S&P Global
Ratings

RatingsDirect®

Research Update:

Banco Itau Chile Upgraded To 'A-' From 'BBB+' On Lower Exposure To Colombia; Outlook Stable

April 29, 2026

Primary Contact

Henrique Sznirer
Sao Paulo
55-11-3039-9723
henrique.sznirer
@spglobal.com

Additional Contact

Ricardo Grisi
Mexico City
52-55-5081-4494
ricardo.grisi
@spglobal.com

Overview

- Banco Itau Chile's exposure to Colombia, which we currently assess as having higher economic risks than Chile's, has consistently decreased over recent years as part of its strategy overhaul. We anticipate its exposure will decrease to about 10%. Moreover, the bank's announcement of its divestment plan of its retail business in Colombia in December 2025 further supports that strategy.
- Meanwhile, the bank's capitalization metrics have somewhat improved due to the issuance of additional Tier 1 (AT1) securities in recent years, resulting in a stronger risk-adjusted capital (RAC) ratio.
- As a result, we raised our long-term issuer credit ratings on Banco Itau Chile and its New York Branch, as well as the debt ratings on their senior issuances, to 'A-' from 'BBB+'. We affirmed our 'A-2' short-term rating on the bank and on its commercial paper program.
- The outlook on the long-term rating is stable, reflecting our expectations that exposure to Colombia will remain close to 10% and the bank's capitalization ratios will remain solid.

Rating Action

On April 29, 2026, S&P Global Ratings raised its long-term issuer credit ratings on Banco Itau Chile S.A. and its New York branch to 'A-' from 'BBB+'. We also raised our issue rating on the bank's senior unsecured debt to 'A-' from 'BBB+' and affirmed the 'A-2' short-term rating on its commercial paper program. The outlook on the long-term issuer credit rating is stable.

Rationale

The upgrade reflects our expectation that Itau Chile's exposure to the Colombian banking sector will decrease to approximately 10% over the next several years. The bank's strategic shift toward its Chilean operations and narrowing of its Colombian business to wholesale banking--indicated by the December 2025 agreement to sell its Colombian retail business to Banco de Bogotá (pending regulatory approval)--supports this view.

Consequently, we anticipate Itau Chile's weighted average economic risk profile will reflect that of Chile and diverge from Colombia's. Therefore, we revised upward our anchor for Itau Chile and, as a result, we raised its stand-alone credit profile (SACP) to 'bbb+' from 'bbb'. While we foresee challenges in the Colombian banking system that could pressure asset quality and profitability, the Chilean banking sector is poised to benefit from economic growth, stable asset quality, and expanding consumption.

We expect Itau Chile's capitalization to remain sound. The bank's RAC ratio reached 8.7% as of December 2025, up from 7.9% in 2024 and 7.2% in 2023. We project it will range between 8% and 9% in the coming years, supported by capital buildup of approximately 7% per year and consolidated loan growth of 4%-8%.

We continue to include AT1 hybrids within our total adjusted capital calculations--AT1 amounted to Chilean peso (CLP) 270 billion in December 2025. Recent improvements in the RAC ratio are largely attributable to the issuance of AT1 hybrids, lower lending growth, and sufficient internal capital generation. Regulatory capital metrics have also strengthened, with the Tier 1 ratio increasing to 13.1% in December 2025, from close to 11% in previous years.

Profitability could also improve in the next few years as Itau Chile lowers its exposure to Colombia. We think that the narrowing of the Colombian business could benefit profitability over time. This is because Itau Chile's profitability in Colombia has been materially lower than in Chile amid limited net interest margins and scale for the retail business. Moreover, economic challenges in Colombia arising from a persistent fiscal deterioration, the sovereign’s high debt levels and ongoing inflationary pressures could further dent performance in the Colombian operations.

Nonetheless, costs related to the restructuring of the Colombian business could somewhat drag profits during the next two years. Thus, we think Itau Chile will report return on average equity (ROAE) between 10%-12% in the next couple of years, close to the levels reported in 2025. Furthermore, we forecast the net interest margins at about 3.4% and cost of risk at 1.1%-1.2% during this timeframe.

We think Itau Chile's operations will continue benefiting from its large presence in Chile, solid management, and diversified operations. The bank's market share in Chile was 9.9% in terms of loans as of December 2025, making it the sixth-largest lender in the country. Management has adhered to its strategy of expanding in the Chilean retail lending business in order to have a product mix similar to those of the four largest banks in Chile.

Banco Itau Chile is now more focused on becoming the "principal bank" for its clients, meaning it's the main transactional bank. As of the end of 2025, Itau Chile's exposure to commercial loans represented about 57% of its Chilean loan book, close to the industry average. Mortgage loans represented one-third of its Chilean portfolio, also in line with the Chilean banking industry.

Asset quality metrics have improved, and we predict stable nonperforming loans (NPLs) in 2026. Itau Chile's prudent underwriting standards and effective tools to measure and control risk underpin its asset quality metrics. The bank's NPLs in its Chilean operation were relatively stable, amounting to 2.0% of its lending book, and we expect that stability to remain, supported by higher consumption, GDP growth, and stable interest rates and inflation.

In the Colombian business, however, NPLs increased to 3.6% as of December 2025, from 3.3% a year before. We expect continued volatility in the NPLs for Itau Chile's Colombian operations amid challenging economic conditions, although the expected divestment of its retail business could mitigate that impact.

The ratings on Itau Chile incorporate one notch of government support due to a moderately high likelihood of support from Chile. In our view, there's a moderately high likelihood of support from Chile (foreign currency: A/Stable/A-1) to Itau Chile if needed, given its high systemic importance and the government's supportive stance toward its financial markets in times of stress. The bank's systemic importance stems from its size and complexity: It has kept market share of close to 10% in terms of loans and 9% in deposits in Chile in recent years.

Itau Chile is controlled by Brazilian financial holding **Itau Unibanco Holding S.A.** (Itau Unibanco), which holds 67% of its voting capital. Itau Unibanco's consolidated operations are mostly concentrated in Brazil (BB/Stable/B), and we generally limit the rating on a bank by that on the sovereign when such concentration exists. Still, we think Itau Chile is protected from possible negative interventions from its parent that could impair its financial performance. This is because we believe that Chile's solid regulatory framework would prevent that, as the framework controls and limits related-party transactions and requires regulatory authorizations for capital reductions.

Outlook

The stable outlook on Itau Chile incorporates our expectation that its capital metrics will strengthen, with its RAC ratio between 8.0% and 9.0% in the next two years, while its lending book exposure to Colombia will gradually decline to 10%. Meanwhile, we think that asset quality metrics will remain consistent with the Chilean system's average in the next 24 months.

Downside scenario

We could lower the ratings if the bank's exposure to Colombia increases to about 20% of total exposures, or if it remains at 15% but we lower our assessment of economic risk in Colombia's Banking Industry Country Risk Assessment (BICRA), which currently has a negative trend. We could also lower the ratings if the bank's RAC ratio deteriorates to below 7.0% or its asset quality metrics weaken.

Upside scenario

Although unlikely in the next two years, we could take a positive rating action on Itau Chile if it bolsters its capitalization, with a RAC ratio consistently above 10%.

Rating Component Scores

Rating Component Scores

	To	From
Issuer Credit Rating	A-/Stable/A-2	BBB+/Positive/A-2
SACP	bbb+	bbb
Anchor	bbb+	bbb
Business position	Adequate (0)	Adequate (0)
Capital and earnings	Adequate (0)	Adequate (0)
Risk position	Adequate (0)	Adequate (0)
Funding and liquidity	Adequate and Adequate (0)	Adequate and Adequate (0)
Comparable ratings analysis	0	0
Support	1	1
ALAC support	0	0
GRE support	0	0
Group support	0	0
Sovereign support	1	1
Additional factors	0	0

SACP--Stand-alone credit profile. ALAC--Additional loss-absorbing capacity. GRE--Government-related entity.

Related Criteria

- Criteria | Financial Institutions | General: Risk-Adjusted Capital Framework Methodology, April 30, 2024
- Criteria | Financial Institutions | Banks: Banking Industry Country Risk Assessment Methodology And Assumptions, Dec. 9, 2021
- Criteria | Financial Institutions | General: Financial Institutions Rating Methodology, Dec. 9, 2021
- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings, Oct. 10, 2021
- General Criteria: Group Rating Methodology, July 1, 2019
- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings, April 7, 2017
- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011

Ratings List

Ratings List

Upgraded; Outlook Action		
	To	**From**
Banco Itau Chile		
Itau Chile New York Branch		
Issuer Credit Rating	A-/Stable/A-2	BBB+/Positive/A-2
Upgraded		

Ratings List

	To	From
Itau Chile New York Branch		
Senior Unsecured	A-	BBB+
Ratings Affirmed		
Itau Chile New York Branch		
Commercial Paper	A-2	

Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at https://disclosure.spglobal.com/ratings/en/regulatory/ratings-criteria for further information. A description of each of S&P Global Ratings' rating categories is contained in "S&P Global Ratings Definitions" at https://disclosure.spglobal.com/ratings/en/regulatory/article/-/view/sourceId/504352. Complete ratings information is available to RatingsDirect subscribers at www.capitaliq.com. All ratings referenced herein can be found on S&P Global Ratings' public website at www.spglobal.com/ratings.