

# Corporacion Financiera de Desarrollo - Draft

## Full Rating Report

### Ratings

#### Foreign Currency

Long-Term IDR	BBB+
Short-Term IDR	F2

#### Local Currency

Long-Term IDR	A-
Short-Term IDR	F2

#### Sovereign Risk

Foreign Currency Long-Term IDR	BBB+
Foreign Currency Short-Term IDR	F2
Local Currency Long-Term IDR	A-
Foreign Currency Short-Term IDR	F2

### Outlooks

Foreign Currency Long-Term IDR	Stable
Local Currency Long-Term IDR	Stable
Sovereign Foreign Currency Long-Term IDR	Stable
Sovereign Local Currency Long-Term IDR	Stable

### Financial Data

	6/30/14	12/31/13
Total Assets (PENm)	8,051.4	8,043.6
Total Equity (PENm)	2,203.3	2,195.9
Net Income (PENm)	33.4	76.4
ROAA (%)	0.8	1.0
ROAE (%)	3.1	3.5
Equity/Assets (%)	27.4	27.3

### Related Research

[Peru \(October 2014\)](#)

### Analysts

Veronica Chau Rodriguez  
+52 81 8399 9169  
[veronica.chau@fitchratings.com](mailto:veronica.chau@fitchratings.com)

Mark Narron  
+1 212 612-7898  
[mark.narron@fitchratings.com](mailto:mark.narron@fitchratings.com)

### Key Rating Drivers

**High Propensity of Support:** Corporacion Financiera de Desarrollo's (COFIDE) ratings reflect the strong probability that the entity would receive support from the Peruvian government, if needed. Although there is no explicit guarantee, Fitch Ratings' 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 for support is reflected in its sovereign rating (rated 'BBB+'/'Stable' by Fitch).

**Strategic Importance to the Country:** 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. The issuer's strategic importance is underpinned by the elevated infrastructure deficit in Peru and the still-low level of financial inclusion.

**Sustained Profitability Metrics:** COFIDE's stable profitability has been mainly driven by loan growth and the continuous increase of available for sale securities. Its clear development role has driven its moderate but consistent performance. Fitch considers that its profitability ratios compare in line to those of other development banks in the region. At 1H14, operating ROA and ROE stood at 1.7% and 6.3%, respectively. The relatively limited earnings generation of the entity is somewhat offset by the strong loss absorption capacity reflected in its capital ratios.

**Sound Capitalization:** In Fitch's view, capital ratios could continue decreasing, driven by sustained asset growth. However, the entity has comfortable levels of capital to absorb growth and an established track record of profit retention (although this is low). The Fitch core capital (FCC) ratio has remained over 40%, while the entity is planning some strategies to maintain regulatory capitalization over 30%.

**Low Impairments:** COFIDE has maintained a low nonperforming loans (NPLs) ratio averaging 0.2% for the past four years (0.03% as of June 2014). Despite the very low loan impairments, Fitch recognizes that the rapid growth of the portfolio, significant concentrations and the long-term nature and profile of project finance facilities may result in sudden changes on those asset quality trends. However, most of the projects are strategic for the government and the majority are backed by guarantees. Loan loss reserves represent 11.6% of the total gross loans.

**Elevated Concentrations:** The wholesale role of the entity, the size and the limited number of financed projects have resulted in elevated concentrations per borrower (top 15: 1.1 times [x] equity).

**Political and Reputational Risks:** Government influence manifests primarily in the appointment of board members and indirectly through the selection of the executive officers by the board. Since mid-2014, the managerial team experienced some turnover; the risk manager left the institution and the management roles were rotated to cover the vacancy.

### Rating Sensitivities

**Changes in Sovereign Ratings:** COFIDE's ratings will mirror any potential change in Peru's sovereign ratings, which currently have a Stable Rating Outlook. Downward risk for COFIDE's IDRs is limited given its parent support and Peru's sound economic prospects.

**Changes in Strategic Importance:** Although not a baseline scenario, the ratings could change if Fitch perceives a decrease in its strategic importance to the government's public policies.

## Operating Environment

Fitch affirmed Peru's long-term foreign currency IDR of 'BBB+' on Sept. 30, 2014, based on sound macro fundamentals, low inflation and financial and fiscal flexibility. Despite a deceleration of economic growth in 2014 due to weaker export demand, Peru continues to outperform its peers in the 'BBB' rating category. As of Sept. 30, 2014, Fitch forecasts that real GDP growth could decline to 3.7% for 2014, but expects the economy to regain growth momentum averaging 5.6% in 2015–2016.

The Peruvian economy remains at a relatively early stage of economic development, but is undergoing a sustained process of diversification and institution strengthening. Peru shows consistent economic growth, well-controlled inflation, financial stability and prudent fiscal policy. However, the economy continues to be characterized by a dependence on commodity exports (77% of exports in 2013), low levels of formal sector employment and continued shortages of housing and infrastructure.

Private credit growth has been strong, averaging 17.4% from 2011–2013, or roughly 2.0x–3.0x the rate of GDP growth, while maintaining high credit quality. Despite the rate of growth, financial penetration remains low. At YE13, banking system assets represented 48% of GDP, one of the lowest levels among 'BBB' rating category countries.

Sustained growth (15 consecutive years of growth) and steady economic performance underpinned asset quality; 90 PDLs equaled 1.65% of gross loans and remained well covered by reserves (2.45x). The banks' revenues have benefitted from relatively stable operating and credit costs. Overall system profitability remained high, with a return on average equity of roughly 21% and a return on average assets of approximately 2%. The financial system is still highly dollarized.

The banking system remains relatively concentrated with only 16 banks in the country, with three of them representing approximately 71% of total commercial banking assets. However, a number of factors, including the government's strong fiscal position, high international reserves, significant foreign ownership of the banking system (46.2% of bank assets), still-low levels of financial intermediation and proactive regulation should provide the government with significant flexibility to support the system over the medium to long term.

The nonbank financial system is also developing at a sustained pace, driven by mandatory pension funds and insurance companies. While the market provides significant funding for most local corporations, it still lacks the depth and liquidity of more developed markets.

For more information, see Fitch Research on "Peru," dated October 2014, available on Fitch's website, at [www.fitchratings.com](http://www.fitchratings.com).

## Company Profile

COFIDE was established in 1971 as a state-owned financial institution devoted to promoting sustainable integral, economic and social development in Peru. Until 1991, COFIDE directly financed Peru's key infrastructure projects; since 1992, the entity has operated as a specialized wholesale bank by lending to its target sectors through intermediary financial institutions (IFIs).

COFIDE has a key role in the economic and social development programs of the government, focusing its activity in supporting micro and small- and medium sized enterprises (SMEs) and in financing infrastructure and environmental projects. As a development institution, its key activities are directed to underserved markets, having a good franchise mainly in project financing. According to the World Economic Forum Competitiveness Report, the country still

### Related Criteria

[Global Financial Institutions Rating Criteria \(January 2014\)](#)

has ample room for improvement in infrastructure, underpinning the role of the entity in the government's strategy.

COFIDE is 98.96% owned by the Republic of Peru through Fondo Nacional de Financiamiento de la Actividad Empresarial del Estado (FONAFE), an agency of the Ministry of Finance; the rest of the shares are held by the Corporacion Andina de Fomento (CAF), a regional multilateral bank.

The entity has two business lines:

- Financial intermediation, providing financing to micro and SMEs through IFIs regulated by the Superintendencia de Banca y Seguros (SBS, or Peru's Superintendence of Banks).
- Investment financing, focusing on funding infrastructure projects (energy, transportation and environmental, among others). The entity can lend through IFIs, provide guarantees to IFIs to finance specific projects or it can also invest in SPVs or in infrastructure funds.

COFIDE is also involved in managing funds received from the government and IFIs to act as fiduciary of the assets held in trusts. Such assets are not included in COFIDE's balance sheet because they represent a third-party risk.

COFIDE has a countercyclical role and has gradually evolved from plain vanilla lending to developing complex financial structures to fund strategic projects that would not likely be funded by commercial banks on their own (e.g. the use of natural gas as automotive fuel and the construction of highways). In the past years, its project financing activity has grown given the estimated USD87bn infrastructure deficit in Peru.

## Management

The board of directors meets on a monthly basis and is composed of five well-qualified members nominated by the Ministry of Economy and Finance (MEF) and appointed by FONAFE for renewable three-year terms. Fitch believes the entity has achieved reasonable economic, financial and administrative autonomy, supported by its managerial team that averages around 20 years' banking experience and adequate permanence within the entity. The executive officers are appointed by the board of directors for indefinite terms.

Starting from mid-2014, the entity experienced some changes on the managerial team, the risk manager left the institution and some internal rotation took place to cover the vacancy.

The entity also has a set of four committees (audit, risk, assets and liabilities and management) to support board objectives. COFIDE is regulated by SBS, the Superintendencia del Mercado de Valores (Peru's SEC) given its participation in the securities market and in certain aspects by the Peruvian Central Bank.

COFIDE's corporate governance practices are considered adequate given its state-owned nature, but it shows some weaknesses related to the entity's quasigovernmental status; four out of five members of the board were appointed for the first time during the current government (Ollanta Humala was elected in 2011). This process is similar to some state-run financial institutions in other countries in the region and is supported by the fact that the government is the bank's owner. The lack of continuity in corporate governance could potentially result in changing strategies and limiting COFIDE's ability to develop a consistent long-term business model.

### *Strategic Objectives*

COFIDE's strategy aims to comply with its key objectives: the promotion of financial and social inclusion through the financing activity directed to micro and SMEs and the disbursement of resources for the development of Peru's infrastructure. The entity sets a long-term multiyear

plan (2013–2017) that aligns economic and social goals to its mission, pursuing the accomplishment of their objectives while improving profitability.

Through the long-term funding obtained from capital markets and other creditors, COFIDE has been able to finance longer-term infrastructure projects not financed by the private financial sector. As part of the strategy, COFIDE has created new financing schemes (such as trusts and guarantees) to attract larger IFIs. The entity is now investing in the modernization of public transportation, highway construction, hydro power plants and environmental projects such as the program that promotes the conversion from gasoline to natural gas for public transportation (COFIGAS).

Continued growth (33% on average over the past two years) has been mainly driven by infrastructure project financing while financial intermediation is growing at a slower pace. However, the development of the micro and SMEs sector still stands as COFIDE's main goal, and the entity continues sponsoring educational programs to promote financial culture in rural areas.

The entity has projected to disburse up to USD1.5bn to infrastructure projects within the next two years.

After becoming a wholesale bank, COFIDE increased its exposure to small IFIs, taking some undesired credit risk and not fulfilling its stated goals. Afterwards, the entity set a multiyear plan in order to achieve its goals. Progress toward the achievement of these objectives is monitored via a balanced scorecard; the entity has determined 20 key performance indicators (KPIs) aligned to the strategic targets.

COFIDE has been relatively successful in executing its objectives. The entity has achieved a reasonable percentage of its KPIs, averaging 95.6% from 2010–2013. As of June 2014, the entity continues to be within the same range (96.6%); however, the total portfolio has remained below projections for 2013 and 2014.

## **Risk Appetite**

### *Credit Risk*

As a financial institution, COFIDE is primarily exposed to credit risk, with the net loans representing 56.2% of the total assets as of June 2014.

COFIDE engages in credit intermediation, which accounts for 25% of the total portfolio, by lending to IFIs for specific purposes. It is important to remark that the bank only grants credit to regulated entities like commercial banks, rural banks and credit unions, among others. The loans can be short term (working capital) or medium to long term (investment, mortgages, technological development and agribusiness, among others) and are usually structured with a specific credit portfolio as collateral.

Although direct credit exposure is to the IFI, if the payment ability of the credited IFI deteriorates, COFIDE could take control of the portfolio, absorbing the risk for the final borrowers. This structure has been actually proven in the past; during the most recent financial crisis in Peru (from 1999–2001), COFIDE seized portfolios from four troubled banks to collect its loans. Currently, the portfolios are managed by a third party, and COFIDE has been quite successful in recovering its exposure.

COFIDE's business area originates loans. Credit risk is managed through a rating system that rates COFIDE's prospects. The risk management division performs the credit analysis, issuing an opinion on the transaction. The organ may make suggestions to improve it from a risk perspective. Credits are granted by authorization levels. Aside from the borrower counterparty

risk, the credit analysis considers the purpose of the credit, the risk concentration (common risk), the proposal of an appropriate rate of return for the credit or project, the repayment sources and collateral provision, among others.

Given the specialized nature of the loans granted by COFIDE, the entity has set a group of guidelines for borrowers' credit risk, conditions for financing operations (direct or contingent), country risk policies and exchange rate policies, among others. The lending process is reinforced by a strict monitoring and supervision of the disbursed loan or credit line; the appropriate follow-up of the credit is fundamental to recover debts.

COFIDE has the right to withdraw loan payments directly from the IFI's central bank accounts or from a specifically designated commercial bank's account in the case of nonbank IFIs.

Loans for infrastructure have become the main source of portfolio growth, accounting for nearly 75.1% of the outstanding credits. Investment-financing transactions tend to have a more complex makeup, with either COFIDE or a global bank structuring the financing to cover the total funding needs of the project and distributing/syndicating to multilaterals (MLAs) and global banks. The transactions often involve pledged collateral, a trust for disbursements and collections, debt service reserve accounts, cash flow capturing mechanisms and interest rate or exchange rate hedging, among others. Lending is also provided to IFIs, while COFIDE is also allowed to invest in debt instruments of special purpose entities to finance projects. For this product, credit exposure is directly related to the investment project financed.

The entity manages an available for sale portfolio accounting for about 12% of total assets as of June 2014, with only 12% of them representing sovereign exposure; the rest is diversified in the local market among corporate bonds, structured bonds and mutual funds, among others. The amount is increasing due to a growing exposure to structured bonds related to infrastructure projects; most of the securities have a long-term nature.

The most important individual exposure in the balance sheet is the PEN2.4bn investment in CAF common shares made as a capital contribution by the government. COFIDE's exposure represents 12.4% of CAF's capital. The shares do not pay cash dividends and are not publicly traded. CAF securities have a low liquidity as there are restrictions on their transferability. However, the Peruvian government is a founding member of CAF and holds additional shares than those transferred to COFIDE and does not intend to sell those investments; if needed, it would be a natural buyer for COFIDE's shares.

COFIDE grants guarantees that expose the entity to additional credit risk. Such transactions are registered off-balance sheet and the entity considers similar policies to evaluate them. If there is some degree of loss related to the guarantee granted, the entity determines a loan loss provision. As of June 2014, the exposure to this indirect loans represented 25.2% of the entity's total equity.

#### *Market Risks*

COFIDE's risk committee sets forth policies to limit and monitor market risk. To monitor interest rate risk, the entity measures the impact of interest rate movements on the net financial margin and the equity (profit and equity at risk). The bank is also exposed to exchange rate risk from its USD-denominated holdings in CAF and from the outstanding dollarized portfolio. Exchange rate exposure is permanently monitored. The bank effectively limits its currency and interest rate risks by using derivatives contracted with various foreign entities (cross-currency swaps and interest rate swaps), reasonably decreasing its overall market risk.

### Operational Risks

COFIDE has mapped its key processes to identify potential operational risks that are fairly limited within the entity, as the bank does not have a large operational structure. Losses related to operating risk are rare and very small; the bank has maintained a database of events since 2009 and has implemented dedicated software as a monitoring tool. Operational risk coordinators are in charge of performing periodical evaluations of the controls.

Effective July 2009, Basel II requirements for operational and market risk were applied in Peru. Banks were required to allocate capital for market risk following the standardized model and the standardized alternative model for operational risk. COFIDE has fully complied with these new requirements and will use the standardized alternative method.

Execution risk in the projects directly affects the portfolio's performance. Even though the entity is not responsible for the operation of financed projects, the degree of specialization of the investment projects (energy and toll roads, among others) requires an adequate level of supervision and follow-up from COFIDE in order to prevent failures.

During 2014, COFIDE has been subject to media pressures related to COFIGAS and some investments in high-yield bonds from the municipality of Lima. Given its government-owned nature, COFIDE is subject to political and reputational risk.

### Financial Profile

#### Asset Quality

After collecting the portfolios that COFIDE seized during the banking crisis from four troubled banks, asset quality has shown steady improvement, as impaired loans (defined as 30 days past due) were about 0.03% of the gross portfolio at June 2014; restructured and refinanced portfolio represented 0.4%. In addition, COFIDE's loan loss reserves have consistently covered impaired loans.

### Asset Quality Ratios

(%)

	2Q14	2013	2012	2011
Growth of Gross Loans	0.10	17.83	26.26	4.78
Impaired Loans 30+ Days/Total Portfolio	0.03	0.03	0.08	0.50
Reserves for Impaired Loans/Impaired Loans	37,281.25	37,443.75	19,374.19	4,154.42
Net Charge-Offs/Average Gross Loans	N.A.	N.A.	0.27	0.00
Loan Impairment Charges/Average Gross Loans	0.07	(0.03)	(0.15)	(0.52)

N.A. – Not applicable.

Source: Fitch Ratings calculations based on COFIDE's financial statements.

COFIDE has recovered an important part of its exposure of the loans absorbed from four troubled banks, with only PEN17.9m, or 0.4% of the gross loans on balance sheet remaining.

The wholesale role of the entity and the size and the relatively limited number of financed projects have resulted in elevated concentrations per borrower (top 15: 1.1 x equity). Direct loans to the banks represent 79% of the total portfolio, while the rest is distributed among other regulated financial entities.

Concentrations by creditor are high. Growth has not reduced the relative importance of the top 20 obligors in the portfolio given that represented 2.9x of the total equity as of March 2014. Exposure by client is exacerbated by the low loan loss reserve cushion that only represents 11.5% of equity.

COFIDE's project finance activity implies higher concentrations and longer tenors that may result in sudden changes in asset quality if a project fails. However, most of the projects are strategic for the government, and the majority is structured with strong guarantees. Additionally, loan loss reserves represent 11.6% of the total gross loans.

### Earnings and Profitability

COFIDE's operating profitability has been moderated but sustained over the years. Profitability has been mainly driven by loan growth (25.5% on average from 2010–2014) and the consistent increase of the available for sale securities (48.3% on average over the same period). In 1H14, the entity slowed credit portfolio growth while it augmented its participation in other financial investments 25.3% accumulated as of June 2014. A clear development focus reflected on its narrow interest margins with respect to the total earning assets (NIM: 2.8%) has resulted in a moderate yet consistent performance. Profitability ratios are below those of commercial banks but not that far from those of state-owned development banks.

### Profitability Ratios

(%)

	2Q14	2013	2012	2011
Non-Interest Expense/Gross Revenues	32.77	35.92	38.61	35.73
Loans and Securities Impairment Charges/ Pre-Impairment Operating Profit	9.45	0.43	(9.62)	(7.87)
Net Income/Average Assets	0.83	1.03	1.17	1.35
Net Income/Average Equity	3.07	3.50	3.43	3.36

Source: Fitch calculations based on COFIDE's financial statements.

At June 2014, ROA and ROE stood at 0.8% and 3.1%, respectively. Profitability ratios amply rely on the adequate management of operating costs, which drives its stable efficiency ratios, and the contained credit costs. The relatively limited earnings generation of the entity is somewhat offset by its strong loss absorption capacity from its capital ratios.

### Capitalization and Leverage

Regulatory capital ratios have been at comfortable levels (42.7% on average) over the past four years, reflecting retained earnings in spite of a regular dividend payout. Total regulatory capital was entirely Tier I as of June 2014 (36.1%); however, on July 2014, the entity issued subordinated notes for USD300m. Projected growth could pressure capital ratios in the foreseeable future; however, the entity is planning some strategies to maintain regulatory capitalization over 30% (Tier II recent issuance and multilateral debt capitalization, among others).

### Capital Ratios

(%)

	2Q14	2013	2012	2011
Fitch Core Capital/Weighted Risk	43.41	44.80	49.23	58.09
Equity/Total Assets	27.40	27.30	32.62	40.09
Tangible Common Equity/Tangible Assets	27.35	27.25	32.59	40.05
Internal Capital Generation	3.05	0.35	0.33	0.33

Source: Fitch calculations based on COFIDE's financial statements.

The FCC ratio has also declined over the years, but it has consistently been above 40%. FONAFE approves the dividend payments. COFIDE could pay up to 90% of its distributable income to the shareholders and 10% to the reserve fund.

However, since 2013, the entity will be allowed to reinvest 15% of the shareholders dividend to sustain the capital ratios. On March 2014, a capital increase of PEN23.8m was authorized.

Fitch considers that the hefty capital ratios rely on a very illiquid asset (namely CAF shares).

### **Funding and Liquidity**

COFIDE has a wholesale funding profile. As of June 2014, funding came mainly from international and local capital markets (37%), international banks (26%), Peruvian banks (23%) and MLAs (14%). Reliance on capital markets continues increasing given the recent senior and subordinated-debt issuances (USD300m each).

As of March 2014, almost 14% of the total debt from MLAs was guaranteed by the government. The entity has benefited from special borrowing rates from MLAs that finance development programs. The management seeks to continue diversifying its sources to MLAs and bond issuances given the longer tenors available.

Given the average life of the projects, the entity has been widening its debt terms, having 26% short-term debt and 74% long-term debt as of June 2014. The entity plans to continue reducing the maturity gap on the balance sheet. The entity monitors liquidity risk by analyzing scenarios taking into account the available cash, the investment portfolio and other credit facilities, incorporating haircuts.

### **Support**

COFIDE's ratings reflect the strong probability 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.

### **Debt Ratings**

COFIDE's subordinated bonds are plain vanilla and lack the features that would earn them equity credit according to Fitch's criteria. In Fitch's opinion, their probability of nonperformance is equivalent to that of COFIDE's senior bonds, but they would entail a higher loss in case of default due to their subordinated nature. Hence, they are rated only one notch below the bank's issuer default rating (IDR).

The senior unsecured bonds are rated at the same level as the bank's IDR, in accordance with Fitch's criteria

### **Peer Analysis**

For the purpose of peer review, COFIDE is grouped with other state-owned entities in Peru. COFIDE's assets represent 19% of the total assets managed by the four rated entities. The issuer's profitability is moderate but consistent; however, indicators compare relatively in line to the peers with a social and/or economic role (only Banco de la Nacion [BN]) consistently has higher profits).



Peer Analysis

(%)

	Corporacion Financiera de Desarrollo S.A.		Fondo Mivivienda S.A.		Banco Agropecuario		Banco de la Nacion	
	June 2014	December 2013	June 2014	December 2013	June 2014	December 2013	June 2014	December 2013
Total Assets (USDm)	2,880.1	2,877.9	2,541.9	1,850.0	644.5	337.1	9,087.4	9,622.6
Impaired Loans Days/Total Portfolio	0.0	0.0	1.6	1.4	1.7	1.6	0.5	0.5
ROAE	3.1	3.5	1.1	2.1	4.4	5.7	46.1	34.1
ROAA	0.8	1.0	0.6	1.4	1.4	3.3	2.8	2.4
Equity/Total Assets	27.4	27.3	44.1	60.2	24.0	44.9	6.5	6.6
Reserves for Impairments/Impaired Loans	37281.3	37443.8	79.8	83.3	185.1	199.8	537.6	534.2

Source: Fitch calculations based on peers' financial statements.

During the past two years, total portfolio growth has been important, similar to its peers that showed two-digit growth over the same period. Its low NPLs are driven by its wholesale nature directed to IFIs and by the strong guarantees on the structured financing; however, significant concentrations and the longer tenors of the projects remain as an exposure to the entity. FMV also shows elevated concentrations. Although Banco Agropecuario and BN are more retail oriented, they have some concentrations by sector.

Domestic development banks in the peer group have solid capital ratios. However, they show a decreasing trend given the growing strategies over the recent years. Fitch expects COFIDE to maintain a reasonable capital ratio in the foreseeable future.

Corporacion Financiera de Desarrollo S.A. (COFIDE)

	30 Jun 2014		31 Dec 2013		31 Dec 2012		31 Dec 2011		31 Dec 2010		
	6 Mos - Interim	6 Mos - Interim	As % of	Year End	As % of	Year End	As % of	Year End	As % of	Year End	As % of
	USDm	PENm	Earning	PENm	Earning	PENm	Earning	PENm	Earning	PENm	Earning
	Unaudited	Unaudited	Assets	Unqualified	Assets	Audited/ Report not seen	Assets	Unqualified	Assets	Unqualified	Assets
<b>Income Statement</b>											
1. Interest Income on Loans	65.7	183.7	4.74	336.7	4.35	272.9	4.19	245.6	4.75	191.5	3.96
2. Other Interest Income	12.1	33.7	0.87	52.6	0.68	44.8	0.69	18.3	0.35	18.3	0.38
3. Dividend Income	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
4. Gross Interest and Dividend Income	77.8	217.4	5.61	389.3	5.03	317.7	4.87	263.9	5.11	209.8	4.34
5. Interest Expense on Customer Deposits	0.5	1.5	0.04	1.3	0.02	0.9	0.01	n.a.	-	n.a.	-
6. Other Interest Expense	38.1	106.6	2.75	188.1	2.43	162.2	2.49	104.8	2.03	67.1	1.39
7. Total Interest Expense	38.7	108.1	2.79	189.4	2.45	163.1	2.50	104.8	2.03	67.1	1.39
8. Net Interest Income	39.1	109.3	2.82	199.9	2.58	154.6	2.37	159.1	3.08	142.7	2.95
9. Net Gains (Losses) on Trading and Derivatives	3.5	9.8	0.25	(109.4)	(1.41)	(92.1)	(1.41)	(20.3)	(0.39)	13.3	0.28
10. Net Gains (Losses) on Other Securities	(0.5)	(1.3)	(0.03)	0.4	0.01	(1.5)	(0.02)	n.a.	-	n.a.	-
11. Net Gains (Losses) on Assets at FV through Income Statement	n.a.	n.a.	-	n.a.	-	n.a.	-	(7.7)	(0.15)	(9.3)	(0.19)
12. Net Insurance Income	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
13. Net Fees and Commissions	4.3	12.0	0.31	21.6	0.28	24.1	0.37	19.4	0.38	14.3	0.30
14. Other Operating Income	(6.5)	(18.1)	(0.47)	67.9	0.88	80.9	1.24	9.6	0.19	(13.0)	(0.27)
15. Total Non-Interest Operating Income	0.9	2.4	0.06	(19.5)	(0.25)	11.4	0.17	1.0	0.02	5.3	0.11
16. Personnel Expenses	8.1	22.6	0.58	39.7	0.51	38.1	0.58	34.6	0.67	27.0	0.56
17. Other Operating Expenses	5.0	14.0	0.36	25.1	0.32	26.0	0.40	22.6	0.44	21.6	0.45
18. Total Non-Interest Expenses	13.1	36.6	0.94	64.8	0.84	64.1	0.98	57.2	1.11	48.6	1.01
19. Equity-accounted Profit/ Loss - Operating	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
20. Pre-Impairment Operating Profit	26.9	75.1	1.94	115.6	1.49	101.9	1.56	102.9	1.99	99.4	2.06
21. Loan Impairment Charge	0.6	1.7	0.04	(1.5)	(0.02)	(5.1)	(0.08)	(15.0)	(0.29)	(22.9)	(0.47)
22. Securities and Other Credit Impairment Charges	1.9	5.4	0.14	2.0	0.03	(4.7)	(0.07)	6.9	0.13	57.7	1.19
23. Operating Profit	24.3	68.0	1.75	115.1	1.49	111.7	1.71	111.0	2.15	64.6	1.34
24. Equity-accounted Profit/ Loss - Non-operating	n.a.	n.a.	-	n.a.	-	n.a.	-	0.0	0.00	0.0	0.00
25. Non-recurring Income	n.a.	n.a.	-	n.a.	-	n.a.	-	0.0	0.00	36.5	0.76
26. Non-recurring Expense	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
27. Change in Fair Value of Own Debt	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
28. Other Non-operating Income and Expenses	(3.6)	(10.0)	(0.26)	(7.1)	(0.09)	6.3	0.10	0.7	0.01	0.0	0.00
29. Pre-tax Profit	20.7	58.0	1.50	108.0	1.39	118.0	1.81	111.7	2.16	101.1	2.09
30. Tax expense	8.8	24.6	0.63	31.6	0.41	43.9	0.67	39.6	0.77	40.9	0.85
31. Profit/Loss from Discontinued	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
32. Net Income	11.9	33.4	0.86	76.4	0.99	74.1	1.14	72.1	1.39	60.2	1.25
33. Change in Value of AFS Investments	n.a.	n.a.	-	(82.7)	(1.07)	71.0	1.09	n.a.	-	n.a.	-
34. Revaluation of Fixed Assets	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
35. Currency Translation Differences	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
36. Remaining OCI Gains/(losses)	n.a.	n.a.	-	55.2	0.71	(42.0)	(0.64)	n.a.	-	n.a.	-
37. Fitch Comprehensive Income	11.9	33.4	0.86	48.9	0.63	103.1	1.58	72.1	1.39	60.2	1.25
38. Memo: Profit Allocation to Non-controlling Interests	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
39. Memo: Net Income after Allocation to Non-controlling Interests	11.9	33.4	0.86	76.4	0.99	74.1	1.14	72.1	1.39	60.2	1.25
40. Memo: Common Dividends Relating to the Period	0.0	0.0	0.00	68.7	0.89	66.7	1.02	64.9	1.26	54.2	1.12
41. Memo: Preferred Dividends Related to the Period	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Exchange rate	USD1 = PEN2.79550		USD1 = PEN2.79500		USD1 = PEN2.55000		USD1 = PEN2.69600		USD1 = PEN2.80850		

Corporacion Financiera de Desarrollo S.A. (COFIDE)

	30 Jun 2014		31 Dec 2013		31 Dec 2012		31 Dec 2011		31 Dec 2010		
	6 Mos -	6 Mos -	As % of	Year End	As % of	Year End	As % of	Year End	As % of	Year End	
	Interim	Interim	Assets	PENm	Assets	PENm	Assets	PENm	Assets	PENm	Assets
	USDm	PENm									
<b>Balance Sheet</b>											
<b>Assets</b>											
<b>A. Loans</b>											
1. Residential Mortgage Loans	2.9	8.2	0.10	n.a.	-	n.a.	-	n.a.	-	n.a.	-
2. Other Mortgage Loans	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
3. Other Consumer/ Retail Loans	0.0	0.0	0.00	0.0	0.00	0.0	0.00	n.a.	-	n.a.	-
4. Corporate & Commercial Loans	0.0	0.0	0.00	0.0	0.00	0.0	0.00	n.a.	-	n.a.	-
5. Other Loans	1,830.0	5,115.7	63.54	5,245.1	65.21	4,018.2	58.86	2,963.8	54.82	2,685.2	52.04
6. Less: Reserves for Impaired Loans	213.4	596.5	7.41	599.1	7.45	600.6	8.80	610.7	11.30	602.3	11.67
7. Net Loans	1,619.5	4,527.4	56.23	4,646.0	57.76	3,417.6	50.06	2,353.1	43.52	2,082.9	40.37
8. Gross Loans	1,832.9	5,123.9	63.64	5,245.1	65.21	4,018.2	58.86	2,963.8	54.82	2,685.2	52.04
9. Memo: Impaired Loans included above	0.6	1.6	0.02	1.6	0.02	3.1	0.05	14.7	0.27	8.0	0.16
10. Memo: Loans at Fair Value included above	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
<b>B. Other Earning Assets</b>											
1. Loans and Advances to Banks	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
2. Reverse Repos and Cash Collateral	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
3. Trading Securities and at FV through Income	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
4. Derivatives	3.0	8.5	0.11	3.9	0.05	2.3	0.03	71.8	1.33	82.6	1.60
5. Available for Sale Securities	1,175.2	946.0	11.75	755.0	9.39	758.3	11.11	355.4	6.57	269.0	5.21
6. Held to Maturity Securities	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
7. Equity Investments in Associates	n.a.	2,339.20	29.05	2,339.2	29.08	2,339.2	34.27	2,388.6	44.18	2,399.4	46.50
8. Other Securities	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
9. Total Securities	1,178.2	3,293.7	40.91	3,098.1	38.52	3,099.8	45.41	2,815.8	52.08	2,751.0	53.31
10. Memo: Government Securities included Above	19.0	53.0	0.66	6.5	0.08	52.1	0.76	175.2	3.24	68.7	1.33
11. Memo: Total Securities Pledged	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
12. Investments in Property	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
13. Insurance Assets	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
14. Other Earning Assets	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
15. Total Earning Assets	2,797.7	7,821.1	97.14	7,744.1	96.28	6,517.4	95.47	5,168.9	95.60	4,833.9	93.68
<b>C. Non-Earning Assets</b>											
1. Cash and Due From Banks	68.4	191.3	2.38	244.7	3.04	258.9	3.79	175.5	3.25	260.5	5.05
2. Memo: Mandatory Reserves included above	n.a.	n.a.	-	41.8	0.52	45.7	0.67	72.9	1.35	32.8	0.64
3. Foreclosed Real Estate	0.0	0.1	0.00	0.1	0.00	0.1	0.00	0.1	0.00	0.1	0.00
4. Fixed Assets	4.6	12.9	0.16	13.7	0.17	11.5	0.17	10.7	0.20	10.5	0.20
5. Goodwill	n.a.	n.a.	-	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
6. Other Intangibles	2.1	5.9	0.07	5.4	0.07	2.9	0.04	3.7	0.07	4.2	0.08
7. Current Tax Assets	3.9	10.9	0.14	16.0	0.20	7.2	0.11	32.7	0.60	37.5	0.73
8. Deferred Tax Assets	n.a.	n.a.	-	n.a.	-	n.a.	-	0.0	0.00	0.0	0.00
9. Discontinued Operations	n.a.	n.a.	-	n.a.	-	n.a.	-	0.0	0.00	0.0	0.00
10. Other Assets	3.3	9.2	0.11	19.6	0.24	28.6	0.42	15.0	0.28	13.4	0.26
11. Total Assets	2,880.1	8,051.4	100.00	8,043.6	100.00	6,826.6	100.00	5,406.6	100.00	5,160.1	100.00
Exchange rate	USD1 = PEN2.79550		USD1 = PEN2.79500		USD1 = PEN2.55000		USD1 = PEN2.69600		USD1 = PEN2.80850		

Corporacion Financiera de Desarrollo S.A. (COFIDE)

	30 Jun 2014		31 Dec 2013		31 Dec 2012		31 Dec 2011		31 Dec 2010		
	6 Mos - Interim	6 Mos - Interim	As % of	Year End	As % of	Year End	As % of	Year End	As % of	Year End	
	USDm	PENm	Assets	PENm	Assets	PENm	Assets	PENm	Assets	PENm	
<b>Balance Sheet</b>											
<b>Liabilities and Equity</b>											
<b>D. Interest-Bearing Liabilities</b>											
1. Customer Deposits - Current	0.0	0.0	0.00	0.0	0.00	0.0	0.00	n.a.	-	n.a.	-
2. Customer Deposits - Savings	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
3. Customer Deposits - Term	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
4. Total Customer Deposits	0.0	0.0	0.00	0.0	0.00	0.0	0.00	n.a.	-	n.a.	-
5. Deposits from Banks	61.6	172.2	2.14	188.6	2.34	n.a.	-	193.0	3.57	126.1	2.44
6. Repos and Cash Collateral	n.a.	n.a.	-	72.2	0.90	19.9	0.29	n.a.	-	n.a.	-
7. Other Deposits and Short-term	32.9	92.1	1.14	1,255.9	15.61	1,591.5	23.31	846.5	15.66	1,014.1	19.65
8. Total Deposits, Money Market and Short-term Funding	94.5	264.3	3.28	1,516.7	18.86	1,611.4	23.60	1,039.5	19.23	1,140.2	22.10
9. Senior Debt Maturing after 1 Year	1,816.9	5,079.2	63.08	3,939.8	48.98	2,607.0	38.19	1,804.2	33.37	1,469.8	28.48
10. Subordinated Borrowing	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
11. Other Funding	n.a.	n.a.	-	n.a.	-	n.a.	-	0.0	0.00	0.0	0.00
12. Total Long Term Funding	1,816.9	5,079.2	63.08	3,939.8	48.98	2,607.0	38.19	1,804.2	33.37	1,469.8	28.48
13. Derivatives	26.1	72.9	0.91	74.8	0.93	62.6	0.92	45.5	0.84	19.7	0.38
14. Trading Liabilities	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
15. Total Funding	1,937.5	5,416.4	67.27	5,531.3	68.77	4,281.0	62.71	2,889.2	53.44	2,629.7	50.96
<b>E. Non-Interest Bearing Liabilities</b>											
1. Fair Value Portion of Debt	n.a.	n.a.	-	n.a.	-	n.a.	-	0.0	0.00	0.0	0.00
2. Credit impairment reserves	n.a.	n.a.	-	n.a.	-	n.a.	-	42.6	0.79	40.5	0.78
3. Reserves for Pensions and Other	22.3	62.4	0.78	48.2	0.60	31.0	0.45	n.a.	-	n.a.	-
4. Current Tax Liabilities	n.a.	n.a.	-	0.7	0.01	0.7	0.01	33.6	0.62	50.5	0.98
5. Deferred Tax Liabilities	92.7	259.1	3.22	256.0	3.18	272.0	3.98	262.6	4.86	281.5	5.46
6. Other Deferred Liabilities	n.a.	n.a.	-	n.a.	-	n.a.	-	0.5	0.01	0.5	0.01
7. Discontinued Operations	n.a.	n.a.	-	n.a.	-	n.a.	-	0.0	0.00	0.0	0.00
8. Insurance Liabilities	n.a.	n.a.	-	n.a.	-	n.a.	-	0.0	0.00	0.0	0.00
9. Other Liabilities	38.3	107.2	1.33	11.5	0.14	15.4	0.23	10.5	0.19	15.0	0.29
10. Total Liabilities	2,090.9	5,845.1	72.60	5,847.7	72.70	4,600.1	67.38	3,239.0	59.91	3,017.7	58.48
<b>F. Hybrid Capital</b>											
1. Pref. Shares and Hybrid Capital accounted for as Debt	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
2. Pref. Shares and Hybrid Capital accounted for as Equity	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
<b>G. Equity</b>											
1. Common Equity	772.1	2,158.3	26.81	2,159.6	26.85	2,162.7	31.68	2,167.6	40.09	2,142.4	41.52
2. Non-controlling Interest	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
3. Securities Revaluation Reserves	12.2	34.0	0.42	13.3	0.17	96.0	1.41	n.a.	-	n.a.	-
4. Foreign Exchange Revaluation Reserves	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
5. Fixed Asset Revaluations and Other Accumulated OCI	5.0	14.0	0.17	23.0	0.29	(32.2)	(0.47)	n.a.	-	n.a.	-
6. Total Equity	789.2	2,206.3	27.40	2,195.9	27.30	2,226.5	32.62	2,167.6	40.09	2,142.4	41.52
7. Total Liabilities and Equity	2,880.1	8,051.4	100.00	8,043.6	100.00	6,826.6	100.00	5,406.6	100.00	5,160.1	100.00
8. Memo: Fitch Core Capital	787.1	2,200.4	27.33	2,190.5	27.23	2,223.6	32.57	2,163.9	40.02	2,138.2	41.44
9. Memo: Fitch Eligible Capital	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Exchange rate	USD1 = PEN2.79550 USD1 = PEN2.79500 USD1 = PEN2.55000 USD1 = PEN2.69600 USD1 = PEN2.80850										

## Corporacion Financiera de Desarrollo S.A. (COFIDE)

	30 Jun 2014	31 Dec 2013	31 Dec 2012	31 Dec 2011	31 Dec 2010
	6 Mos - Interim	Year End	Year End	Year End	Year End
<b>Summary Analytics</b>					
<b>A. Interest Ratios</b>					
1. Interest Income on Loans/ Average Gross Loans	7.08	7.35	7.81	8.53	7.82
2. Interest Expense on Customer Deposits/ Average Customer Deposits	n.a.	6.91	n.a.	n.a.	n.a.
3. Interest Income/ Average Earning Assets	5.61	5.48	5.27	5.22	4.51
4. Interest Expense/ Average Interest-bearing Liabilities	3.96	3.87	4.29	3.69	2.56
5. Net Interest Income/ Average Earning Assets	2.82	2.82	2.56	3.15	3.07
6. Net Int. Inc Less Loan Impairment Charges/ Av. Earning Assets	2.78	2.84	2.65	3.45	3.56
7. Net Interest Inc Less Preferred Stock Dividend/ Average Earning Assets	2.82	2.82	2.56	3.15	3.07
<b>B. Other Operating Profitability Ratios</b>					
1. Non-Interest Income/ Gross Revenues	2.15	(10.81)	6.87	0.62	3.58
2. Non-Interest Expense/ Gross Revenues	32.77	35.92	38.61	35.73	32.84
3. Non-Interest Expense/ Average Assets	0.91	0.87	1.01	1.07	0.97
4. Pre-impairment Op. Profit/ Average Equity	6.91	5.30	4.72	4.79	5.00
5. Pre-impairment Op. Profit/ Average Total Assets	1.87	1.56	1.61	1.93	1.99
6. Loans and securities impairment charges/ Pre-impairment Op. Profit	9.45	0.43	(9.62)	(7.87)	35.01
7. Operating Profit/ Average Equity	6.26	5.28	5.17	5.17	3.25
8. Operating Profit/ Average Total Assets	1.70	1.55	1.76	2.08	1.29
9. Taxes/ Pre-tax Profit	42.41	29.26	37.20	35.45	40.45
10. Pre-Impairment Operating Profit / Risk Weighted Assets	2.99	2.36	2.26	2.76	2.83
11. Operating Profit / Risk Weighted Assets	2.71	2.35	2.47	2.98	1.84
<b>C. Other Profitability Ratios</b>					
1. Net Income/ Average Total Equity	3.07	3.50	3.43	3.36	3.03
2. Net Income/ Average Total Assets	0.83	1.03	1.17	1.35	1.20
3. Fitch Comprehensive Income/ Average Total Equity	3.07	2.24	4.77	3.36	3.03
4. Fitch Comprehensive Income/ Average Total Assets	0.83	0.66	1.63	1.35	1.20
5. Net Income/ Av. Total Assets plus Av. Managed Securitized Assets	n.a.	n.a.	n.a.	n.a.	1.20
6. Net Income/ Risk Weighted Assets	1.33	1.56	1.64	1.94	1.72
7. Fitch Comprehensive Income/ Risk Weighted Assets	1.33	1.00	2.28	1.94	1.72
<b>D. Capitalization</b>					
1. Fitch Core Capital/ Risk Weighted Assets	43.41	44.80	49.23	58.09	60.95
2. Fitch Eligible Capital/ Risk Weighted Assets	n.a.	n.a.	n.a.	n.a.	n.a.
3. Tangible Common Equity/ Tangible Assets	27.35	27.25	32.59	40.05	41.47
4. Tier 1 Regulatory Capital Ratio	36.07	36.27	38.60	45.80	50.10
5. Total Regulatory Capital Ratio	36.07	36.27	38.60	45.80	50.10
6. Core Tier 1 Regulatory Capital Ratio	n.a.	n.a.	n.a.	n.a.	n.a.
7. Equity/ Total Assets	27.40	27.30	32.62	40.09	41.52
8. Cash Dividends Paid & Declared/ Net Income	0.00	89.92	90.01	90.01	90.03
9. Cash Dividend Paid & Declared/ Fitch Comprehensive Income	0.00	140.49	64.69	90.01	90.03
10. Cash Dividends & Share Repurchase/Net Income	n.a.	n.a.	n.a.	n.a.	n.a.
11. Internal Capital Generation	3.05	0.35	0.33	0.33	0.28
<b>E. Loan Quality</b>					
1. Growth of Total Assets	0.10	17.83	26.26	4.78	6.37
2. Growth of Gross Loans	(2.31)	30.53	35.58	10.38	21.30
3. Impaired Loans/ Gross Loans	0.03	0.03	0.08	0.50	0.30
4. Reserves for Impaired Loans/ Gross Loans	11.64	11.42	14.95	20.61	22.43
5. Reserves for Impaired Loans/ Impaired Loans	37,281.25	37,443.75	19,374.19	4,154.42	7,528.75
6. Impaired loans less Reserves for Impaired Loans/ Fitch Core Capital	(27.04)	(27.28)	(26.87)	(27.54)	(27.79)
7. Impaired Loans less Reserves for Impaired Loans/ Equity	(26.96)	(27.21)	(26.84)	(27.50)	(27.74)
8. Loan Impairment Charges/ Average Gross Loans	0.07	(0.03)	(0.15)	(0.52)	(0.93)
9. Net Charge-offs/ Average Gross Loans	n.a.	n.a.	0.27	0.00	0.00
10. Impaired Loans + Foreclosed Assets/ Gross Loans + Foreclosed Assets	0.03	0.03	0.08	0.50	0.30
<b>F. Funding</b>					
1. Loans/ Customer Deposits	n.a.	n.a.	n.a.	n.a.	n.a.
2. Interbank Assets/ Interbank Liabilities	n.a.	n.a.	n.a.	n.a.	n.a.
3. Customer Deposits/ Total Funding (excluding derivatives)	0.00	0.00	0.00	n.a.	n.a.

ALL FITCH CREDIT RATINGS ARE SUBJECT TO CERTAIN LIMITATIONS AND DISCLAIMERS. PLEASE READ THESE LIMITATIONS AND DISCLAIMERS BY FOLLOWING THIS LINK: [HTTPS://FITCHRATINGS.COM/UNDERSTANDINGCREDITRATINGS](https://fitchratings.com/understandingcreditratings). IN ADDITION, RATING DEFINITIONS AND THE TERMS OF USE OF SUCH RATINGS ARE AVAILABLE ON THE AGENCY'S PUBLIC WEB SITE AT [WWW.FITCHRATINGS.COM](http://WWW.FITCHRATINGS.COM). PUBLISHED RATINGS, CRITERIA, AND METHODOLOGIES ARE AVAILABLE FROM THIS SITE AT ALL TIMES. FITCH'S CODE OF CONDUCT, CONFIDENTIALITY, CONFLICTS OF INTEREST, AFFILIATE FIREWALL, COMPLIANCE, AND OTHER RELEVANT POLICIES AND PROCEDURES ARE ALSO AVAILABLE FROM THE CODE OF CONDUCT SECTION OF THIS SITE. FITCH MAY HAVE PROVIDED ANOTHER PERMISSIBLE SERVICE TO THE RATED ENTITY OR ITS RELATED THIRD PARTIES. DETAILS OF THIS SERVICE FOR RATINGS FOR WHICH THE LEAD ANALYST IS BASED IN AN EU-REGISTERED ENTITY CAN BE FOUND ON THE ENTITY SUMMARY PAGE FOR THIS ISSUER ON THE FITCH WEBSITE.

Copyright © 2014 by Fitch Ratings, Inc., Fitch Ratings Ltd. and its subsidiaries. 33 Whitehall Street, Plaza, NY, NY 10004. Telephone: 1-800-753-4824, (212) 908-0500. Fax: (212) 480-4435. Reproduction or retransmission in whole or in part is prohibited except by permission. All rights reserved. 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 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 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.

The information in this report is provided "as is" without any representation or warranty of any kind. A Fitch rating is an opinion as to the creditworthiness of a security. This opinion is 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. The rating does not address the risk of loss due to risks other than credit risk, unless such risk is specifically mentioned. Fitch is not engaged in the offer or sale of any security. 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. A report providing a Fitch rating is neither a prospectus nor a substitute for the information assembled, verified and presented to investors by the issuer and its agents in connection with the sale of the securities. Ratings may be changed or withdrawn at anytime for any reason in the sole discretion of Fitch. Fitch does not provide investment advice of any sort. Ratings are not a recommendation to buy, sell, or hold any security. Ratings do not comment on the adequacy of market price, the suitability of any security for a particular investor, or the tax-exempt nature or taxability of payments made in respect to any security. Fitch receives fees from issuers, insurers, guarantors, other obligors, and underwriters for rating securities. Such fees generally vary from US\$1,000 to US\$750,000 (or the applicable currency equivalent) per issue. In certain cases, Fitch will rate all or a number of issues issued by a particular issuer, or insured or guaranteed by a particular insurer or guarantor, for a single annual fee. Such fees are expected to vary from US\$10,000 to US\$1,500,000 (or the applicable currency equivalent). The assignment, publication, or dissemination of a rating by Fitch shall not constitute a consent by Fitch to use its name as an expert in connection with any registration statement filed under the United States securities laws, the Financial Services and Markets Act of 2000 of the United Kingdom, or the securities laws of any particular jurisdiction. Due to the relative efficiency of electronic publishing and distribution, Fitch research may be available to electronic subscribers up to three days earlier than to print subscribers.