

Research Update:

Banco Itau Chile Outlook Revised To Positive On Lower Colombia Exposure, Stronger Balance Sheet; 'BBB+' Rating Affirmed

May 14, 2025

Overview

- Banco Itau Chile's exposure to Colombia has consistently decreased in the past five years, and we anticipate it will decrease to below 15%.
- Asset quality metrics have continued to improve thanks to conservative underwriting practices and robust business models supported by the expertise of its parent company.
- Capitalization was strengthened by internal capital generation and the issuance of additional tier 1 (AT1) securities, resulting in a risk-adjusted capital (RAC) ratio that is now comfortably above the minimum levels of an adequate assessment.
- We have recently revised the banking industry country risk assessment for Chile and our outlook on the sovereign to stable from negative, alleviating pressures on the bank's stand-alone credit profile (SACP).
- As a result, we are revising our outlook on Banco Itau Chile to positive from stable. We also affirmed our 'BBB+/A-2' issuer credit ratings on the bank.
- The positive outlook reflects our expectations that the bank will reduce its exposure to Colombia to below 15%, continue strengthening its asset quality metrics, and maintain its RAC ratio well above 8%.

Rating Action

On May 14, 2025, S&P Global Ratings revised its outlook on Banco Itau Chile to positive from stable and affirmed its 'BBB+/A-2' issuer credit ratings.

Primary contact

Cynthia Cohen Freue
Buenos Aires
54-11-4891-2161
cynthia.cohenfreue
@spglobal.com

Secondary contact

Ivana L Recalde
Buenos Aires
54-11-4891-2127
ivana.recalde
@spglobal.com

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