

September 26, 2019

Mr. Paul Bringas
CFO
COFIDE
Calle Augusto Tamayo 160
San Isidro, Lima 27
Peru

Dear Mr. Bringas:

Re: Fitch rating action affecting the rating of Corporacion Financiera de Desarrollo S.A. (COFIDE)

Fitch (see definition below) has taken the following Rating Action(s):

Corporacion Financiera de Desarrollo S.A. (COFIDE)

<u>Debt</u>	<u>Issue</u>	<u>Rating Type</u>	<u>Rating</u>	<u>Previous Rating</u>	<u>Rating Action</u>	<u>RR</u>	<u>RE%</u>	<u>Identifiers</u>
senior unsecured	JPY 9 bln term loan	LT	BBB+	BBB+	Affirmed			

RATINGS KEY OUTLOOK WATCH

Positive		
Negative		
Evolving		
Stable		

Applicable Criteria: Bank Rating Criteria, Short-Term Ratings Criteria

Fitch has affirmed the Long –Term Foreign Currency Rating of the Term Loan Agreement between AFLAC Life Insurance Japan LTD. and Corporación Financiera de Desarrollo S.A. – COFIDE at ‘BBB+’.

KEY RATING DRIVERS

The rating assigned to this Loan Agreement corresponds to the company's IDR, as the term loan is a senior unsecured, unsubordinated obligation. The loan ranks pari passu with all COFIDE's unsecured and unsubordinated creditors.

As per the loan agreement and subsequent amendments, the borrower shall at all times maintain an escrow account denominated in JPY with a balance equal to the outstanding principal balance of the facility and an escrow account denominated in USD with a balance equal to at least one year of interest payable on the outstanding principal balance of the Facility. In Fitch's opinion, the escrow accounts are mechanisms of enhancement for the lender, but since it corresponds to resources from COFIDE and not a guarantee from a third-party, Fitch doesn't apply a notch-up to the rating, but rather the loan rating is aligned to COFIDE's IDR.

COFIDE's ratings reflect Fitch's perception that the entity would receive support from the Peruvian government, if needed. Although there is no explicit guarantee, Fitch's opinion takes into account the critical participation of the issuer in implementing development policy, the majority state ownership, as well as the operational and financial synergies with the public administration. Peru's ability to offer support is reflected in its sovereign rating (BBB+/Outlook Stable).

COFIDE is a key element in fulfilling some of the Peruvian government's major goals: infrastructure and economic and social development. The entity has a relevant role in the execution of policies by serving sectors with limited access to funding or lending resources to projects underserved by commercial banks.

RATING SENSITIVITIES

The term loan's rating is sensitive to any changes in the bank's IDR.

COFIDE's ratings will mirror any potential change in Peru's sovereign ratings, which currently have a Stable Outlook. Although not a baseline scenario, the ratings could change if Fitch perceives a decrease in the bank's strategic importance to the government's public policies.

In issuing and maintaining its ratings, Fitch relies on factual information it receives from issuers and underwriters and from other sources Fitch believes to be credible. Fitch conducts a reasonable investigation of the factual information relied upon by it in accordance with its ratings methodology, and obtains reasonable verification of that information from independent sources, to the extent such sources are available for a given security or issuer or obligor in a given jurisdiction.

The manner of Fitch's factual investigation and the scope of the third-party verification it obtains will vary depending on the nature of the rated security and its issuer, the requirements and practices in the jurisdiction in

Fitch Ratings

which the rated security is offered and sold and/or the issuer is located, the availability and nature of relevant public information, access to the management of the issuer and its advisers, the availability of pre-existing third-party verifications such as audit reports, agreed-upon procedures letters, appraisals, actuarial reports, engineering reports, legal opinions and other reports provided by third parties, the availability of independent and competent third-party verification sources with respect to the particular security or in the particular jurisdiction of the issuer, and a variety of other factors.

Users of Fitch's ratings should understand that neither an enhanced factual investigation nor any third-party verification can ensure that all of the information Fitch relies on in connection with a rating will be accurate and complete. Ultimately, the issuer and its advisers are responsible for the accuracy of the information they provide to Fitch and to the market in offering documents and other reports. In issuing its ratings Fitch must rely on the work of experts, including independent auditors with respect to financial statements and attorneys with respect to legal and tax matters. Further, ratings are inherently forward-looking and embody assumptions and predictions about future events that by their nature cannot be verified as facts. As a result, despite any verification of current facts, ratings can be affected by future events or conditions that were not anticipated at the time a rating was issued or affirmed.

Fitch seeks to continuously improve its ratings criteria and methodologies, and periodically updates the descriptions on its website of its criteria and methodologies for securities of a given type. The criteria and methodology used to determine a rating action are those in effect at the time the rating action is taken.

Ratings are based on established criteria and methodologies that Fitch is continuously evaluating and updating. Therefore, ratings are the collective work product of Fitch and no individual, or group of individuals, is solely responsible for a rating. All Fitch reports have shared authorship. Individuals identified in a Fitch report were involved in, but are not solely responsible for, the opinions stated therein. The individuals are named for contact purposes only.

RATINGS ARE NOT A RECOMMENDATION OR SUGGESTION, DIRECTLY OR INDIRECTLY, TO YOU OR ANY OTHER PERSON, TO BUY, SELL, MAKE OR HOLD ANY INVESTMENT, LOAN OR SECURITY OR TO UNDERTAKE ANY INVESTMENT STRATEGY WITH RESPECT TO ANY INVESTMENT, LOAN, SECURITY OR ISSUER. RATINGS DO NOT COMMENT ON THE ADEQUACY OF MARKET PRICE, THE SUITABILITY OF ANY INVESTMENT, LOAN OR SECURITY FOR A PARTICULAR INVESTOR (INCLUDING WITHOUT LIMITATION, ANY ACCOUNTING AND/OR REGULATORY TREATMENT), OR THE TAX-EXEMPT NATURE OR TAXABILITY OF PAYMENTS MADE IN RESPECT OF ANY INVESTMENT, LOAN OR SECURITY. FITCH IS NOT YOUR ADVISOR, NOR IS FITCH PROVIDING TO YOU OR ANY OTHER PARTY ANY FINANCIAL ADVICE, OR ANY LEGAL, AUDITING, ACCOUNTING, APPRAISAL, VALUATION OR ACTUARIAL SERVICES. A RATING SHOULD NOT BE VIEWED AS A REPLACEMENT FOR SUCH ADVICE OR SERVICES.

SUBJECT TO THE LIMITATIONS SET FORTH IN THE PARAGRAPH IMMEDIATELY BELOW, NOTHING IN THIS LETTER SHALL LIMIT OUR RIGHT TO PUBLISH, DISSEMINATE OR LICENSE OTHERS TO

FitchRatings

PUBLISH OR OTHERWISE DISSEMINATE THE RATINGS OR THE RATIONALE FOR THE RATINGS. SHOULD YOU CONSIDER OUR OPINION IN UNDERTAKING ANY ACTION, YOU ACKNOWLEDGE THAT OUR OPINION IS SUBJECT TO BOTH (i) THE ANALYTICAL PROCESS AND LIMITATIONS DESCRIBED IN THIS LETTER AND (ii) THE PROVISIONS OF "UNDERSTANDING RATINGS - LIMITATIONS AND USAGE" ON THE FITCH RATINGS DEFINITIONS PAGE LOCATED AT <https://www.fitchratings.com/site/definitions>

The assignment of a rating by Fitch does not constitute consent by Fitch to the use of its name as an expert in connection with any registration statement or other filings under US, UK or any other relevant securities laws. Fitch does not consent to the inclusion of its ratings in any offering document in any instance in which US, UK or any other relevant securities laws require such consent. Fitch does not consent to the inclusion of any written letter communicating its rating action in any offering document. You understand that Fitch has not consented to, and will not consent to, being named as an "expert" in connection with any registration statement or other filings under US, UK or any other relevant securities laws, including but not limited to Section 7 of the U.S. Securities Act of 1933. Fitch is not an "underwriter" or "seller" as those terms are defined under applicable securities laws or other regulatory guidance, rules or recommendations, including without limitation Sections 11 and 12(a)(2) of the U.S. Securities Act of 1933, nor has Fitch performed the roles or tasks associated with an "underwriter" or "seller" under this engagement.

Fitch monitors its ratings on an ongoing basis and will update this rating letter at least annually. It is important that you promptly provide us with all information that may be material to the ratings so that our ratings continue to be appropriate. Ratings may be raised, lowered, withdrawn, or placed on Rating Watch due to changes in, additions to, accuracy of or the inadequacy of information or for any other reason Fitch deems sufficient.

Nothing in this letter is intended to or should be construed as creating a fiduciary relationship between Fitch and you or between Fitch and any user of the ratings.

In this letter, "Fitch" means Fitch Ratings, Inc. together with any successor in interest.

Private ratings assigned herein shall be valid and effective only if this rating letter contains a "Fitch Ratings" digital watermark and, if available, an Agreement ID number is included in this letter which matches the Agreement ID number set forth in your fee agreement.

We are pleased to have had the opportunity to be of service to you. If we can be of further assistance, please contact Andres Marquez, Senior Director at +57 1 326 9999.

Sincerely,

Fitch Ratings, Inc.

FitchRatings

Agreement ID# 19266

