

FITCH EXPECTS TO RATE COFIDE'S SENIOR MEDIUM-TERM NOTES 'BBB+(EXP)'

Fitch Ratings-Bogota-23 June 2015: Fitch Ratings expects to assign a rating of 'BBB+(exp)' to Corporacion Financiera de Desarrollo's (Cofide) upcoming expansion of an existing series maturing in 2019 for an amount up to USD200 million as well as a new medium-term offering for up to USD600 million with a maturity to be determined at issuance. The notes due in 2019 carry a fixed interest rate of 3.25%. The medium-term notes will carry a fixed interest rate to be determined at closing. The final rating is contingent upon the receipt of final documents to confirm the preliminary information received.

KEY RATING DRIVERS

IDRS, NATIONAL RATINGS AND SENIOR DEBT

Cofide has a long-term foreign currency Issuer Default Rating (IDR) of 'BBB+', driven by the potential support that Cofide would receive from its majority owner, the Republic of Peru, should it be required.

Given Cofide's key role in implementing economic development policy, the government has, in Fitch's opinion, a vested interest in supporting Cofide. Peru's ability to support Cofide is reflected in its sovereign rating ('BBB+'/'Stable Outlook'). Fitch expects to rate the notes 'BBB+', at the same level as Cofide's IDR.

The notes will be senior unsecured debt but in the event of liquidation will be effectively subordinated to certain direct, unsecured general obligations that in case of insolvency are granted preferential treatment under Peruvian law, such as: (i) labor claims, (ii) tax claims, (iii) existing and future secured indebtedness, to the extent of the assets securing such indebtedness, and (iv) existing senior unsecured indebtedness, which have priority in right of payment based on the date incurred. The notes will rank senior to all of Cofide's existing and future subordinated debt.

RATING SENSITIVITIES

The senior unsecured notes' expected rating is sensitive to any changes in Cofide's IDR ('BBB+') which would generally move in line with Peru's sovereign rating given its state-owned financial institution nature. Although not a baseline scenario, Cofide's ratings could be affected if, in Fitch's opinion, the Republic of Peru's willingness to support Cofide weakens.

Fitch currently rates Cofide as follows:

- Long-term foreign currency IDR 'BBB+'; Stable Outlook;
- Short-term foreign currency IDR 'F2';
- Long-term local currency IDR 'A-'; Stable Outlook;
- Short-term local currency IDR 'F2';
- Support rating '2';
- Support floor 'BBB+';
- Senior unsecured debt 'BBB+'.

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Date of Relevant Committee: June 25, 2014

Additional information is available on www.fitchratings.com

Applicable Criteria
Global Bank Rating Criteria (pub. 20 Mar 2015)
https://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=863501

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