

Brazil's Itaú Bank Celebrating a C Rating by Moody's

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Moody's, a leading international rating agency, has upgraded Banco Itaú's financial strength rating from C- to C, with a stable outlook. Moody's states that this upgrade reflects the Bank's consistently strong financial performance.

Of the 23 banks that operate in Brazil and are evaluated by Moody's in this rating category, Itaú is the best classified, being the only one to receive a C rating.

Moody's explained that this performance is the result of management's efforts to enhance the Bank's credit operations with high-margin segments. It also reflects the consistent improvements in the Bank's operating efficiency.

According to Moody's, Itaú's efforts have focused on the expansion of bank services and credit lines to small and mid-sized businesses as well as conservative provisioning and loan-origination policies.

Moody's also noted Itaú's solid and well-protected strategic position, with an important market share and a diversified product mix - advantages that have been achieved through key acquisitions and organic growth.

This expansion has provided the Bank with an increasingly important operating scale and has enhanced its access to stable and low-cost sources of funding, thus generating a sustainable earnings flow.

"We are very pleased with this new rating classification from Moody's exactly at a time when Itaú is commemorating 60 years since its foundation.

"The Bank's development over this period reflects a policy based on sustainability and corporate social responsibility, at the same time always creating value for our stockholders," says Roberto Setúbal, Itaú's CEO.

Moody's further noted a mix of less volatile assets and an increase in financial margins, despite the inherent volatility of the Brazilian economic scenario.

No less important to the Bank's performance has been the impact of recurring earnings and the rigid control over operating expenses, the rating agency declared.

It added that such advantages have contributed to profitability indicators considerably higher than other Brazilian banks of a similar size and are consistent with the C rating category.

Itaú's strategy has effectively cushioned the Bank against the effects of volatility, a positive factor in terms of rating classifications according to Moody's.

The rating agency has frequently drawn attention to Brazilian bank exposure to government risk and the resulting limitations on financial flexibility, particularly under stress scenarios.

Itaú's competent management, its ability to ensure a high level of earnings, and its conservative risk profile and strong financial fundamentals all combine to protect it against credit losses and the volatility inherent in the Brazilian economy.

"Our values are solid and we believe in Brazil's growth potential. For this reason, we shall continue to invest strongly in the expansion of the business, in the quality of service and in the responsibility in the way we always use our financial products and services to the benefit of society," says Setúbal.

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