Research Update:

COFIDE Stand-Alone Credit Profile Revised Upward To 'bb' On Stronger Capitalization; 'BBB-/A-3' Ratings Affirmed

November 5, 2026

Overview

- The capitalization metrics of Corporacion Financiera de Desarrollo S.A. (COFIDE) are improving thanks to conservative loan underwriting coupled with an increasing capital base. Regulatory capital metrics are also improving amid implementation of Basel III principles in Peru.
- We have raised our capital and earnings evaluation on the bank by one category as we forecast S&P's risk-adjusted capital ratio will be close to 7.0% in 2026-2027, while we expect regulatory solvency metrics to remain significantly stronger than those of the Peruvian commercial banks. As result, we revised upward the stand-alone credit profile (SACP) on the entity to 'bb' from 'bb-'.
- The development bank continues to enhance its operational and institutional framework to align with international development banking standards. It is increasingly administering government program trusts and supporting the development of capital markets. In addition, the entity has acted to improve its asset quality metrics in recent quarters.
- We are affirming our 'BBB-/A-3' ratings on the entity as these remain limited by Peru's foreign-currency rating. The long-term rating on COFIDE reflects two notches of support from the Peruvian government, its major shareholder.
- The bank's stable rating outlook mirrors that on the Peru sovereign rating, our expectation the government will be willing and able to provide support if needed, and that the entity's intrinsic creditworthiness will remain stable.

Rating Action

On Nov. 5, 2026, S&P Global Ratings affirmed its long-term 'BBB-' and short-term 'A-3' ratings on COFIDE. The outlook on the long-term rating remains stable. We revised upward the SACP on the bank to 'bb' from 'bb-'.

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Rationale

We expect COFIDE to maintain comfortable capitalization to support its business growth in 2027-2028. We estimate our risk-adjusted capital ratio on the bank will be close to 7.0% in the period, and that the entity will have notably stronger regulatory solvency ratios than local banks. Capital metrics have improved in recent years due to conservative lending growth and stable earnings, in part due to improving asset quality because of the bank's active management of complex credit exposures. Therefore, we have improved our SACP by one notch to 'bb'. However, the 'BBB-' long-term rating remains the same given the Peru's sovereign rating cap.

The bank will maintain high regulatory capitalization. This will be in line with common equity Tier 1 and total capital ratios at 25%-30% under the conservative Peruvian Basell III principles. High regulatory solvency metrics give us more confidence about the entity's high capacity to withstand unexpected adverse operating conditions, particularly unexpected credit losses. Over past decades COFIDE's equity investments in the Development Bank of Latin America and the Caribbean (previously known as Andean Development Corp., or CAF) have been more stable and less risky than traditional equity. This stability reflects the investments' quasi-government credit profile and structural nature within the bank's investment strategy; moreover, the CAF investments bring no exposure to market volatility. COFIDE has roughly US$600 million in equity in CAF, representing about 39% of its investments and 17% of its total assets. Our capital evaluation incorporates this stability on such investments over the years.

We expect the development bank to maintain healthy funding and liquidity to support its operations. We consider equity investments in multilateral entities such as CAF to have low liquidity; such instruments operate within a narrow institutional liquidity scheme, without secondary markets. However, we think the government's willingness to provide liquidity in exchange for COFIDE's investment in CAF provides some buffer against unexpected needs, while the entity has adequate liquidity to cover its short-term obligations. We estimate its broad liquid assets cover 1.2x its market debt coming due in 2027, and we think the entity will manage refinancing risks comfortably.

Although the entity's funding structure is concentrated in debt issuance, good asset-liability management and access to long-term funding in local and international markets, as well as ongoing government support through credit facilities from Peru's public bank, mitigate funding concentration risks.

We think COFIDE's asset quality will remain manageable in the next few quarters. This likely stability will reflect its conservative loan underwriting, in our view. This conservative approach includes smaller tickets, better risk selection, and active management of complex credit exposures. Thus, we project its ratio of nonperforming assets (NPAs) to remain below 4% with no write-offs.

The uncertain recovery trajectory of Peru's infrastructure, energy, transportation, and construction sectors could lead to volatility in COFIDE's asset quality over the next few years. In line with its role of promoting infrastructure in Peru, COFIDE usually finances more complex projects than commercial banks are willing to back, and these may carry construction risk and greater cash flow sensitivity. However, its exposure to complex corporate and legal structures has been decreasing recently, and it has actively managed complex credit exposures.

The entity's NPAs ratio fell to 3.0% as of June 2026 from 7.5% in 2024 primarily due to the write-off of legacy loans with no recovery prospects, healthy loan growth, and rigorous risk management. Loan concentration remains high, with the 20 largest obligors accounting for about

one-third of total loans and 1.2x its common equity, which could make the bank's capital base volatile, in our view.

We expect the entity to continue benefiting from extraordinary and timely government support, if needed. This reflects the entity's engagement in Peru's economic development and close link to the government as its major shareholder. Thus, our long-term rating incorporates two notches of uplift over the 'bb' SACP. COFIDE is the Peruvian government's arm in promoting economic development through financing micro, small, and midsize enterprises; productive economic sectors; and large infrastructure projects. Increasingly, the entity has administered trusts for government programs. Moreover, as part of its strategy to become a modern development bank, COFIDE has supported the development of capital markets, for example through the issuance of sustainable bonds in recent years.

Outlook

Our stable rating outlook on COFIDE in the 12-24 months mirrors that on Peru and our expectation that its intrinsic creditworthiness will remain stable. In addition, we expect the government to continue providing support to COFIDE as an important financing tool in its plans to boost the domestic infrastructure sector, and a key lending intermediary to micro, small, and midsize enterprises.

Downside scenario

We could downgrade the bank 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.

Upside scenario

We could upgrade the bank if we take the same action on Peru. This is not part of our base-case scenario considering the stable outlook on the sovereign rating.

Rating Component Scores

Rating Component Scores

	To	From
Issuer Credit Rating	BBB-/Stable/A-3	BBB-/Stable/A-3
SACP	bb	bb-
Anchor	bbb-	bbb-
Business position	Moderate (-1)	Moderate (-1)
Capital and earnings	Adequate (0)	Moderate (-1)
Risk position	Moderate (-1)	Moderate (-1)
Funding and liquidity	Adequate and Adequate (0)	Adequate and Adequate (0)
Comparable ratings analysis	0	0
Support	2	3
ALAC support	0	0
GRE support	2	3
Group support	0	0
Sovereign support	0	0
Additional factors	0	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, May 5, 2026
- 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

- Banking Industry Country Risk Assessment: Peru, Jan. 20, 2026
- Peru 'BBB-/A-3' Foreign Currency Ratings Affirmed; Outlook Remains Stable, Dec. 11, 2025

Ratings List

Ratings List

Ratings Affirmed	
Corporacion Financiera de Desarrollo S.A.	
Issuer Credit Rating	BBB-/Stable/A-3
Senior Unsecured	BBB-

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