

Corporacion Financiera de Desarrollo S.A.

August 22, 2025

This report does not constitute a rating action.

Ratings Score Snapshot

SACP: bb-

Support: +3

Additional factors: 0

Anchor	bbb-	
Business position	Moderate	-1
Capital and earnings	Moderate	-1
Risk position	Moderate	-1
Funding	Adequate	0
Liquidity	Adequate	
CRA adjustment	0	

ALAC support	0
GRE support	3
Group support	0
Sovereign support	0

Issuer credit rating
BBB-/Stable/A-3

Primary Contact

Camilo Andres Perez
Mexico City
52-55-5081-4446
camilo.perez
@spglobal.com

Secondary Contact

Jesus Sotomayor
Mexico City
520445513524919
jesus.sotomayor
@spglobal.com

ALAC--Additional loss-absorbing capacity. CRA--Comparable ratings analysis. GRE--Government-related entity. ICR--Issuer credit rating. SACP--Stand-alone credit profile.

Credit Highlights

Overview

Key strengths

Very high likelihood of government support in times of distress, given key role as government agent promoting economic development and strong relationship with government

Access to long-term funding in both local and international markets, which mitigates funding concentration risks

Key risks

Concentrations by customer and sector, which makes the business, capital, and asset quality metrics volatile

Still-high equity exposure in investment book generates high risk charges in our risk-based capital model

S&P Global Ratings expects Corporacion Financiera de Desarrollo S.A. (COFIDE) to continue benefiting from government support, given the entity's engagement in Peru's economic development. COFIDE is the Peruvian government's arm in promoting economic development through financing micro, small, and midsize enterprises (MSMEs); productive economic sectors; and large infrastructure projects. The entity has been a key actor in government relief programs during economic distress, and increasingly, it has administered government programs' trusts.

Moreover, as part of its strategy to become a modern development bank, COFIDE has actively supported the development of capital markets, for example through the issuance of sustainable bonds in recent years. As a result, we think there's a very high likelihood of extraordinary and timely government support for the entity in a scenario of financial distress. Therefore, our long-term rating on COFIDE is three notches above its stand-alone credit profile (SACP).

The entrance of new shareholders could benefit COFIDE's intrinsic creditworthiness. Some international entities, such as Corporacion Andina de Fomento (CAF), will soon become minority shareholders of COFIDE, with the government retaining the bulk of shares. We think the new minority owners' experience could contribute to the entity's operational stability. At the same time, the new shareholder base could reinforce COFIDE's institutionalality, which would strengthen its capacity to access debt capital markets under good conditions, among other benefits. We will assess all implications once the entrance of new minor shareholders materializes.

COFIDE's asset quality remains volatile due to some financing to the infrastructure sector granted before 2020. Its nonperforming assets (NPA) ratio remains above the 3.0%-4.0% average of the banking system because of its larger exposure to infrastructure projects, which generally have higher credit risk. A few problematic infrastructure loans have made the entity's NPA ratio highly volatile over time, ranging 7%-8% since 2024. The resuming growth of its loan portfolio since 2024 and some recoveries of past-due loans improved the ratio to 7.1% as of June 2025, below the 7.5% as of December 2024. We expect the ratio to remain below 7% in the next few months, likely reaching 3% if the plan to write off a large overdue loan concludes.

The entity's funding structure is concentrated in debt issuances. However, good asset-liability management and access to long-term funding in both local and international markets, as well as ongoing government support through credit facilities from Peru's public bank, mitigate funding concentration risks. Its refinancing risk is very low for 2025 and 2026.

Outlook

Our stable rating outlook on COFIDE in the next two years mirrors that on Peru and our expectation that its intrinsic creditworthiness will remain stable, with a risk-adjusted capital (RAC) ratio above 5% in 2025-2027. In addition, we expect the government to continue providing support to COFIDE as an important financing tool in its plans to restart the domestic infrastructure sector. The entity also remains a key lending intermediary to MSMEs.

Downside scenario

We could downgrade COFIDE if we lower our ratings on Peru. We rarely rate financial institutions higher than the sovereign where they operate because we consider it unlikely that these institutions would remain unaffected by developments in domestic economies. We could also lower the ratings on COFIDE if we revise down its SACP.

Upside scenario

An upgrade of COFIDE is unlikely at this point, given the challenging conditions for the Peruvian government, which somewhat limit its capacity to support government entities. We could upgrade COFIDE if we take the same action on Peru and revise up COFIDE's SACP.

Anchor: 'bbb-' For Banks Operating In Peru

Our bank criteria use our Banking Industry Country Risk Assessment's economic risk and industry risk scores to determine a bank's anchor, the starting point in assigning an issuer credit rating. Our anchor for a bank operating in Peru is 'bbb-'.

Peruvian banks benefit from consistent economic policies, robust institutions, and a credible and effective central bank. These factors help mitigate the impact of prolonged political impasses and recent events such as social disturbances and climate issues, which have hindered growth prospects and strained asset quality. Moreover, Peru's economic risk is influenced by its low per capita GDP (approximately \$8,000) and the banking sector's significant exposure to cyclical industries, particularly small and midsize enterprises and microlending.

However, we anticipate a gradual industry recovery this year, supported by improved economic conditions, declining inflation, lower interest rates, and positive effects of pension fund withdrawals. High loan loss provisions, strong capitalization, and prudent underwriting practices, which we expect to help contain potential losses, bolster the sector's resilience.

The regulatory framework in Peru is robust, with comprehensive supervisory oversight. Peruvian banks are aligning their operations with Basel III principles in a process that will continue through 2026. The banking system exhibits healthy capitalization, adequate capital buffers, and sufficient liquidity. Despite still-high cost of risk, the sector maintains satisfactory profitability and capital-building capacity. The financial system benefits from a diversified funding structure, with a substantial portion of deposits from loyal customers. Furthermore, we believe the government is positioned to provide liquidity support if necessary.

Business Position: Volatile Business And Low Earnings Due To Nonprofit Nature

COFIDE acts as a financial intermediary, granting working capital loans, mainly to MSMEs, through local financial institutions. It has been the key government arm in managing and disbursing sovereign-guaranteed loans to help productive sectors continue operating amid challenging conditions like the COVID-19 pandemic, extreme weather, and social unrest-induced economic downturns. In addition, COFIDE provides financing to productive and infrastructure projects, although the share of COFIDE's loans in the infrastructure sector has diminished in recent years. COFIDE also continues managing several government trusts, for which it obtains regular fees.

Since 2023, COFIDE's loan book has not consistently grown, mainly due to repayment of loans and low new underwriting due to both slow dynamics in the infrastructure sector and limited demand for loans from MSMEs amid tough economic conditions and competition from commercial banks. However, we have seen some new disbursements to finance productive and infrastructure projects since 2024, particularly supporting sustainable activities.

We expect the entity's second-tier credits, which is mainly composed of loans to MSMEs, to continue representing about 80% of the total portfolio in 2025-2026, while its first-tier financing (mainly linked to the infrastructure and productive sectors) would make up the remaining share.

We believe better dynamics in the infrastructure sector, in particular higher disbursements to finance seaports and energy generation projects, will cause the stock of the entity's loan portfolio to increase 6%-8% annually during the rest of 2025 and 2026. More stable economic conditions could also support new lending to MSMEs in 2026 and 2027.

The entity maintains higher exposure to the infrastructure sector than the industry average due to its public role in supporting the country's development. However, its exposure to complex corporate and legal structures has been decreasing recently, and it has maintained active management of complex credit exposures.

Capital And Earnings: RAC Ratio To Average 6.5% In 2025-2027

COFIDE's risk-adjusted capital (RAC) ratio increased to 7.1% in 2024 from 6.9% in 2023 due to muted lending growth last year. We think the entity will continue supporting asset growth in 2025-2027 by retaining part of its earnings, allowing the RAC ratio to remain in the 6%-7% range.

We expect profitability to remain low because the bank's public policy role limits its interest margins. However, we think the government's willingness to provide capital in exchange for COFIDE's remaining shares in CAF provides an additional buffer against unexpected financial distress. COFIDE is looking forward to increasing its capital through the entrance of new important minor shareholders, mainly multilateral organizations like CAF.

In our base-case scenario, we assume the following factors:

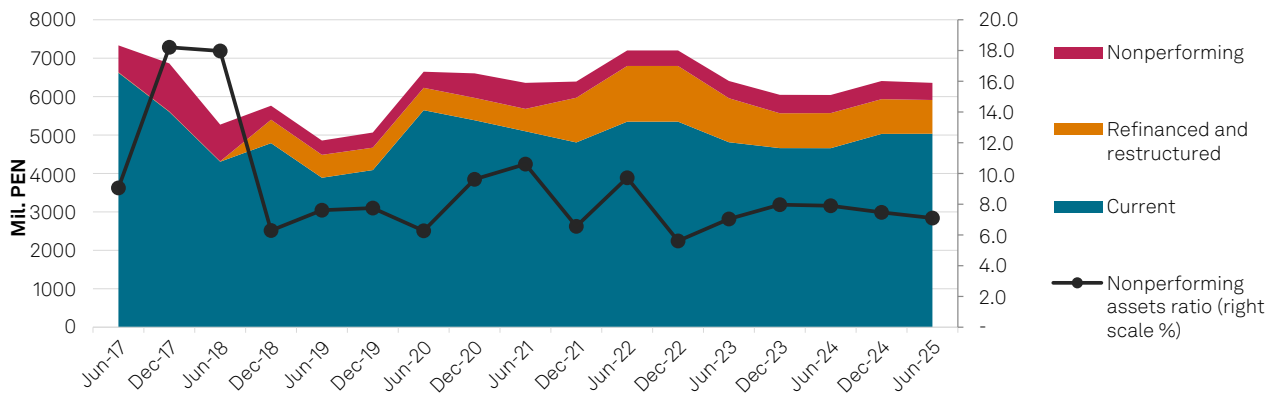
- Peruvian annual real GDP growth of roughly 3.0% in 2025-2027;
- Annual credit growth of 6%-10% for COFIDE in 2025-2027;
- Return on equity of 1.5%-2.5%; and
- Dividend payout ratio of 60%-80% of net income.

Risk Position: Volatile NPAs Due To Financing To Infrastructure Projects Issued A Long Time Ago

COFIDE's NPA ratio remains volatile, ranging 7%-8% in recent years (with write offs close to 0%), because of a few large problematic loans granted several years ago to finance infrastructure projects and due to stagnant loan portfolio growth. COFIDE continues to renegotiate the terms of the outstanding payments and manage the guarantees of the overdue credits, but we don't expect most of these complex loans to be resolved in the near term. After depleting recovery options for one of the largest overdue credits, the bank is currently going through the write-off process, which if concluded, would shrink the NPA ratio to about 3% in the next few months (from the current 7.1%).

Considering the entity's more conservative loan underwriting in recent years, including smaller tickets and better risk selection, we believe its NPA levels could be lower in the coming years compared to those observed so far. The entity keeps healthy loan loss reserve coverage at about 3x.

Loan portfolio evolution



PEN--Peruvian nuevo sol. Source: S&P Global Ratings.

Copyright © 2025 by Standard & Poor's Financial Services LLC. All rights reserved.

Although the entity has been improving its originations standards, we still believe the uncertain recovery trajectory of Peru's infrastructure, energy, transportation, and construction sectors--amid political instability in the country--could make COFIDE's asset quality metrics somewhat volatile over time. In line with its role of promoting infrastructure in Peru, COFIDE usually finances more complex projects than commercial banks are willing to, and these may carry construction risk and greater cash flow sensitivity. On the other hand, loans granted to MSMEs through financial institutions continue performing well, which partly offsets the higher credit risk in the infrastructure segment.

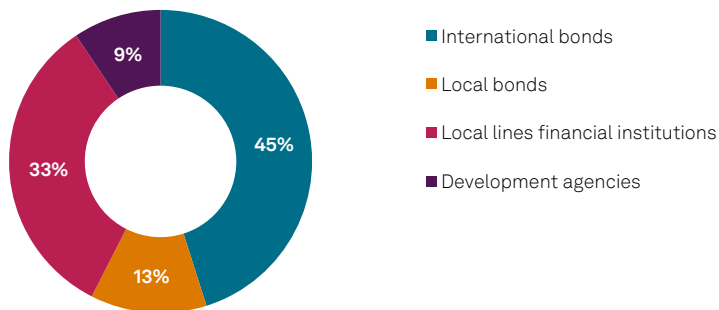
The entity has high loan concentration since the 20 largest credits account for about one-third of total loans and amount to 1.2x its common equity, which could make the bank's capital base volatile, in our view. Nevertheless, the bank's active credit risk and recovery management on complex cases, and our expectation that the government would provide capital in exchange for the bank's remaining shares in CAF, partially mitigates these risks.

Funding And Liquidity: High Capacity To Meet Short-Term Obligations And Wide Access To Capital Markets

Our view of the bank's funding reflects its stable funding ratio of roughly 100% in the past few years, similar to that of most Peruvian banks. Unlike commercial banks, COFIDE isn't allowed to receive deposits. However, it has good financial flexibility due to the government's ongoing support, allowing it to access long-term funding in local and international capital markets, as well as credit lines from development agencies and international and local banks, including government-owned Banco de la Nación.

Funding composition

As of June 2025



Source: S&P Global Ratings.

Copyright © 2025 by Standard & Poor's Financial Services LLC. All rights reserved.

As part of its role to promote capital market dynamism and greater investment to finance projects with a sustainable impact in Peru, COFIDE has recently placed some thematic bonds in the domestic and international markets. In particular, it raised \$700 million through two social bond placements in the international market under good conditions, including similar interest rates to those of comparable bonds issued by the Peruvian government.

COFIDE maintains a sufficient liquidity cushion to handle cash outflows for the next 12 months. Its broad liquid assets covered 1.4x its short-term wholesale funding as of June 2025. The debt maturity profile provides sufficient time to manage liquidity risks. In addition, we think there's a very high likelihood of extraordinary and timely government support for the entity in a scenario of financial distress.

Support: Three Notches Of Uplift For Government Support

Our view of the likelihood of extraordinary government support incorporates COFIDE's increasing role in meeting the government's key economic and social objectives. The government's priority is to boost economic growth and productivity by supporting corporate activity and developing infrastructure. For example, the government recently announced the creation of the Autoridad Nacional de Infraestructura, an agency to improve public infrastructure and utility services. COFIDE managed the agency's trust.

Moreover, the government has demonstrated an explicit commitment to support the bank. For example, the government assumed part of the overdue debt under one of COFIDE's problematic loans. Also, in 2021, the Ministry of Economy and Finance acquired part of COFIDE's shares in CAF, as part of the government's plan to buy up to 20% of the bank's shares in CAF to provide capital relief, if needed. In addition, the government has capitalized the bank several times in past years.

Environmental, Social, And Governance

Social factors are a positive consideration in our credit rating analysis of COFIDE. The bank is a key social tool for implementing public policies and government programs and providing medium- and long-term funding to activities outside the scope of private-sector banks, such as large infrastructure projects.

Corporacion Financiera de Desarrollo S.A.

In addition, the bank has been reinforcing its role as a promoter of sustainable finance through placements of thematic issuances in the local and international markets.

Governance factors are a negative consideration in our rating analysis. We believe the government influences the bank's strategic focus, given COFIDE's role in promoting infrastructure investments in Peru.

Key Statistics

Corporacion Financiera de Desarrollo S.A. Key Figures

Mil. PEN	2025*	2024	2023	2022	2021
Adjusted assets	11,827	11,121	10,816	11,846	12,522
Customer loans (gross)	6,277	6,325	6,013	7,192	6,432
Adjusted common equity	2,256	2,276	2,272	2,231	2,203
Operating revenues	79	193	195	126	578
Noninterest expenses	45	83	78	68	70
Core earnings	49	68	103	36	53

*2025 data is for the 6 months to end-June. PEN--Peruvian nuevo sol.

Corporacion Financiera de Desarrollo S.A. Business Position

(%)	2025*	2024	2023	2022	2021
Return on average common equity	4.4	3.2	3.3	1.6	1.9

*2025 data is for the 6 months to end-June. N.M.--Not meaningful.

Corporacion Financiera de Desarrollo S.A. Capital And Earnings

(%)	2025*	2024	2023	2022	2021
Adjusted common equity/total adjusted capital	100.0	100.0	100.0	100.0	100.0
Net interest income/operating revenues	48.7	49.1	36.8	21.2	78.9
Fee income/operating revenues	32.7	30.8	34.5	76.0	19.5
Cost to income ratio	57.2	42.9	40.3	54.0	12.1
Provision operating income/average assets	0.6	1.0	1.0	0.5	4.1
Core earnings/average managed assets	0.9	0.6	0.9	0.3	0.4

*2025 data is for the 6 months to end-June. N.M.--Not meaningful.

Corporacion Financiera de Desarrollo S.A. Risk Position

(%)	2025*	2024	2023	2022	2021
Growth in customer loans	(1.5)	5.2	(16.4)	11.8	(2.9)
Total managed assets/adjusted common equity (x)	5.2	4.9	4.8	5.3	5.7
New loan loss provisions/average customer loans	(0.5)	0.4	0.9	0.3	5.6
Net charge-offs/average customer loans	N.M.	N.M.	(0.1)	(0.0)	0.0
Gross nonperforming assets/customer loans + other real estate owned	7.1	7.5	8.0	5.6	6.6
Loan loss reserves/gross nonperforming assets	289.8	285.1	278.5	360.9	359.7

*2025 data is for the 6 months to end-June. N.M.--Not meaningful.

Corporacion Financiera de Desarrollo S.A. Funding And Liquidity

(%)	2025*	2024	2023	2022	2021
Long-term funding ratio	85.4	74.0	85.3	79.6	87.7
Stable funding ratio	105.8	85.8	97.7	91.4	112.4
Short-term wholesale funding/funding base	18.0	32.6	18.7	25.2	15.3
Broad liquid assets/short-term wholesale funding (x)	1.4	0.6	1.2	0.9	2.6
Broad liquid assets/total assets	20.5	15.3	16.4	17.3	28.7
Short-term wholesale funding/total wholesale funding	18.0	32.6	18.7	25.2	15.3

*2025 data is for the 6 months to end-June. N.M.--Not meaningful.

Rating Component Scores

Issuer Credit Rating	BBB-/Stable/A-3
SACP	bb-
Anchor	bbb-
Business position	Moderate (-1)
Capital and earnings	Moderate (-1)
Risk position	Moderate (-1)
Funding and liquidity	Adequate and Adequate (0)
Comparable ratings analysis	0
Support	3
ALAC support	0
GRE support	3
Group support	0
Sovereign support	0
Additional factors	0

SACP--Stand-alone credit profile. ALAC--Additional loss-absorbing capacity. GRE--Government-related entity.

Related Criteria

- [Criteria | Financial Institutions | General: Risk-Adjusted Capital Framework Methodology](#), April 30, 2024
- [Criteria | Financial Institutions | General: Financial Institutions Rating Methodology](#), Dec. 9, 2021
- [Criteria | Financial Institutions | Banks: Banking Industry Country Risk Assessment Methodology And Assumptions](#), Dec. 9, 2021
- [General Criteria: Environmental, Social, And Governance Principles In Credit Ratings](#), Oct. 10, 2021
- [General Criteria: Group Rating Methodology](#), July 1, 2019
- [General Criteria: Methodology For Linking Long-Term And Short-Term Ratings](#), April 7, 2017
- [General Criteria: Rating Government-Related Entities: Methodology And Assumptions](#), March 25, 2015

- [General Criteria: Principles Of Credit Ratings](#), Feb. 16, 2011

Related Research

- [Corporacion Financiera de Desarrollo's Proposed Senior Unsecured Notes Rated 'BBB-', April 25, 2025](#)
- [Banking Industry Country Risk Assessment: Peru](#), Dec. 17, 2024

Ratings Detail (as of August 22, 2025)*

Corporacion Financiera de Desarrollo S.A.

Issuer Credit Rating	BBB-/Stable/A-3
Subordinated	BB+

Issuer Credit Ratings History

21-Mar-2022	BBB-/Stable/A-3
15-Oct-2021	BBB/Negative/A-2
13-Aug-2019	BBB/Stable/A-2

Sovereign Rating

Peru

<i>Foreign Currency</i>	BBB-/Stable/A-3
<i>Local Currency</i>	BBB/Stable/A-2

Related Entities

Peru

Issuer Credit Rating	
<i>Foreign Currency</i>	BBB-/Stable/A-3
<i>Local Currency</i>	BBB/Stable/A-2
Certificate Of Deposit	
<i>Local Currency</i>	A-2
Senior Unsecured	BBB
Senior Unsecured	BBB-

*Unless otherwise noted, all ratings in this report are global scale ratings. S&P Global Ratings' credit ratings on the global scale are comparable across countries. S&P Global Ratings' credit ratings on a national scale are relative to obligors or obligations within that specific country. Issue and debt ratings could include debt guaranteed by another entity, and rated debt that an entity guarantees.

Copyright © 2025 by Standard & Poor's Financial Services LLC. All rights reserved.

No content (including ratings, credit-related analyses and data, valuations, model, software or other application or output therefrom) or any part thereof (Content) may be modified, reverse engineered, reproduced or distributed in any form by any means, or stored in a database or retrieval system, without the prior written permission of Standard & Poor's Financial Services LLC or its affiliates (collectively, S&P). The Content shall not be used for any unlawful or unauthorized purposes. S&P and any third-party providers, as well as their directors, officers, shareholders, employees or agents (collectively S&P Parties) do not guarantee the accuracy, completeness, timeliness or availability of the Content. S&P Parties are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, for the results obtained from the use of the Content, or for the security or maintenance of any data input by the user. The Content is provided on an "as is" basis. S&P PARTIES DISCLAIM ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE, FREEDOM FROM BUGS, SOFTWARE ERRORS OR DEFECTS, THAT THE CONTENT'S FUNCTIONING WILL BE UNINTERRUPTED OR THAT THE CONTENT WILL OPERATE WITH ANY SOFTWARE OR HARDWARE CONFIGURATION. In no event shall S&P Parties be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs or losses caused by negligence) in connection with any use of the Content even if advised of the possibility of such damages.

Some of the Content may have been created with the assistance of an artificial intelligence (AI) tool. Published Content created or processed using AI is composed, reviewed, edited, and approved by S&P personnel.

Credit-related and other analyses, including ratings, and statements in the Content are statements of opinion as of the date they are expressed and not statements of fact. S&P's opinions, analyses and rating acknowledgment decisions (described below) are not recommendations to purchase, hold, or sell any securities or to make any investment decisions, and do not address the suitability of any security. S&P assumes no obligation to update the Content following publication in any form or format. The Content should not be relied on and is not a substitute for the skill, judgment and experience of the user, its management, employees, advisors and/or clients when making investment and other business decisions. S&P does not act as a fiduciary or an investment advisor except where registered as such. While S&P has obtained information from sources it believes to be reliable, S&P does not perform an audit and undertakes no duty of due diligence or independent verification of any information it receives. Rating-related publications may be published for a variety of reasons that are not necessarily dependent on action by rating committees, including, but not limited to, the publication of a periodic update on a credit rating and related analyses.

To the extent that regulatory authorities allow a rating agency to acknowledge in one jurisdiction a rating issued in another jurisdiction for certain regulatory purposes, S&P reserves the right to assign, withdraw or suspend such acknowledgment at any time and in its sole discretion. S&P Parties disclaim any duty whatsoever arising out of the assignment, withdrawal or suspension of an acknowledgment as well as any liability for any damage alleged to have been suffered on account thereof.

S&P keeps certain activities of its business units separate from each other in order to preserve the independence and objectivity of their respective activities. As a result, certain business units of S&P may have information that is not available to other S&P business units. S&P has established policies and procedures to maintain the confidentiality of certain non-public information received in connection with each analytical process.

S&P may receive compensation for its ratings and certain analyses, normally from issuers or underwriters of securities or from obligors. S&P reserves the right to disseminate its opinions and analyses. S&P's public ratings and analyses are made available on its Web sites, www.spglobal.com/ratings (free of charge), and www.ratingsdirect.com (subscription), and may be distributed through other means, including via S&P publications and third-party redistributors. Additional information about our ratings fees is available at www.spglobal.com/usratingsfees.

STANDARD & POOR'S, S&P and RATINGSDIRECT are registered trademarks of Standard & Poor's Financial Services LLC.