

Announcement: Moody's assigns Investment Manager Quality Assessment of MQ2 to JMalucelli Investimentos

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Sao Paulo, December 12, 2014 -- Moody's América Latina has assigned an investment manager quality assessment of MQ2 to JMalucelli DTVM Ltda. (JMalucelli Investimentos). The MQ2 assessment reflects Moody's view of the asset manager as having very good management characteristics. JMalucelli Investimentos is the wholly-owned asset management arm of Paraná Banco (unrated). As of September 30, 2014, JMalucelli Investimentos' assets under management (AUM) totaled BRL1.85 billion (USD760 million).

ASSESSMENT RATIONALE

JMalucelli Investimentos' manager quality assessment reflects its disciplined investment process, focused on long-term performance, qualified team of professionals, good standards of client servicing and the support, commitment and oversight of its direct parent, Paraná Banco, and ultimate Parent, Grupo JMalucelli (unrated). Also supporting the MQ2 assessment is the significant growth in AUM in recent periods as well as its stable client base -- roughly three-quarters of AUM comes from managing the reserves of JMalucelli Participações em Seguros e Resseguros (unrated) and its subsidiaries, Paraná Banco's insurance arm. The challenges ahead for JMalucelli Investimentos are: (1) continuing to achieve sustainable growth, as it faces a highly competitive landscape, (2) continuing to diversify its client base, and (3) improving risk-adjusted investment performance.

JMalucelli Investimentos' follows a disciplined investment decision process based on policies and guidelines set out by its investment committee. The investment process follows a combination of top-down and bottom-up approaches, that are supported by macro and microeconomic analysis and risk control. For the insurance technical reserves, JMalucelli Investimentos employs appropriate asset liability management techniques. The equity investment process follows an intensive fundamental analysis with a long term investment horizon, that includes a search and preliminary analysis of target companies, detailed analysis with in-depth valuation models and presentation to an investment committee for approval. For the fixed income funds, the process considers a macro and microeconomic analysis, definition of scenarios and portfolio construction.

Moody's commented that JMalucelli Investimentos follows good risk management and control practices and procedures, both at the fund and at company level. The risk management team consistently monitors established guidelines and risk and return profiles. JMalucelli Investimentos counts on a non-proprietary system to manage risk.

Overall, Moody's considers JMalucelli Investimentos' investment management activities to be very good, based on the company's disciplined investment process, which is supported by strong operations, risk management procedures and controls as well as a very good investment infrastructure.

Moody's noted that JMalucelli Investimentos' financial flexibility is strong and benefits from the financial support provided by the direct parent company, Paraná Banco, and ultimate parent, JMalucelli Group, as well as the operational support provided by using the group's shared services center.

With regard to JMalucelli Investimentos' investment performance, Moody's noted that the company's funds have shown strong risk-adjusted returns and have consistently met their risk-return objectives. The equity funds have outperformed both global and local benchmarks, as well as many local peers. The fixed income funds have outperformed their respective benchmarks but not outperformed local peers. Moody's views the company's investment performance to be strong and consistent with an MQ2 assessment

JMalucelli Investimentos' MQ2 assessment would face upward pressure if: a) strong risk-adjusted investment results are improved and sustained over a long period; and b) total assets under management demonstrate strong and sustainable growth. The MQ assessment would face downward pressure if: a) the company's funds risk-adjusted performance deteriorate relative to both peers and benchmarks, b) funds experience a substantial decrease in AUM, or c) there are significant deviations in the company's process that increase operational risks.

Headquartered in Curitiba, Brazil, JMalucelli Investimentos is the asset management arm of Paraná Banco and

JMalucelli Group. As of September 30, 2014, its total assets under management amounted to BRL1.85 billion (USD760 million).

NOTE: Moody's Investment Manager Quality assessments do not indicate a company's ability to pay a fixed financial obligation or satisfy contractual financial obligations, either in its own right or any that may have been entered into through actively managed portfolios. Also, the assessments are not intended to consider the prospective performance of a portfolio, mutual fund or other investment vehicle with respect to appreciation, volatility of net asset value, or yield.

The principal methodology used in this assessment was "Moody's Approach to Investment Manager Quality (MQ) Assessments of Asset Managers", published in August 2011. Please see the Credit Policy page on www.moody.com.br for a copy of this methodology.

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