

MOODY'S

RATINGS

Announcement of Periodic Review: Moody's Ratings announces completion of a periodic review of ratings of Itau Colombia S.A.

13 Nov 2024

New York, November 13, 2024 -- Moody's Ratings (Moody's) has completed a periodic review of the ratings of Itau Colombia S.A. and other ratings that are associated with this issuer.

The review was conducted through a rating committee held on 7 November 2024 in which we reassessed the appropriateness of the ratings in the context of the relevant principal methodology(ies), and recent developments.

This publication does not announce a credit rating action and is not an indication of whether or not a credit rating action is likely in the near future. Please see the Issuer page on <https://ratings.moodys.com> for the most updated credit rating action information and rating history.

Key Rating considerations and rationale are summarized below.

Itau Colombia S.A. (Itau Colombia) has a baseline credit assessment (BCA) of ba2 that incorporates the bank's consistent good levels of capital and asset quality metrics. The bank has conservative management standards for credit risk and capital position, which are aligned to a robust risk culture of its ultimate Brazilian parent Itau Unibanco Holding S.A. (Itau Unibanco, Ba2 positive). This disciplined approach towards credit risk contributes with adequate levels of problem loans, measured as Stage 3 under IFRS, at 3.4% of gross loans in June 2024. The bank's loan delinquency has remained stable in the last 12 months, even when considering a 5.34% contraction in gross loans during the same period, reflecting the bank continued use of conservative loan underwriting standards. The large participation of low-risk commercial loans and mortgages in Itau Colombia's loan book also helps to maintain problem loan ratios below those of other banks in Colombia.

The BCA also incorporates Itau Colombia's robust capital position. The bank's Common Equity Tier 1 (CET1) ratio of 11.1%, as of June 2024, was well above the

minimum requirement of 6.0%. Similarly, our ratio of tangible common equity to adjusted risk-weighted assets (TCE/RWA) for the bank was a strong 12.1% as of the same date.

The main negative driver to Itau Colombia's ba2 BCA is its modest profitability, stemming from the bank's focus on expanding its retail banking operation while still facing intense competition in the Colombian financial system. In addition, the bank's bottom-line results have also been pressured by the still-high level of funding costs compared with the period before March 2023. As of June 2024, our ratio of net income to tangible assets ratio for Itau Colombia was 0.09%, at the same level as in June 2023.

This document summarizes our view as of the publication date and will not be updated until the next periodic review announcement, which will incorporate material changes in credit circumstances (if any) during the intervening period.

The principal methodology used for this review was Banks Methodology published in March 2024. Please see the Rating Methodologies page on <https://ratings.moodys.com> for a copy of this methodology.

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