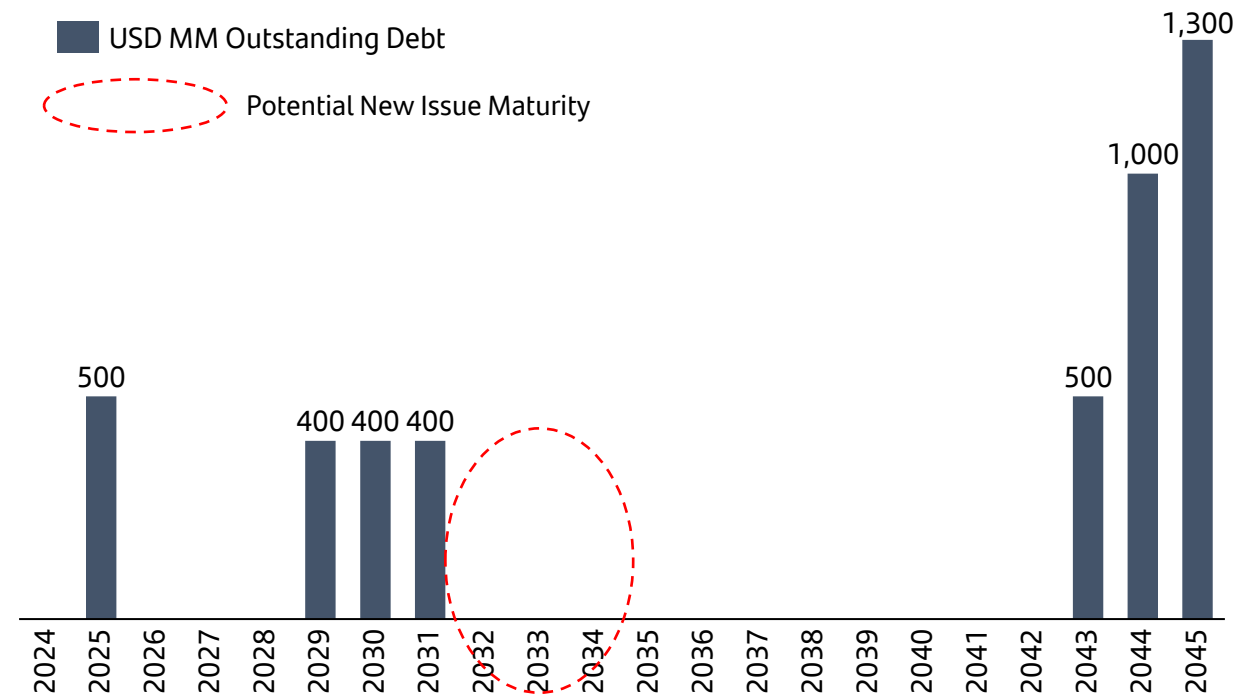
External Debt Obligations are Largely from Multilaterals

Costa Rica has an Adequate Debt Maturity Profile, **Timely Paid the International Bond Matured in January 2023, and has not Default History since the 80s"**

Gross Public External Debt



International Bonds (External Debt in US\$ Dollars)

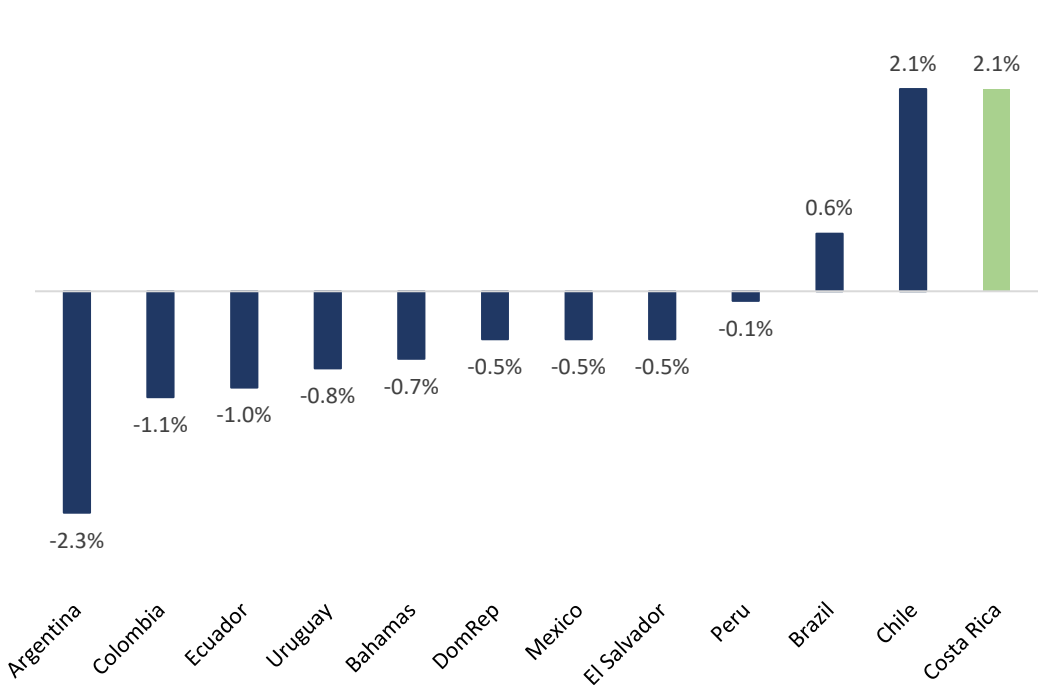


Commitment to Fiscal Discipline with First Primary Surplus in more than ten years

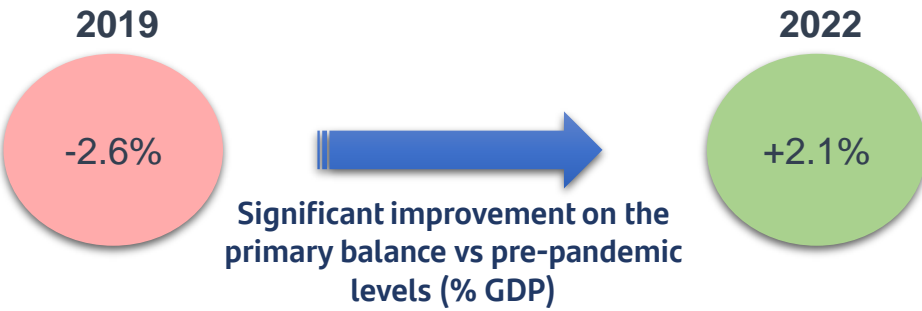
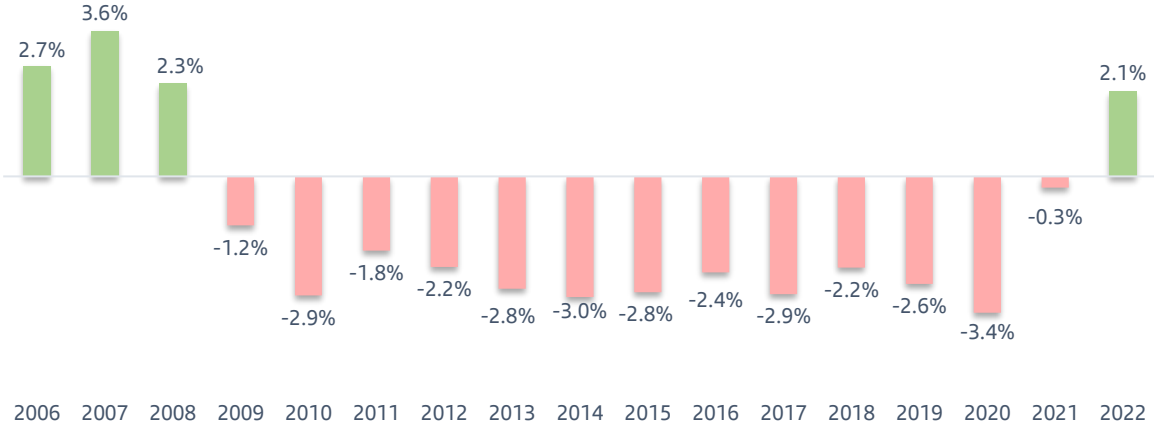


Exceptional Fiscal Performance and IMF Compliance as a Result of the 2018 Public Finance Law

Primary Fiscal Balance Comparison (%GDP)



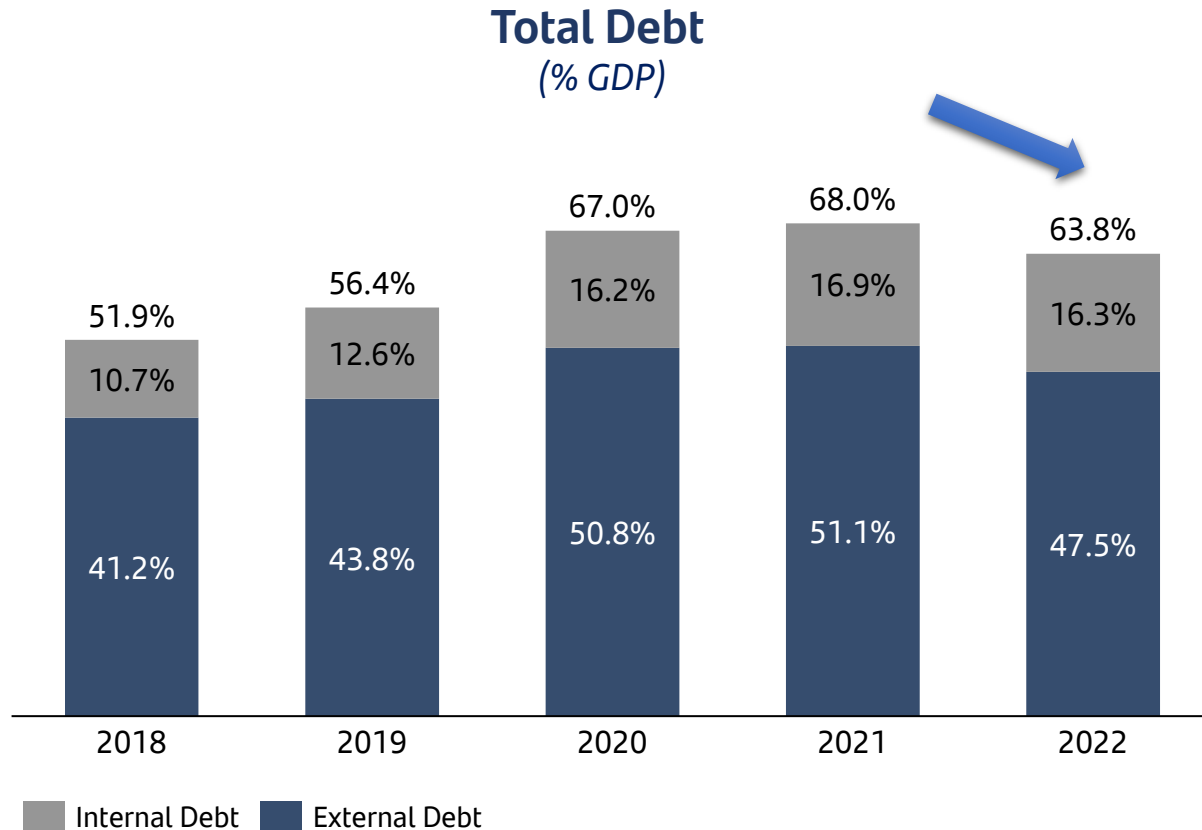
Primary Fiscal Balance Evolution (% GDP)



Primary Surplus over Time as a Key Component to Continue Reducing Debt Metrics



The Higher Fiscal performance in 2022 Led to a Decrease in Debt, Primarily Influenced by the Central Government and the Non-Financial Public Sector










1 Debt peak is reached in 2021 and not in 2022 as initially estimated

2 In 2022 Debt decreased by 4.2 p.p of GDP compared to 2021

Costa Rica has had Regional Rating Outperformance



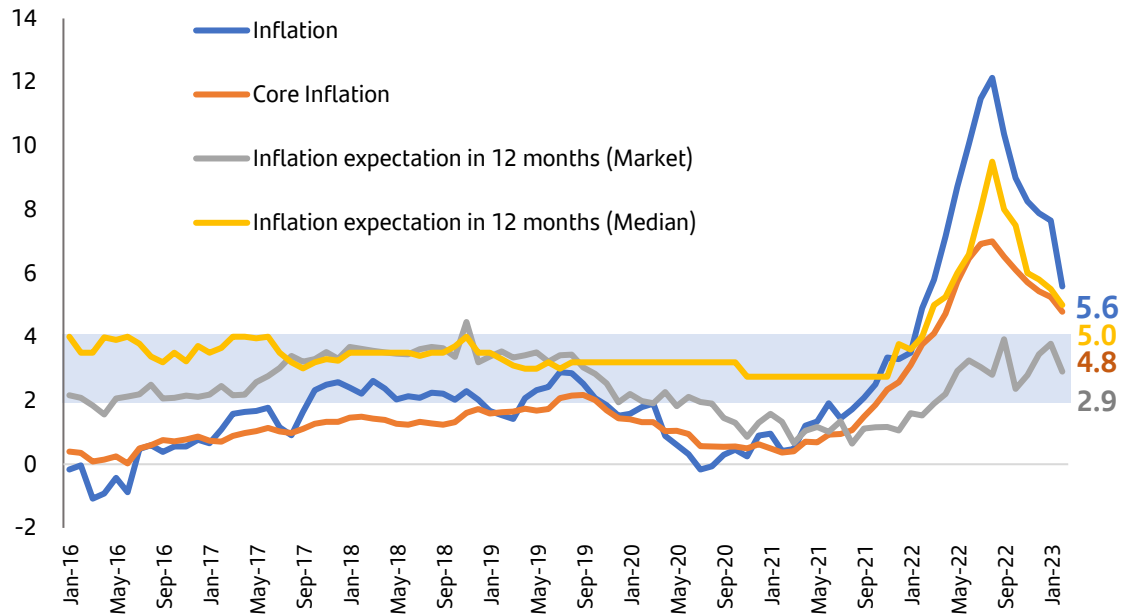
The Only Sovereign with Upgrades from two Rating Agencies, Including a two Notches Upgrade from Fitch

(Change vs Previous Year)	FitchRatings	S&P Global	MOODY'S		FitchRatings	S&P Global	MOODY'S
	+2 notches ↑ BB- Outlook (stable)	+1 notch ↑ B+ Outlook (stable)	B2 Outlook (stable)		+2 notches ↓ CC	CCC+ Outlook (negative)	Caa3 Outlook (from negative to stable)
	BBB- Outlook (stable)	BBB Outlook (negative)	Baa2 Outlook (from stable to negative)		-	BB- Outlook (negative)	B1 Outlook (stable)
	+1 notch ↑ BB Outlook (stable)	BB- Outlook (positive)	Ba1 Outlook (stable)		B- Outlook (stable)	B Outlook (Stable)	B3 Outlook (Stable)
	BB- Outlook (stable)	+1 notch ↑ BB Outlook (stable)	Ba3 Outlook (stable)				



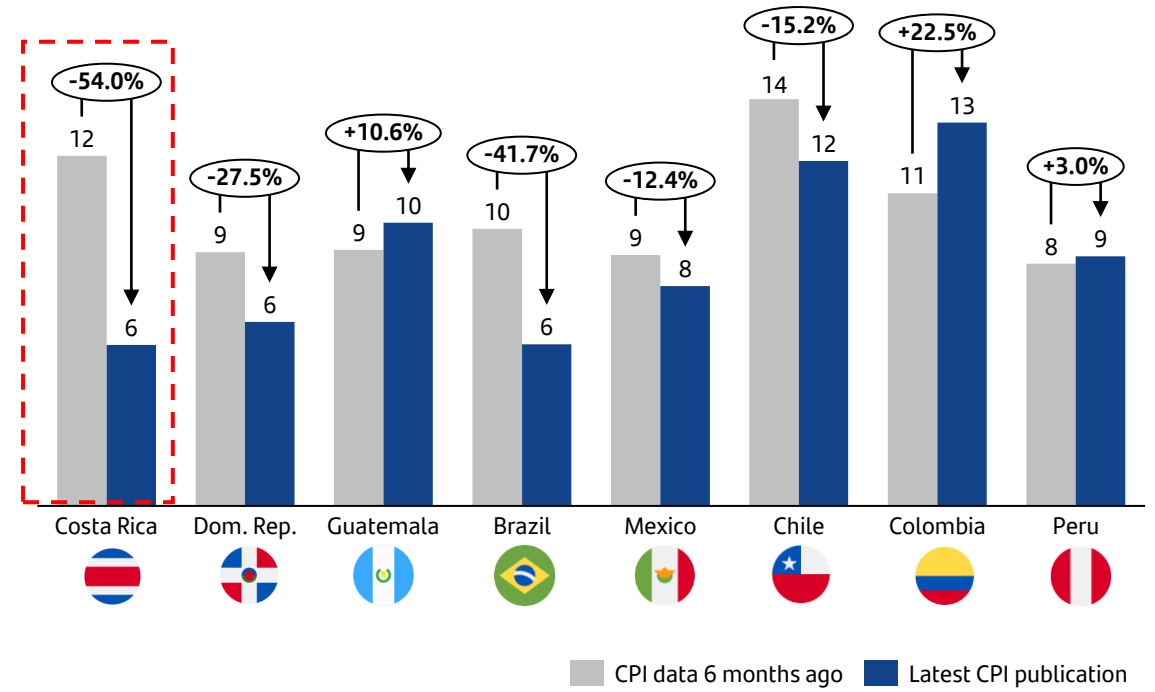
Underlying & General Inflation, Indicators and Forecast

Year over Year, (%)



One of the Fastest Convergence from Inflationary Shock

CPI Year over Year, (%)

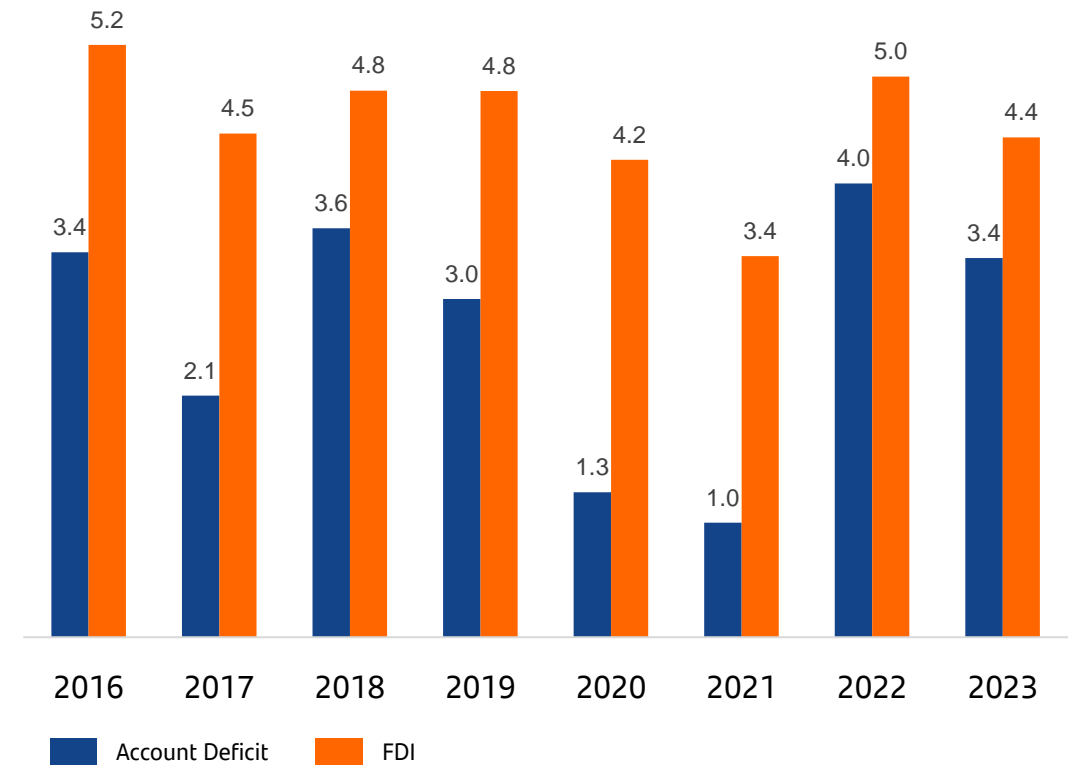




Balance of Payments (% of GDP)

	Average			
	2015-19	2020-21	2022	2023
Account Balance	-2.7	-1.7	-4.0	-3.4
Balance of Goods	-8.7	-5.2	-9.0	-7.8
Services	10.1	8.8	11.5	11.1
Primary Income	-5.0	-6.2	-7.4	-7.3
Secondary Income	0.9	0.8	0.8	0.8
Capital and Finance account	-3.3	-3.3	-6.6	-7.9
Passive Direct Investment	-4.7	-4.5	-5.0	-4.4
Other financial flows	1.4	1.2	-1.6	-3.5
Reserve assets	0.6	-1.6	2.6	4.5

Account Deficit & Foreign Direct Investment (% of GDP)





Thank You