# Corporate Presentation 2Q 2020

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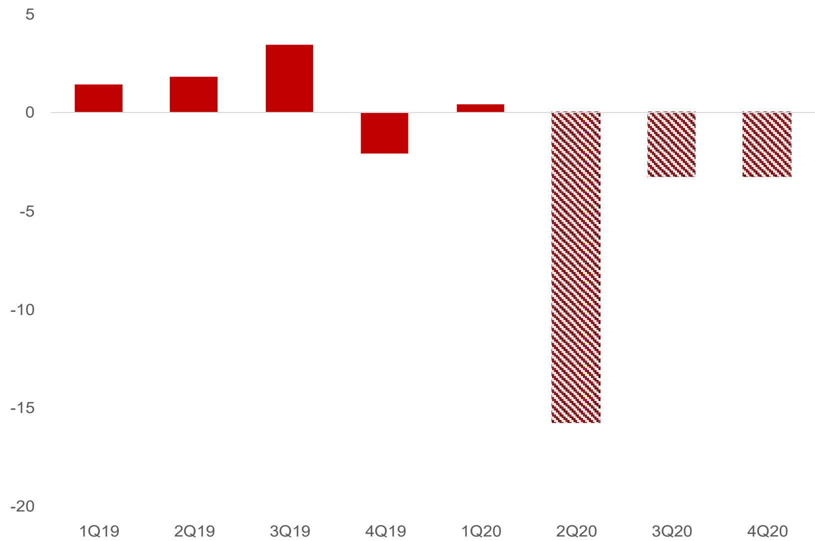
August 2020

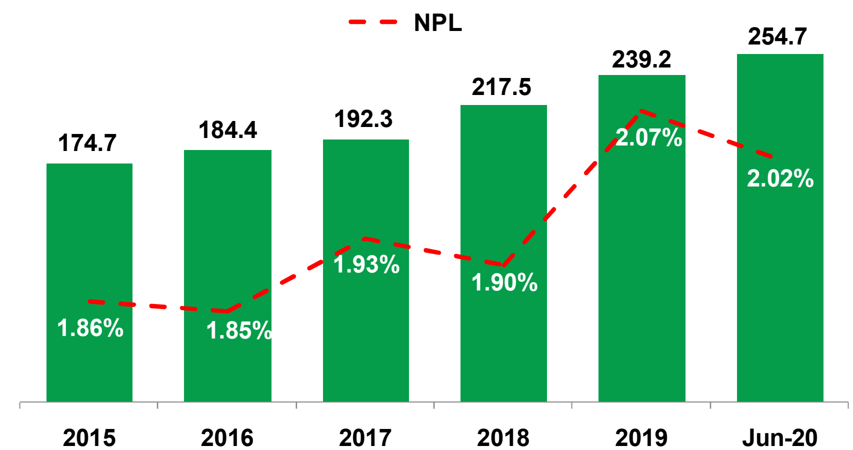
# Chilean financial system

# 1 …with a robust financial system…

## CHILE. Evolution of GDP growth projections

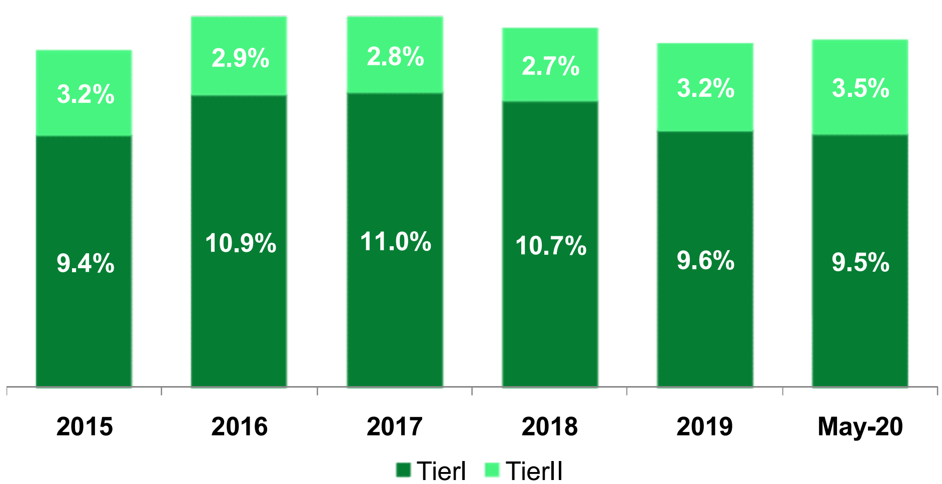



## Total loans in the banking system[1] (US$bn)




Source: CMF
Note: Figures are converted to US$ using an FX of USD/CLP of 748.74 (January 2nd 2020)
[1] Figures exclude CNB (City National Bank) and Itau Corpbanca operations in Colombia

## Banking system capitalization ratio




Source: CMF. Tier I and Tier II calculated as core capital and supplementary capital as % of total risk weighted assets respectively

## Chilean banking regulation – upgrading to Basel III

- New General Banking Law was approved and seeks to align capital requirements in Chile with Basel III guidelines,
- It would ask for at least an additional 2.5% in required capital (conservation buffer), in addition to the 8% currently in place.
- we expect to have an extra 1.25%-1.75% capital requirement as we are one of the larger banks in Chile. Countercyclical buffer, systemic buffer and credit risk weights (in Standard and foundation ) were just published on January 27 for enquiries, and in general is similar to the standard of Basel III regarding we are still looking for the main differences and give feedback to the regulator for the final rules.
- Implementation will be phased over a period of 5 years.

# Bci at a glance

# Leading financial institution in Chile in Loans…

## Profitable and financially sound

*as of June 2020*

**US$74.12 bn**
*(+41.3% YoY)*
*Total assets*

**US$47.3 bn**
*(+24.1% YoY)*
*Total loans*

**US$193.7 mm**
*Net Income YTD*
*(ROAE 8.63%)***

**US$4.8bn**
*Market Cap*[2]

| A2 | A | A |
|---|---|---|
| Moody's | S&P Global Ratings | Fitch Ratings |

*Credit_rating_profile:*

## Diversified business model

- *Largest bank in Chile (total loans)*
- *3rd Largest Florida-based bank*

CNB : 24% Assets
Bci Miami : 4% Assets


## Retail, Wholesale and Investment bank

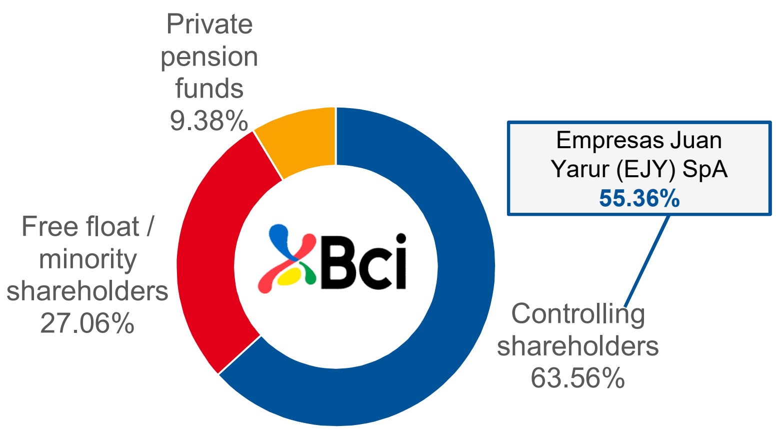
- Segments (Affluent, Mass Affluent, Mass Market)
- SMEs
- Credit Cards
- Mortgage
- Consumer loans
- Deposits

- Commercial Bank
- Private bank
- Treasury Products
- Corporate Banking
- Asset Management
- Cash Management
- Factoring
- Leasing
- Stock brokerage
- Insurance brokerage

Source: CMF as of June 2020
Note: Figures are converted to US$ using an FX of USD/CLP of 821.23 (July1st 2020); [1] Before provisions for loan losses and operating expenses ; [2] Bloomberg as of July, 2020

# …with a successful strategy supported by its strong corporate governance

## Long-term support from its controlling shareholders…




## …and strong corporate governance

- Board of Directors is composed by **experts in various fields, academics, economists, bankers and individuals connected with the world of technology,** who share a **long-term vision**
  - The Board of Directors includes **2 independent directors**, who actively participate in the Bank's committees
- Recognized for its **Corporate Governance** structure

merco EMPRESAS Y LÍDERES — *Best corporate governance*

merco EMPRESAS Y LÍDERES — *Corporate reputation*

## Strategic priorities

**1 Leverage digital customer experience to achieve competitive advantage**
- Best-in-class customer experience through digital transformation

**2 Drive sustainable growth, while maintaining prudent risk**
- Drive selective growth in line with defined risk-appetite
- Optimize capital structure
- Further deploy our international business

**3 Enhance leadership and collaboration throughout the organization**
- Promote disruptive innovation and boost collaboration
- Strive to create sustainable value for all our stakeholders

***Throughout its 80 year history, Bci has maintained high growth, profitability and corporate governance standards***

# …Balance sheet

| US$ million (*) | 2016 | 2017 | 2018 | 2019 | CAGR 2016-2019 | 2Q 2019 | 2Q 2020 | %∆ |
|---|---|---|---|---|---|---|---|---|
| Cash | 1,921 | 1,821 | 2,507 | 3,840 | 25.97% | 2,493 | 5,117 | 105.26% |
| Securities | 4,619 | 5,760 | 6,418 | 7,587 | 17.99% | 6,366 | 10,094 | 58.57% |
| Loans | 27,005 | 29,601 | 36,380 | 41,000 | 14.93% | 37,458 | 46,409 | 23.90% |
| Other Financial Instruments | 371 | 270 | 73 | 143 | -27.24% | 95 | 78 | -17.93% |
| Fixed Assets | 340 | 329 | 342 | 305 | -3.62% | 318 | 309 | -2.90% |
| Other Assets | 3,413 | 3,477 | 4,631 | 8,420 | 35.12% | 5,740 | 12,117 | 111.09% |
| **Total Assets** | **37,669** | **41,259** | **50,351** | **61,294** | **17.62%** | **52,471** | **74,124** | **41.27%** |
| Deposits on Demand | 9,978 | 11,610 | 14,883 | 17,268 | 20.06% | 14,681 | 21,440 | 46.04% |
| Time Deposits | 12,125 | 13,020 | 15,013 | 16,284 | 10.33% | 15,517 | 17,695 | 14.04% |
| Interbank Borrowings | 2,008 | 2,136 | 3,359 | 4,240 | 28.30% | 3,189 | 6,966 | 118.45% |
| Bonds Payable | 5,356 | 6,113 | 7,279 | 8,544 | 16.85% | 8,043 | 9,259 | 15.12% |
| Other Liabilities | 5,135 | 5,058 | 5,606 | 10,340 | 26.27% | 6,685 | 13,922 | 108.26% |
| Equity | **3,067** | **3,322** | **4,211** | **4,618** | **14.62%** | 4,356 | 4,842 | 11.15% |
| **Total Liabilities** | **37,669** | **41,259** | **50,351** | **61,294** | **17.62%** | **52,471** | **74,124** | **41.27%** |

Figures are converted to US$ using an FX of USD/CLP of 821.23 (July1st 2020)
includes operations of CNB

# …Financial results

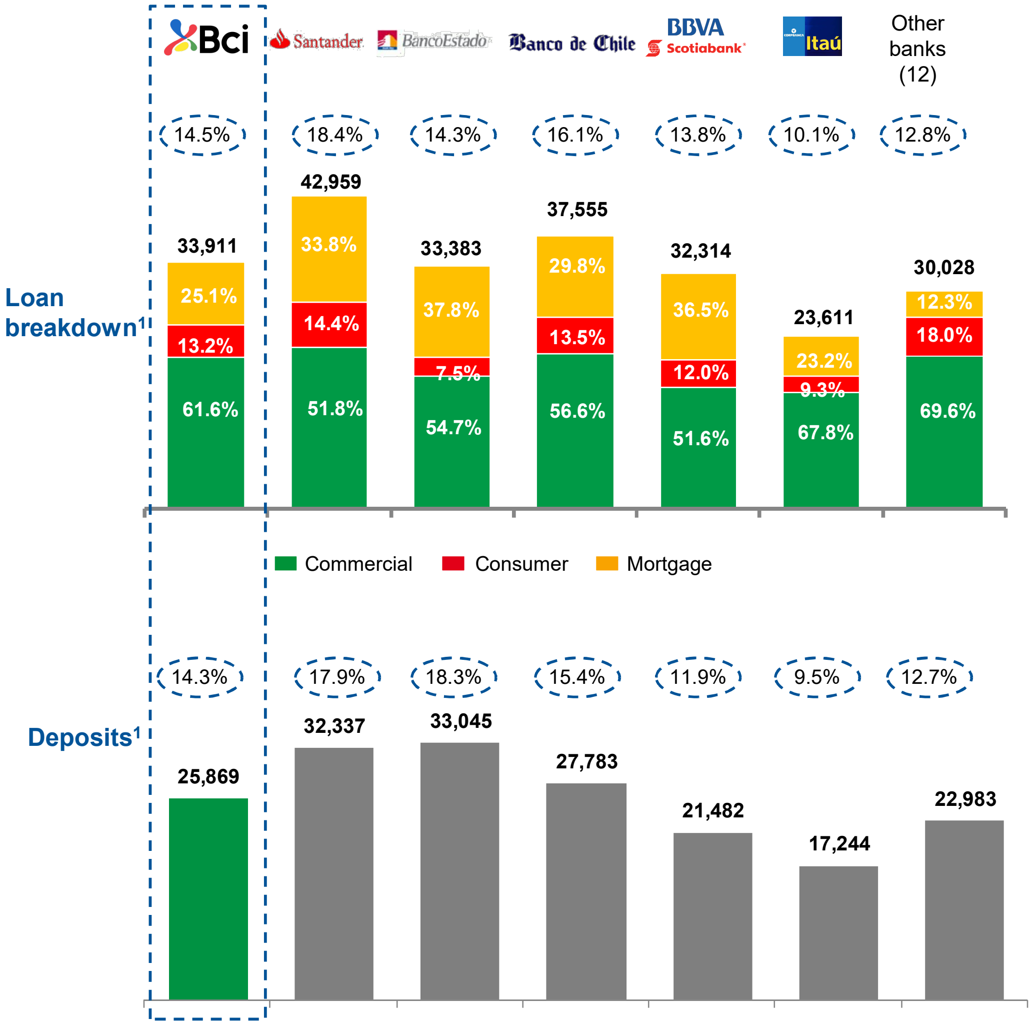
| US$ million (*) | 2016 | 2017 | 2018 | 2019 | CAGR 2016-2019 | 2Q 2019 | 2Q 2020 | %∆ |
|---|---|---|---|---|---|---|---|---|
| Net Interest Income | 1,102 | 1,138 | 1,315 | 1,609 | 13.45% | 402 | 437 | 8.75% |
| Net Service Fee Income | 331 | 327 | 373 | 428 | 9.00% | 104 | 94 | -9.95% |
| **Operating Income** | **1,433** | **1,466** | **1,688** | **2,037** | **12.45%** | **506** | **531** | **4.89%** |
| Other Operating Income | 132 | 216 | 242 | 266 | 26.23% | 62 | 98 | 59.2% |
| Provision for loan losses | -223 | -259 | -324 | -506 | 31.34% | -109 | -233 | 114.46% |
| **Operating Income, net of loan losses, interest and fees** | **1,342** | **1,422** | **1,606** | **1,798** | **10.24%** | **459** | **395** | **-13.81%** |
| Personal salaries and expenses | -454 | -486 | -566 | -589 | 9.10% | -147 | -151 | 2.84% |
| Administrative Expenses | -275 | -301 | -356 | -397 | 13.09% | -96 | -89 | -7.63% |
| Depreciation and Amortization | -67 | -73 | -82 | -126 | 23.44% | -32 | -34 | 5.07% |
| **Total operating expenses** | **-795** | **-860** | **-1,004** | **-1,113** | **11.83%** | **-275** | **-273** | **-0.57%** |
| **Total Net Operating Income** | **517** | **656** | **633** | **647** | **7.73%** | **177** | **106** | **-40.30%** |
| Income Tax | -103 | -204 | -151 | -156 | 14.88% | -41 | -28 | -31.90% |
| **Consolidated Net Income for the Year** | **414** | **452** | **482** | **490** | **5.79%** | **137** | **78** | **-42.79%** |

Figures are converted to US$ using an FX of USD/CLP of 821.23 (July1st 2020)
includes operations of CNB

# …and where Bci is has a relevant position in the market…

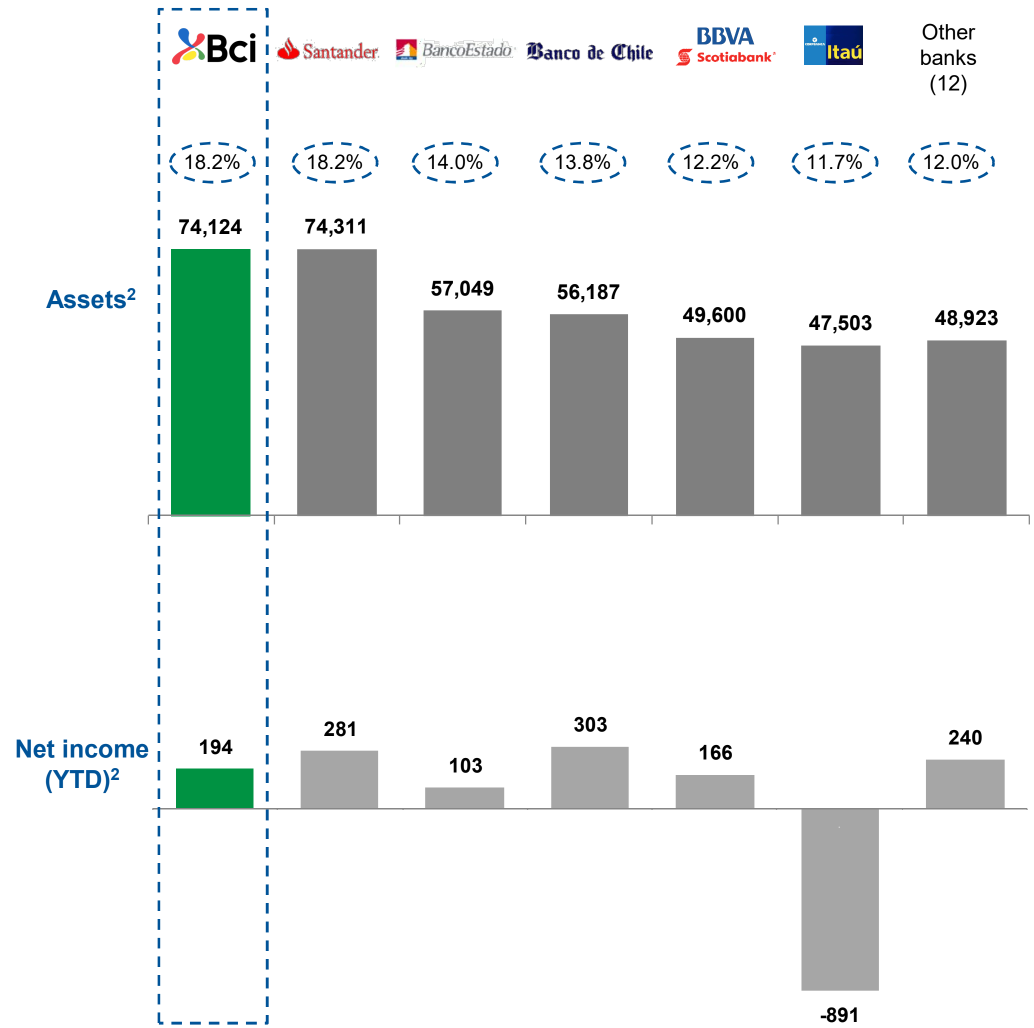
## Chilean banking system benchmark (local)

*In US$mm, as of June 2020*




## Chilean banking system benchmark (consolidated)

*In US$mm, as of June 2020*

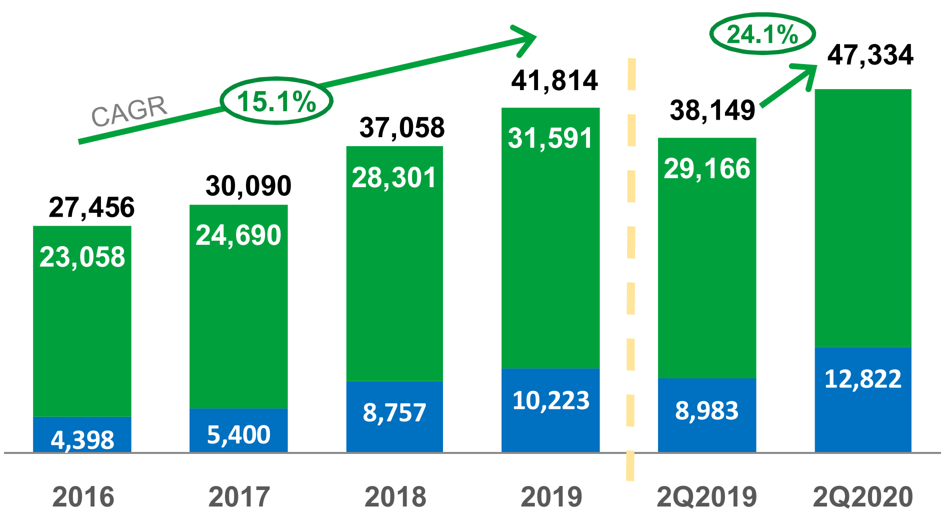



% Market share in Chilean banking system

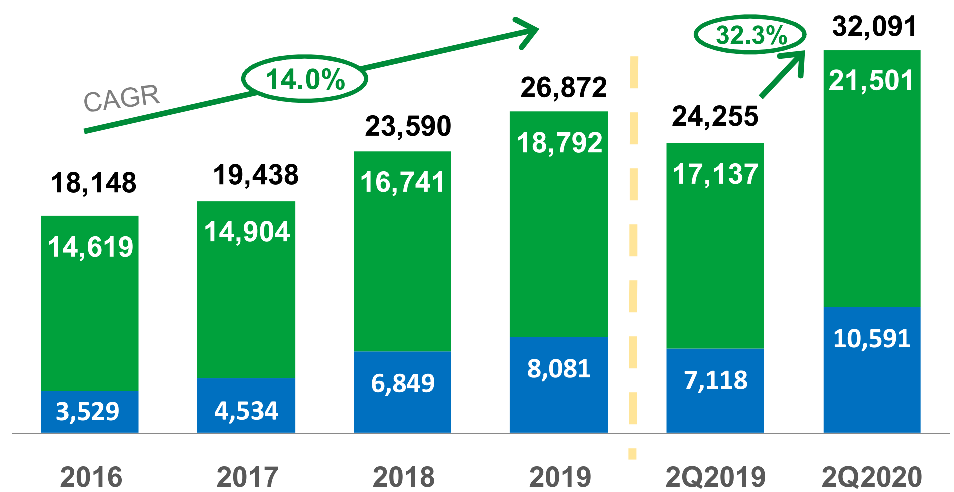
Source: Company filings and Financial Market Commission of Chile (CMF)
Note: Figures are converted to US$ using an FX of USD/CLP of 821.23 (July1st 2020)
(1) Bci figures exclude CNB (City National Bank) and Itau Corpbanca figures exclude Colombia operations
(2) Bci figures include CNB (City National Bank) and Itau Corpbanca figures include Colombia operations

# Domestic loan growth

## Total loans (US$mm)

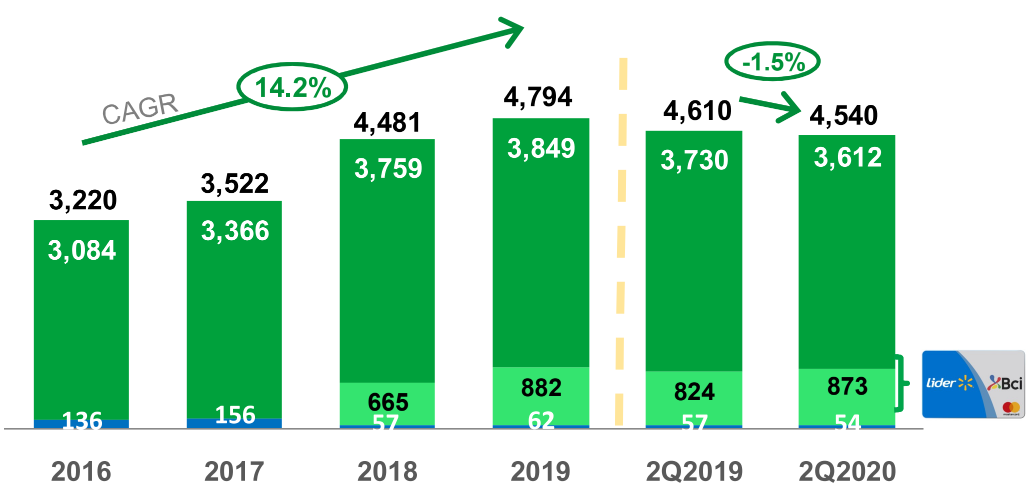



## Commercial & Interbank loans (US$mm)

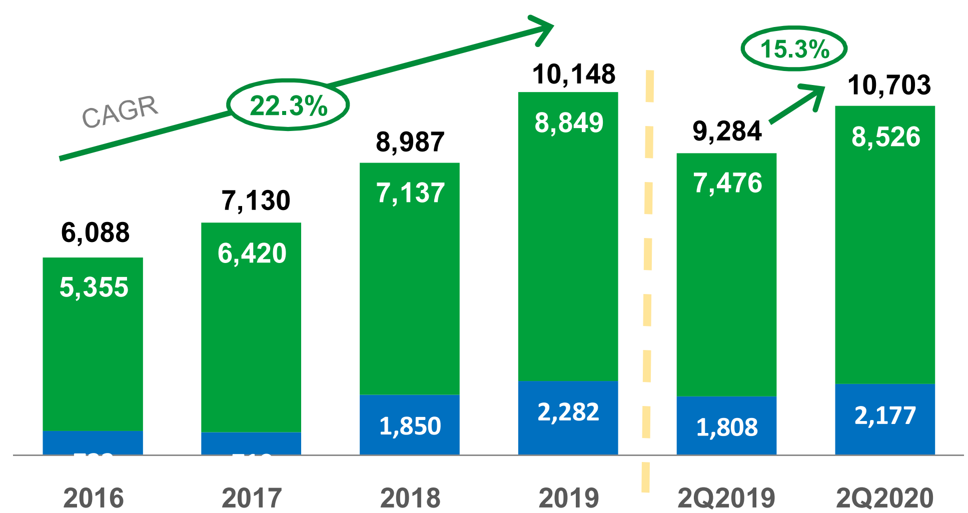



Bci CNB

## Consumer lending loans (US$mm)




## Mortgage loans (US$mm)

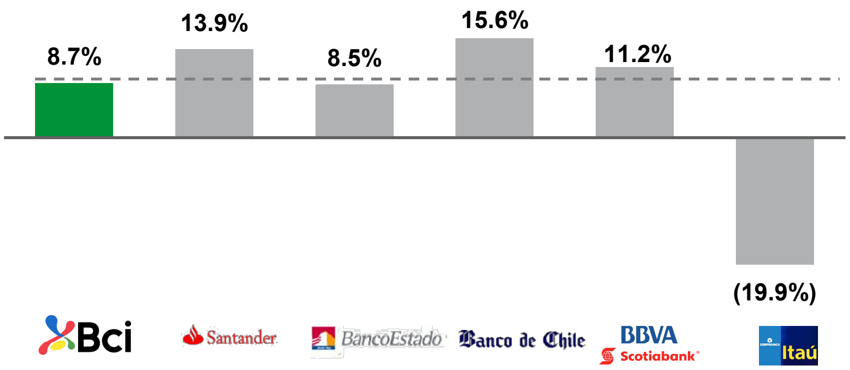



Source: Financial Market Commission (CMF).as of June 2020
Note: Figures are converted to US$ using an FX of USD/CLP of 821.23 (July1st 2020) ; Excludes CorpBanca investments in Colombia and Bci subsidiary in USA (CNB)

# Successful organic growth in Chile…

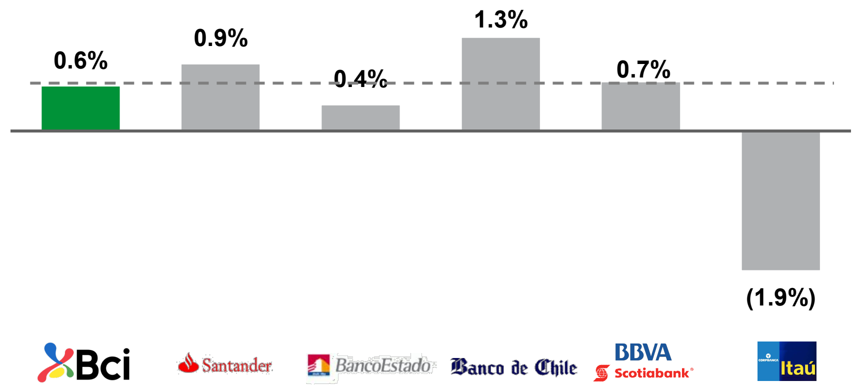
## Return on average Equity (ROAE)[1]

*As of June 2020*

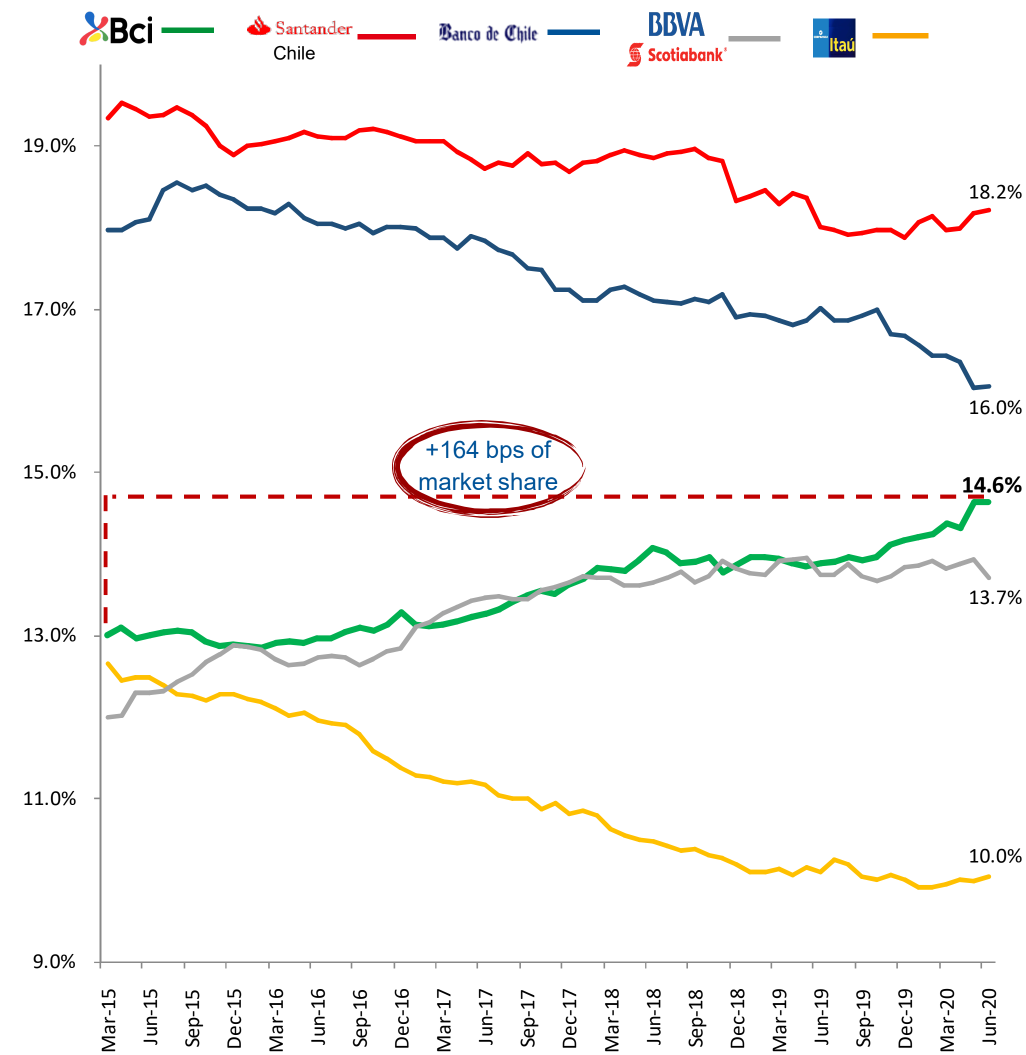



## Return on average assets (ROAA)[1]

*as of June 2020*




## Total loans market share - local[2] (%)




Source: CMF as of June 2020

[1] Figures include CNB and Itau Corpbanca Colombia; [2] Bci figures exclude CNB (City National Bank) and Itau Corpbanca figures exclude Colombia operations;

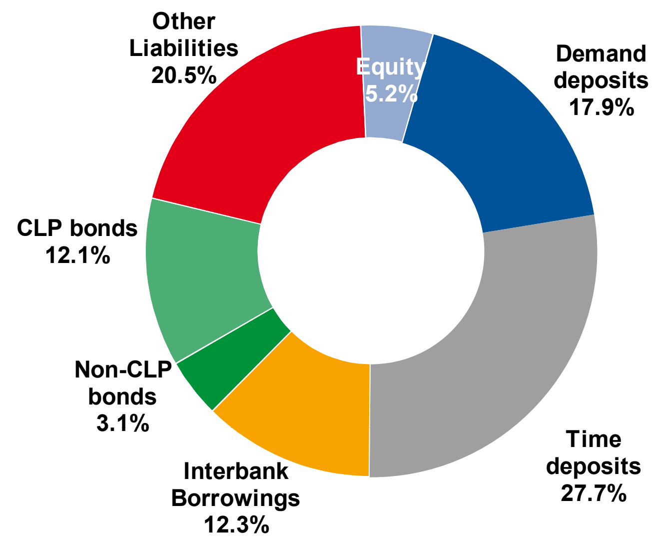
# …with diversified and low funding cost…

*In terms of maturity, currency and geography*

## Funding Sources

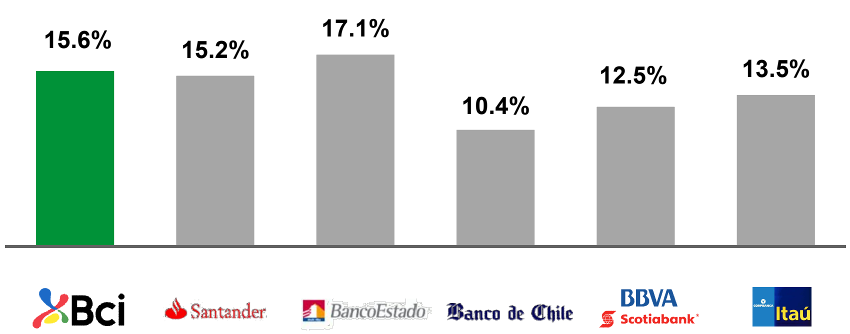
- Long term funding composed primarily of UF local bonds in the Chilean market, complemented by other international issuances, through our EMTN program in US dollars, Euros, Swiss Francs, Japanese Yens and Australian dollars
    - The long-term debt matches our long-term residential mortgage portfolio
- Short-term funding coming from commercial paper program managed out of its Miami branch which provides an additional source of US dollar funding

## Breakdown by type[1]



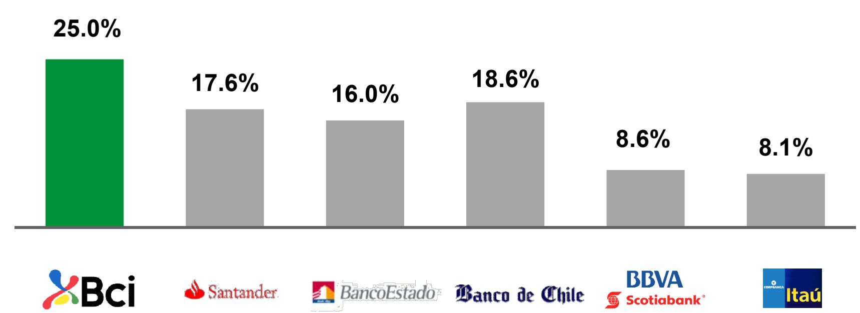

## Time Deposit market share

*as of June 2020*




## Current accounts & demand deposits market share

*as of June 2020*



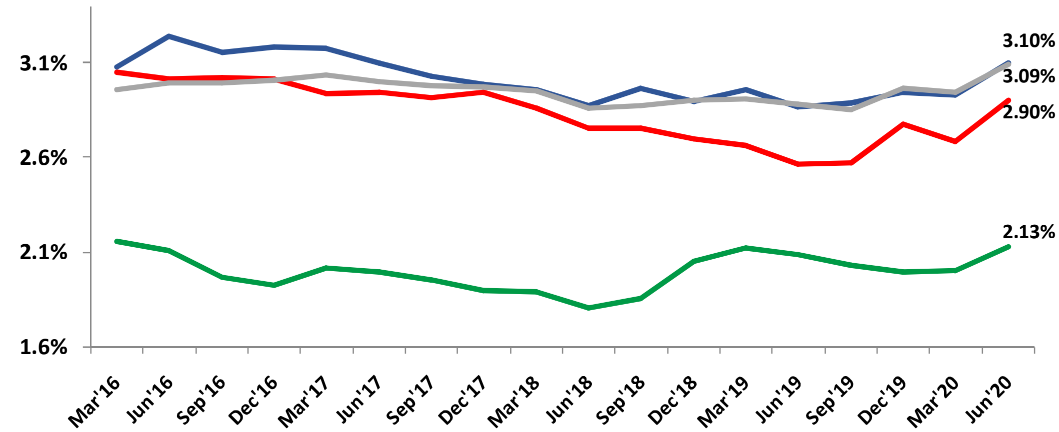

Source: Company filings and CMF as of June 2020
Note: Figures are converted to US$ using an FX of USD/CLP of 821.23 (July1st 2020); Bci figures include CNB (City National Bank) and Itau CorpBanca figures include Colombia operations; [1] Considers all of the Company's assets in Chile.

# …while maintaining prudent risk

## Highlights

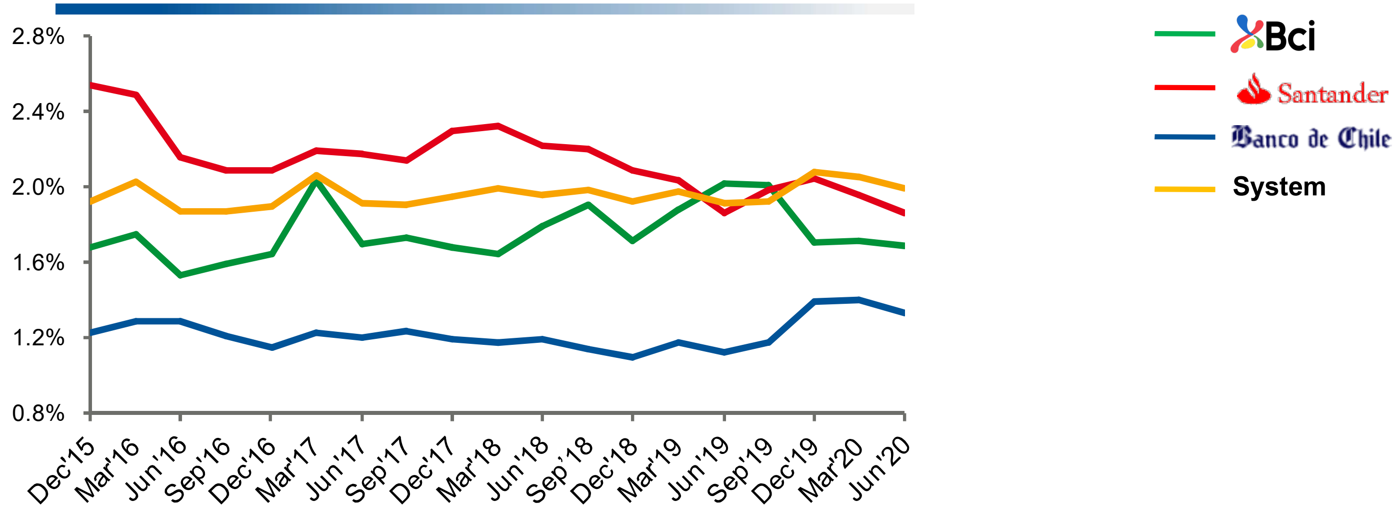
- Bci's asset quality is supported by proactive risk management and monitoring, as well as a continued focus
- Due to all these efforts, our risk ratios have remained at healthy levels over time, despite significant loan growth
- Our loan portfolio is well diversified by business lines, economic sectors, and customers.
- In terms of loan portfolio concentration, the 20 largest loans account for less than 10% of the bank's total loans

## Cost of risk index (Allowances / Average Gross Loans)




Note: Cost of risk index Include operations of CNB and Itau Corpbanca Colombia

## NPLs (Delinquency +90 days / Loans)

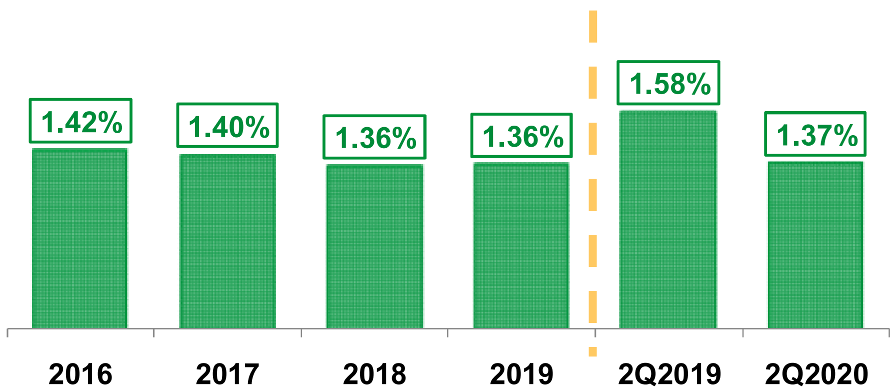



Note: NPLs exclude operations of CNB, Itau Corpbanca Colombia and all subsidiary

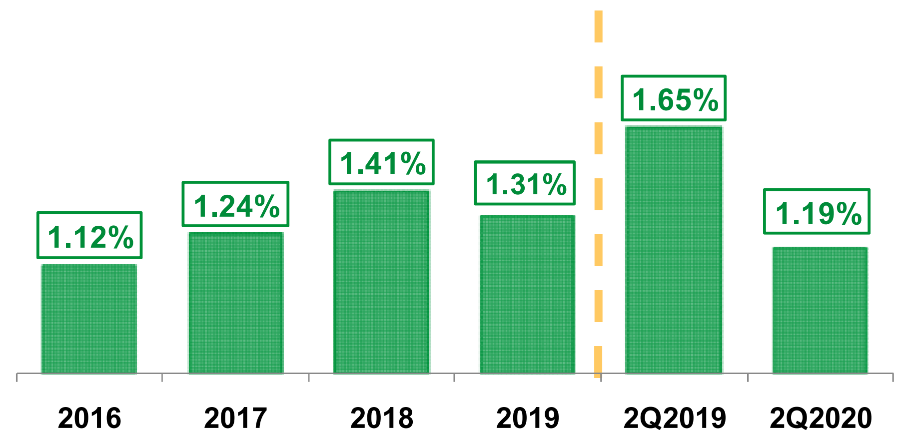
Source: CMF. Figures as of June 2020

# Non-Performing Loans (NPLs)

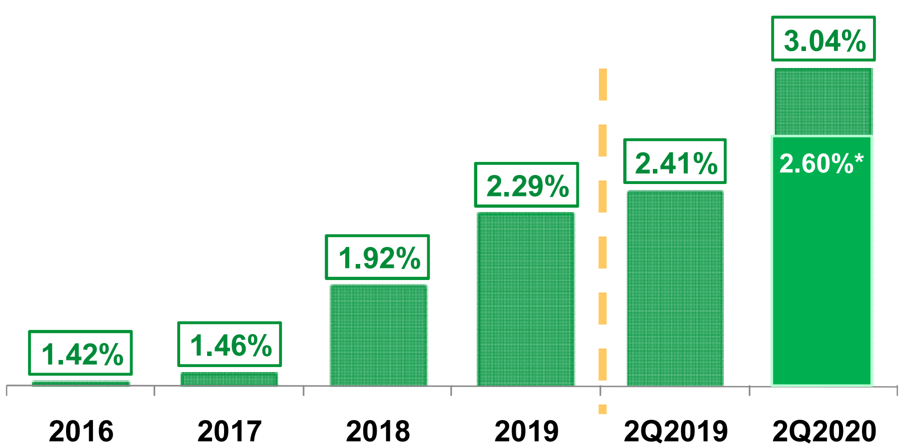
### NPL Ratio (NPLs/Total Loans)




### NPL Ratio (Commercial & Interbank Loans)

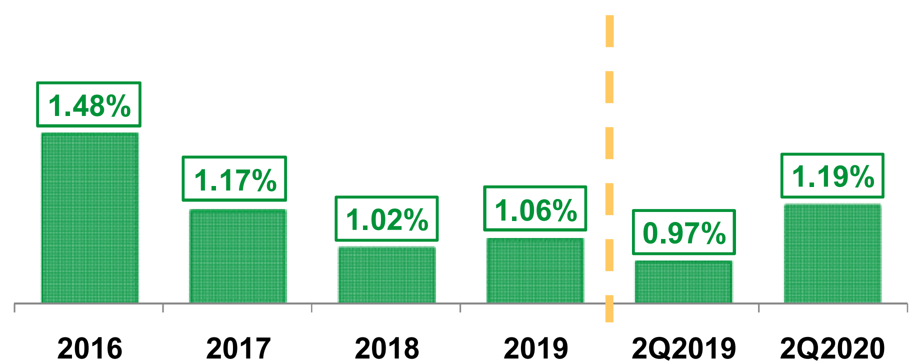



### NPL Ratio (Consumer Loans)




*NPLs of 2.60% in Consumer Loans exclude Financial Services

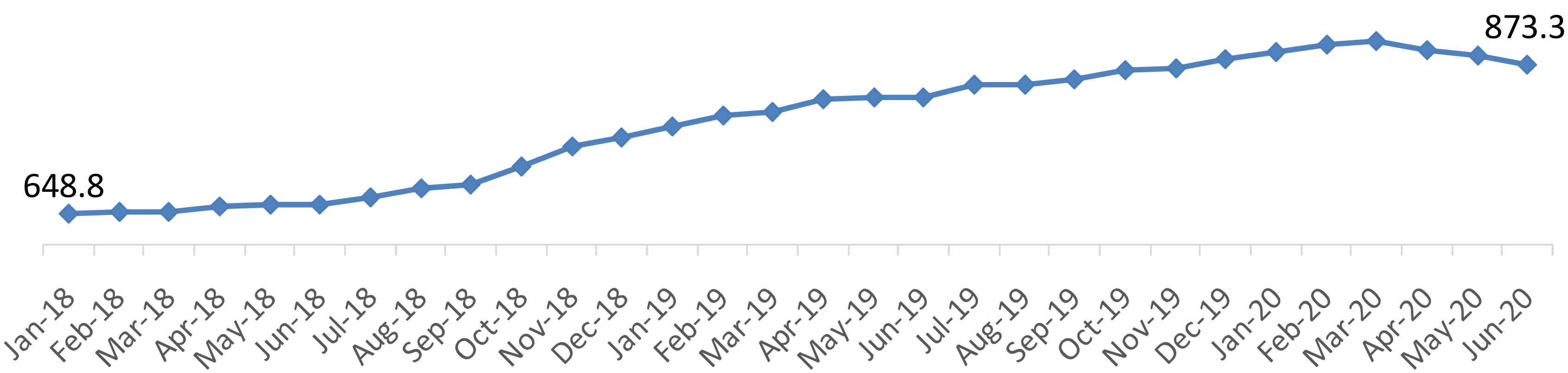
### NPL Ratio (Mortgage Loans)



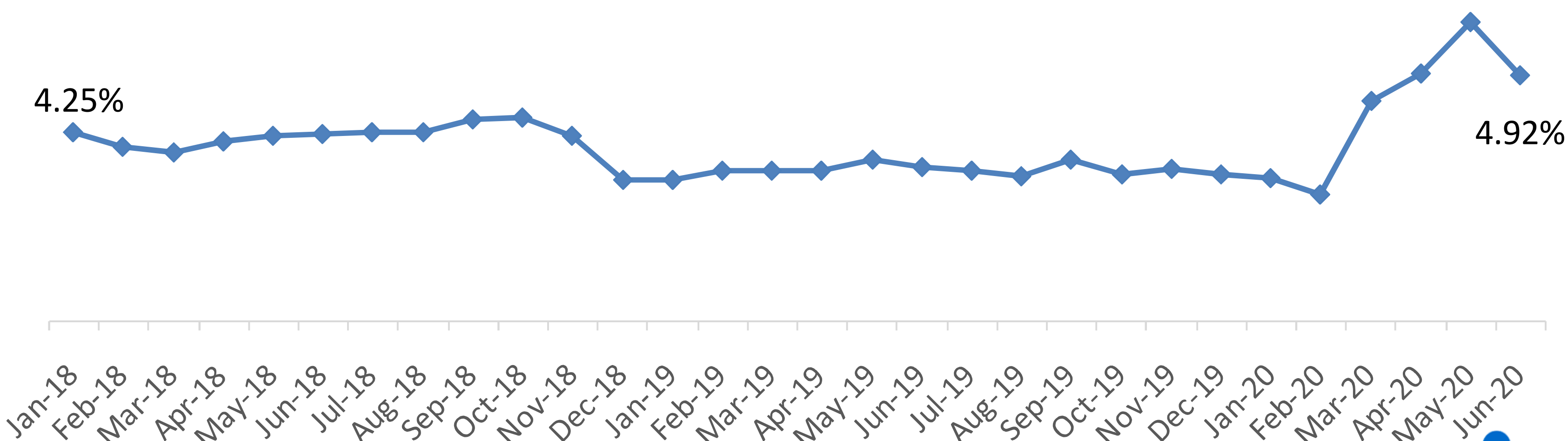

Note: Includes Bci subsidiary in USA (CNB)

# Financial Services


## Total Loans
**(US MM$)**




## NPL Ratio

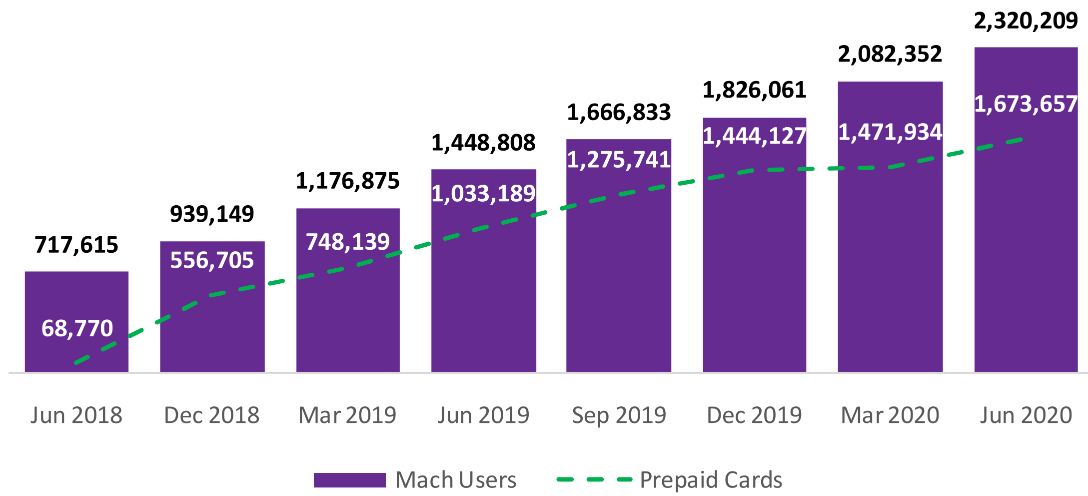



Note: Figures are converted to US$ using an FX of USD/CLP of 821.23 (July1st 2020)

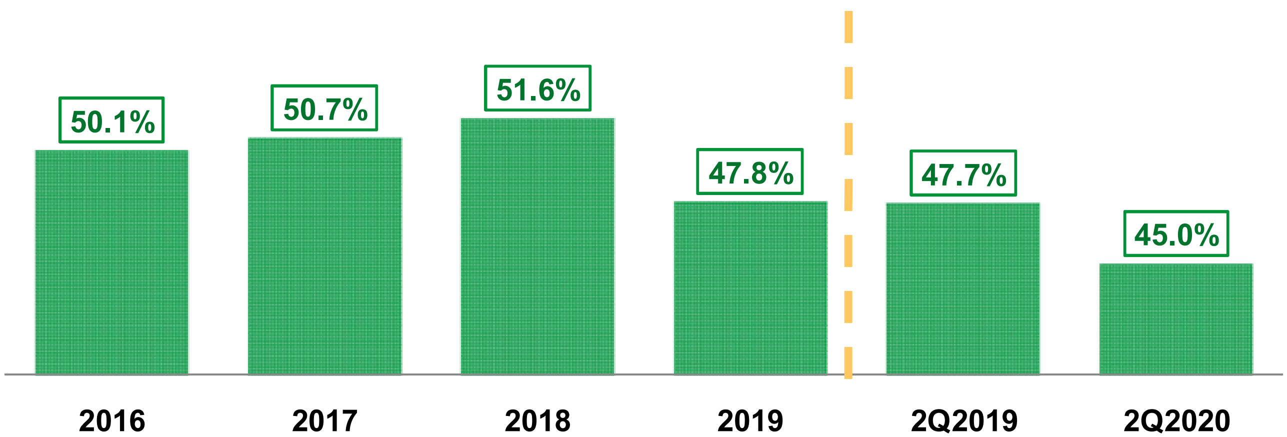
# Bci has implemented several initiatives that prepare it for the future

*Our strategy is rapidly embracing digital transformation*

## MACH: disruptive innovation rapidly penetrating the market




## We improve our efficiency ratio




Source: Company fillings. Efficiency ratio includes City National Bank of Florida
Figures are converted to US$ using an FX of USD/CLP of 821.23 (July1st 2020)

# City National Bank of Florida

# Executive Summary

**Second Quarter Results**

- Strong Q2 loan growth primarily due to $1.8B in PPP loans
- Client deposits increased by $1.5B in Q2 with PPP loan fundings contributing ≈$867MM of the increase
- Net income of $25.1MM has declined by $7.7MM QoQ due to $26MM of loan loss provisions recorded
- The Bank is <u>not required to adopt CECL</u> until 2023 & is operating under the <u>incurred loss ALLL model</u>

**Balance Sheet Composition**

- On-balance sheet & committed off-balance sheet liquidity sources are ample & total $7.3B
- The Bank is entering this period of uncertainty with significant levels of excess capital; the leverage ratio has declined to 10.04% due to PPP growth
- City National Bank has a strong credit culture supported by low levels of NPLs & charge-offs

**COVID-19 Impact**

- We have assisted our clients through our loan deferral program and provided new loan fundings through PPP and MSLP
- Deferrals are declining (14% of portfolio) with most expecting to resume payments in July and August
- We have been able to operate the Bank & generate ≈$2B of PPP loans while working entirely remotely, except for our banking centers

**2020 Priorities**

- We have identified six key priorities for 2020 given the realities of COVID-2019
- Capital will be protected through <u>active portfolio management</u> & <u>expense optimization</u>
- Focus on originating <u>MSLP loans</u> for clients and prospects as well as identifying <u>cross-sell opportunities</u>
- We will <u>successfully integrate Executive National Bank</u> and <u>maintain regulatory excellence</u>

Source: City National Bank

# Our COVID-19 Response has been robust & comprehensive

***Prioritized seamless continuity of business & the safety & financial needs of employees, customers & communities***

**Operational Resilience**

- Business continuity plan enacted in February remains in effect
- All employees working from home except for branch personnel
- Successfully operating bank remotely since early March
- Enhanced workplace & branch protocols on social distancing & sanitization enacted early & ongoing
- Continuous monitoring of operational, vendor, & workplace matters

**Customer Support**

- All branches remain open for customers, with modified hours & safety protocols
- 90 day deferrals on commercial loans & leases
- 90 day mortgage forbearance & suspension of foreclosures
- Ability to extend deferrals for an additional 90 days for those customers needing more support
- Active participation in Paycheck Protection Program & currently launching Main Street Lending Program

**Employee Programs**

- Enhanced health benefits for COVID-19 testing for all employees & family members
- Frequent communication routines to remain connected even as we work remotely
- Identified high-risk employees early in process in order have them work from home
- Development of comprehensive Back to Workplace plan in order to ensure employee safety once offices reopen
- Implemented safety protocols at banking centers

Source: City National Bank

City National Bank
BCI FINANCIAL GROUP

# Our digital capabilities have enabled our success

| | |
|---|---|
| 22,000 + | registered online members ⬆ 22% QoQ |
| 80% | Nearly 80% of members were active in June |
| 1,500+ | Users transferred money via Zelle and Popmoney |
| 24% | % increase QoQ in number of customers enrolled in Bill Pay |
| 9,000+ | PPP loans processed remotely |
| 600+ | MSLP loan applications submitted remotely |
| 31% | % increase QoQ in # of customers who made a mobile deposit |

Source: City National Bank

# Balance Sheet Consolidated

| BALANCE SHEET ($ millions) | Jun-19 | Mar-20 | Jun-20 | $ Var QoQ | % Var QoQ | $ Var YoY | % Var YoY |
|---|---|---|---|---|---|---|---|
| Commercial & Industrial | $2,112 | $2,233 | $1,997 | ($236) | -10.6% | ($115) | -5.4% |
| PPP Loans | $0 | $0 | $1,822 | $1,822 | 0.0% | $1,822 | 0.0% |
| Commercial Mortgages | $4,686 | $5,250 | $5,236 | ($14) | -0.3% | $550 | 11.7% |
| Residential Mortgages | $2,101 | $2,163 | $2,097 | ($66) | -3.0% | ($5) | -0.2% |
| RE Construction and Land | $936 | $659 | $605 | ($54) | -8.3% | ($332) | -35.4% |
| Other Loans | $328 | $375 | $375 | $1 | 0.2% | $47 | 14.4% |
| Non-Accrual Loans | $27 | $33 | $54 | $21 | 61.7% | $27 | 102.4% |
| **Total Gross Loans** | **$10,190** | **$10,713** | **$12,186** | **$1,473** | **13.8%** | **$1,996** | **19.6%** |
| **Net Leases Receivables & Net Lease Assets** | **$637** | **$681** | **$654** | **($28)** | **-4.0%** | **$17** | **2.6%** |
| **Total Allowance for Loan & Lease Loss** | **($43)** | **($59)** | **($85)** | **($26)** | **44.4%** | **($42)** | **98.8%** |
| **Total Loan Mark** | **($23)** | **($16)** | **($15)** | **$1** | **-7.0%** | **$8** | **-36.5%** |
| **Total Net Loans and Lease Receivables** | **$10,593** | **$11,129** | **$12,503** | **$1,374** | **12.3%** | **$1,910** | **18.0%** |
| **Total Investments** | **$2,930** | **$3,559** | **$3,323** | **($237)** | **-6.6%** | **$393** | **13.4%** |
| **Total Interest Bearings & Cash** | **$612** | **$442** | **$543** | **$101** | **22.9%** | **($69)** | **-11.3%** |
| **Total Earning Assets[1]** | **$14,303** | **$15,323** | **$16,558** | **$1,235** | **8.1%** | **$2,255** | **15.8%** |
| **Total Assets** | **$15,052** | **$16,241** | **$17,447** | **$1,206** | **7.4%** | **$2,395** | **15.9%** |
| Non-Interest Bearing Deposits | $3,374 | $3,618 | $4,464 | $846 | 23.4% | $1,090 | 32.3% |
| Int. Bearing Customer Deposits | $7,424 | $7,561 | $8,225 | $664 | 8.8% | $801 | 10.8% |
| **Total Client Deposits** | **$10,798** | **$11,179** | **$12,689** | **$1,510** | 13.5% | **$1,891** | **17.5%** |
| Brokered Deposits | $1,008 | $713 | $578 | ($135) | -19.0% | ($431) | -42.7% |
| **Total Deposits** | **$11,806** | **$11,892** | **$13,266** | **$1,374** | 11.6% | **$1,460** | **12.4%** |
| Repos | $98 | $94 | $94 | $1 | 0.7% | ($4) | -3.8% |
| FHLB and Other Borrowings | $1,200 | $2,050 | $1,850 | ($200) | -9.8% | **$650** | **54.2%** |
| **ASSET QUALITY** | | | | | | | |
| Past Due Loans / Total Net Loans (excl. PPP) | 0.07% | 0.45% | 0.22% | | -23 bps | | 15 bps |
| Non-Accrual + OREO / Total Loans & Leases (excl. PPP) | 0.26% | 0.38% | 0.55% | | 17 bps | | 29 bps |
| ALLL + Loan Mark / Total Loans (excl. PPP) | 0.62% | 0.62% | 0.92% | | 30 bps | | 30 bps |
| **CAPITAL & LIQUIDITY** | | | | | | | |
| Tier 1 Leverage Ratio | 10.45% | 10.81% | 10.04% | | -77 bps | | -41 bps |
| Total Risk Based Capital Ratio | 13.94% | 14.18% | 15.09% | | 91 bps | | 115 bps |
| Tier 1 Risk Based Capital Ratio | 13.55% | 13.68% | 14.36% | | 68 bps | | 81 bps |
| Total Net Loans & Lease Receivables / Total Deposits | 89.73% | 93.58% | 94.25% | | 66 bps | | 452 bps |
| Wholesale Funding to Total Assets | 14.67% | 17.01% | 13.91% | | -310 bps | | -76 bps |

- $236MM decline in C&I loans primarily due to $191MM reduction in commercial lines of credit during Q2
- Investment portfolio declined by $237MM due to challenging yield environment & decline is correlated by $200MM reduction in FHLB advances
- Client deposits increased by $1.5B QoQ with PPP deposits accounting for $867MM of the increase
- DDAs represent 35% of client deposits, up from 31% one year ago

Source: City National Bank
[1]Earning Assets include Cash & Lease Assets -Net

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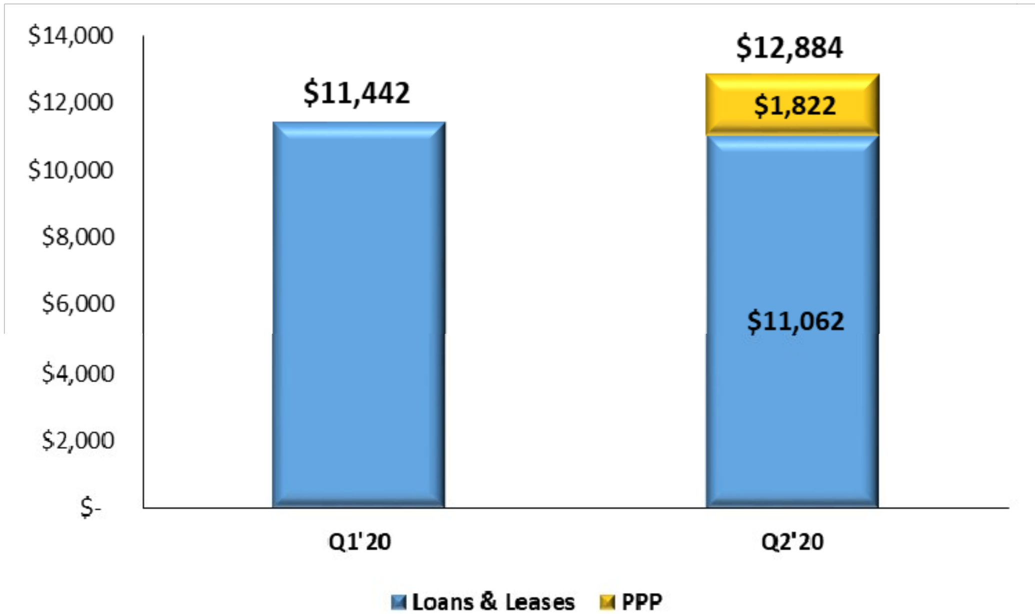
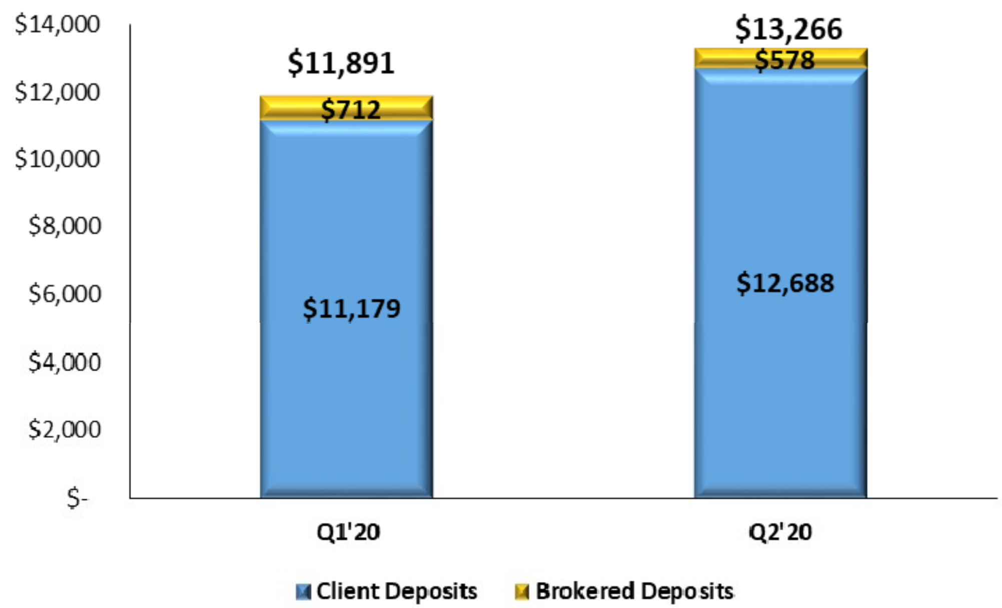
# Loans & deposits both increased significantly in the 2nd quarter

## Total Loans & Leases




## Total Deposits




**$1.4B increase in deposits realized despite $134MM reduction in brokered deposits**

Note: Information in millions

Source: City National Bank

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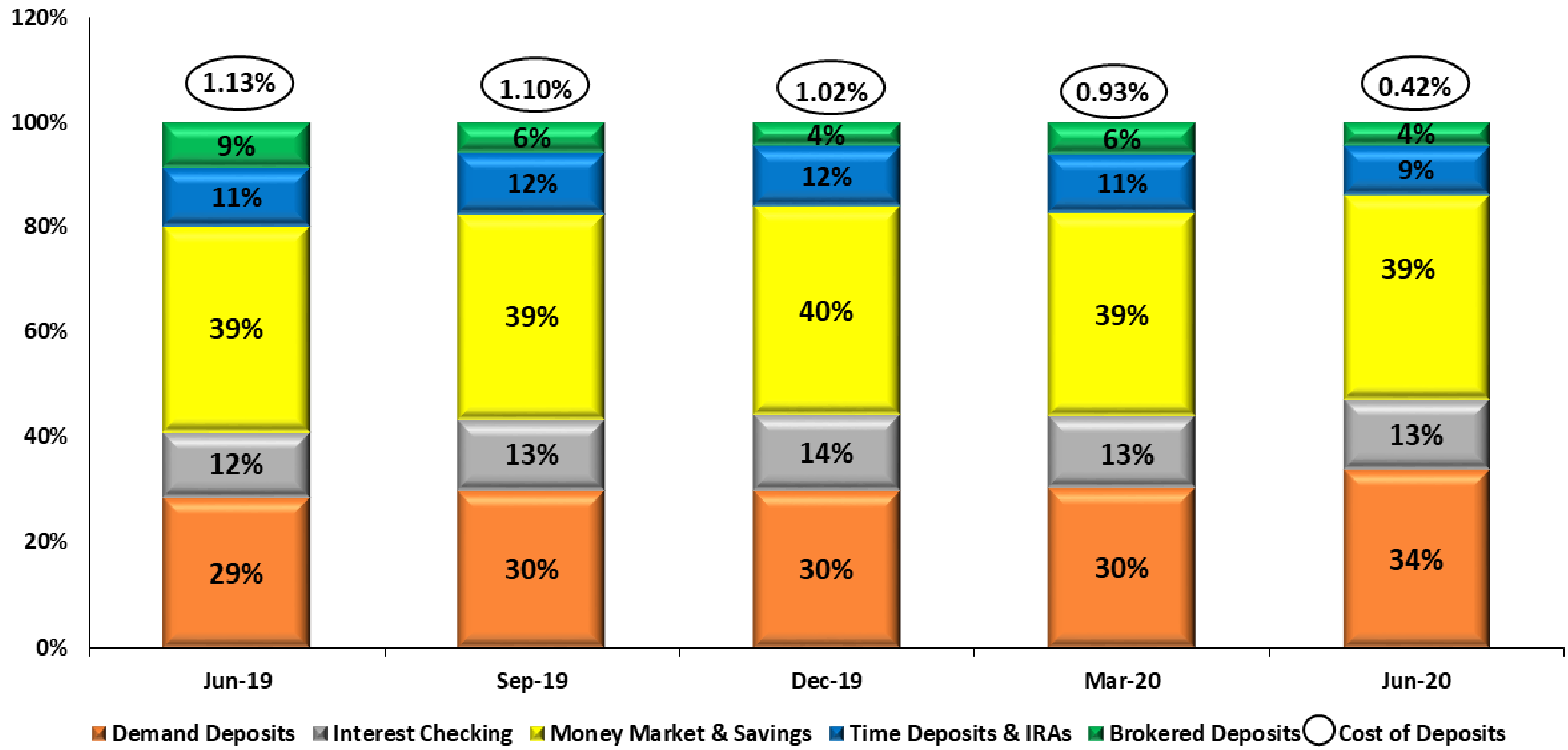
# Our deposit mix continues to improve with DDAs increasing




| | | | | | |
|---|---|---|---|---|---|
| **Total Deposits ($)** | **$11,806** | **$11,559** | **$11,854** | **$11,891** | **$13,266** |

***We reduced our cost of deposits by 51 bps QoQ***

Note: Information in millions

Source: City National Bank

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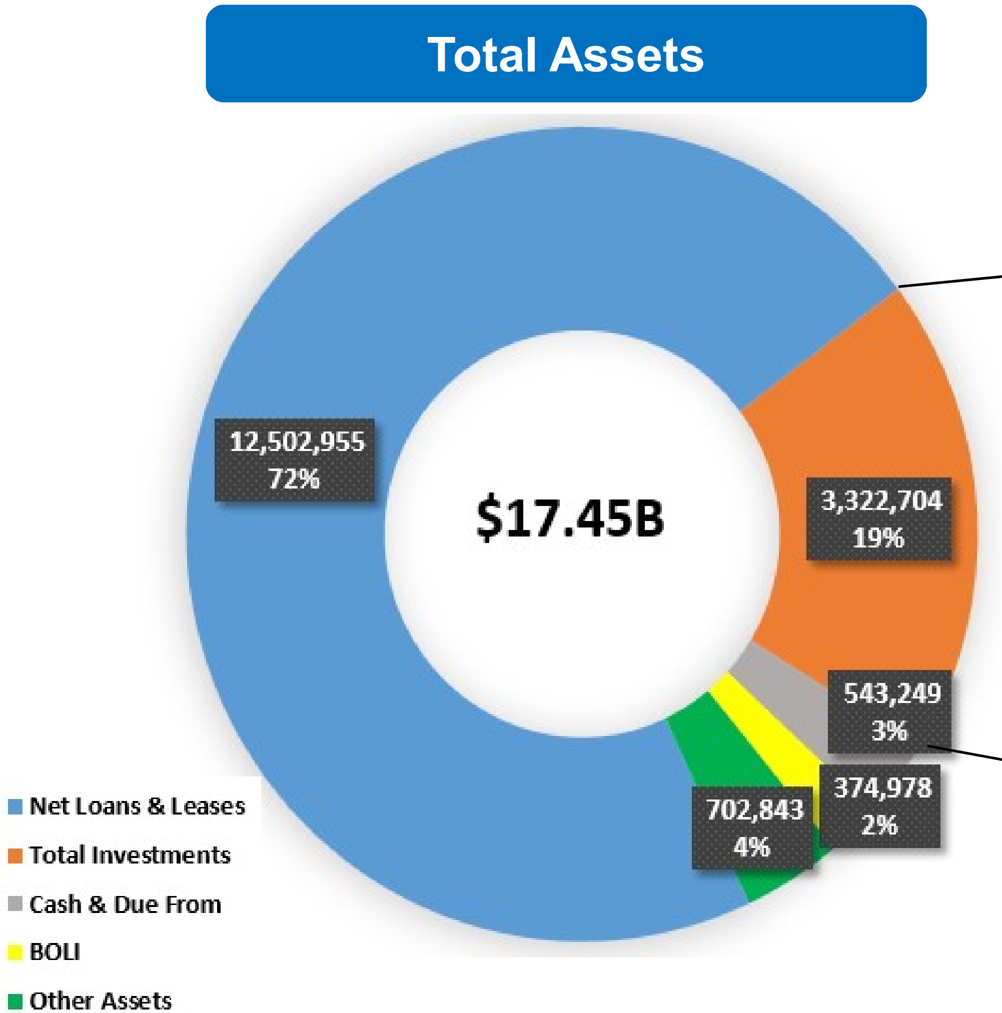
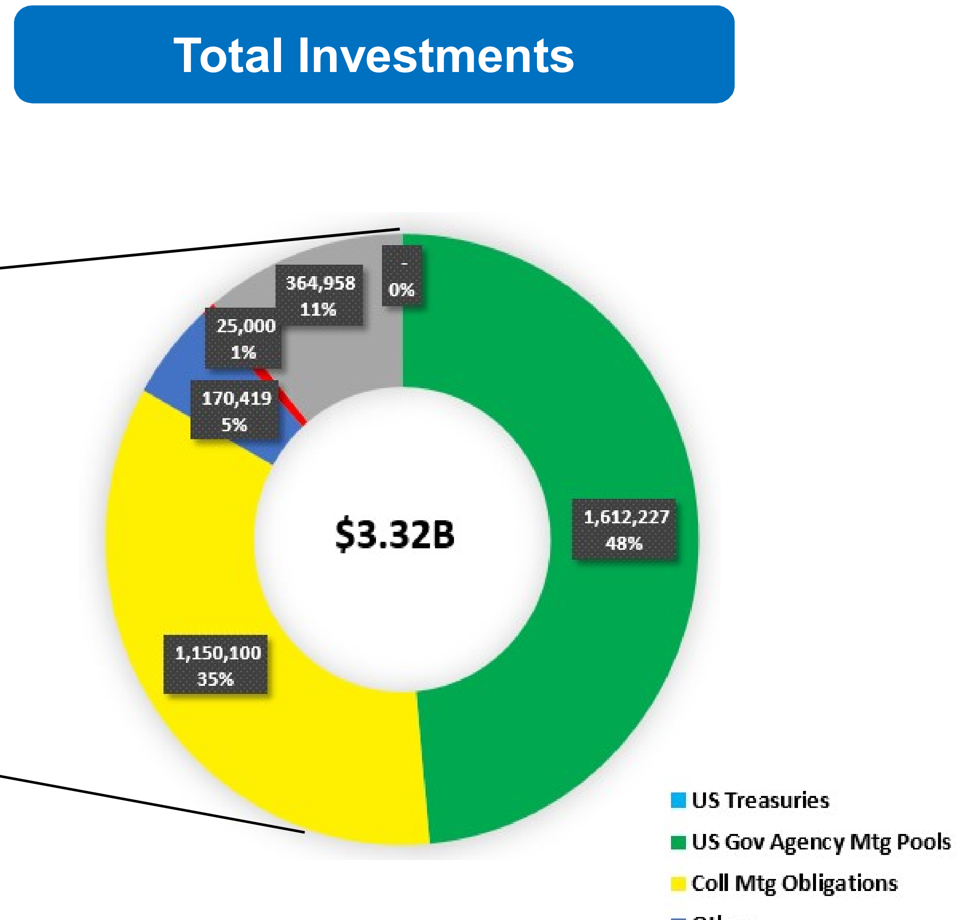
# Cash and investments represent 22% of our total assets



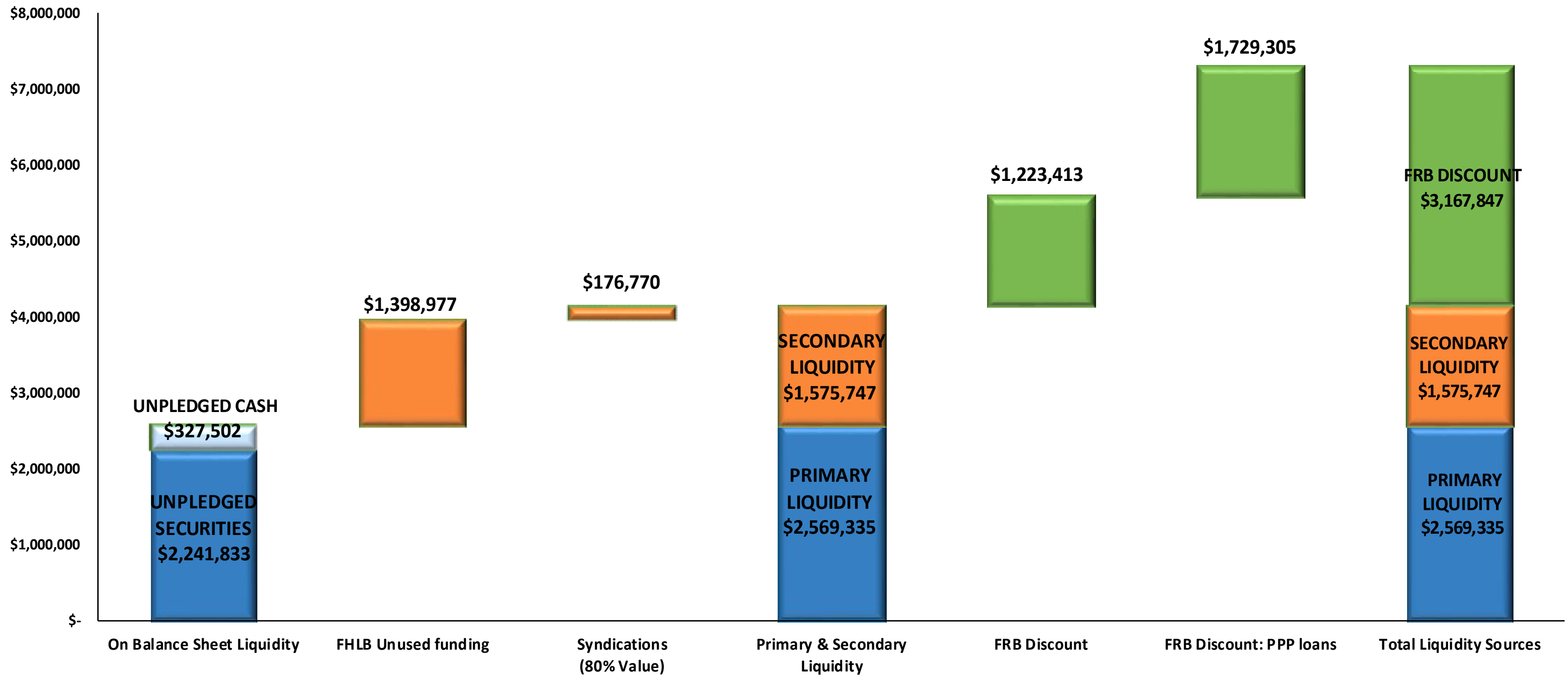

| | Jun-20 |
|---|---|
| Yield on Investments | 1.90% |
| Duration | 1.5 |
| Unrealized Gains / (Losses) | 73.5 |
| Investments / Total Assets (%) | 19.0% |

Source: City National Bank

# We have a liquid balance sheet with ample off-balance sheet sources

## Our liquidity is strong with $7.3B of Total Liquidity Sources

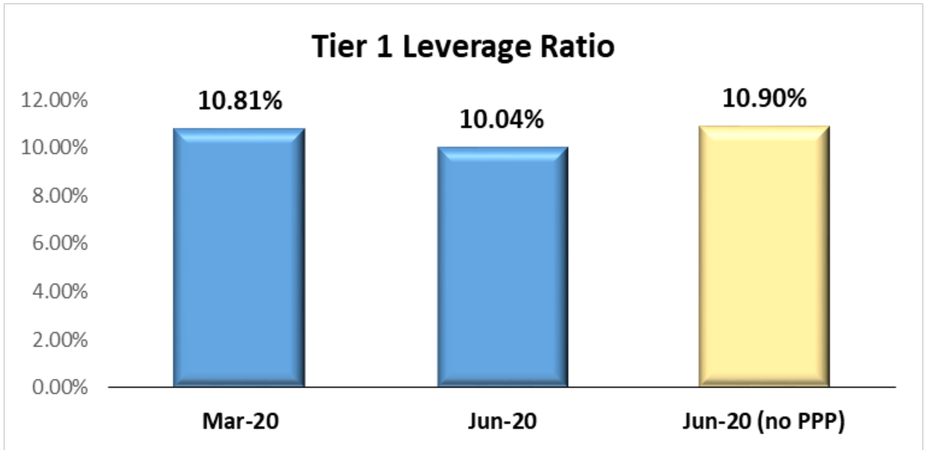
- The Bank has ample On Balance Sheet Liquidity at 14.73% as of 6/30/2020
- Unused availability at FHLB is over $1.3 billion, which can be drawn at an instant
- An additional $1.4 billion can be drawn from the FRB Discount window as a last resort
- Paycheck Protection Program loans can be pledged to the FRB Discount window at 95% value, which would give us another ~$1.7 billion



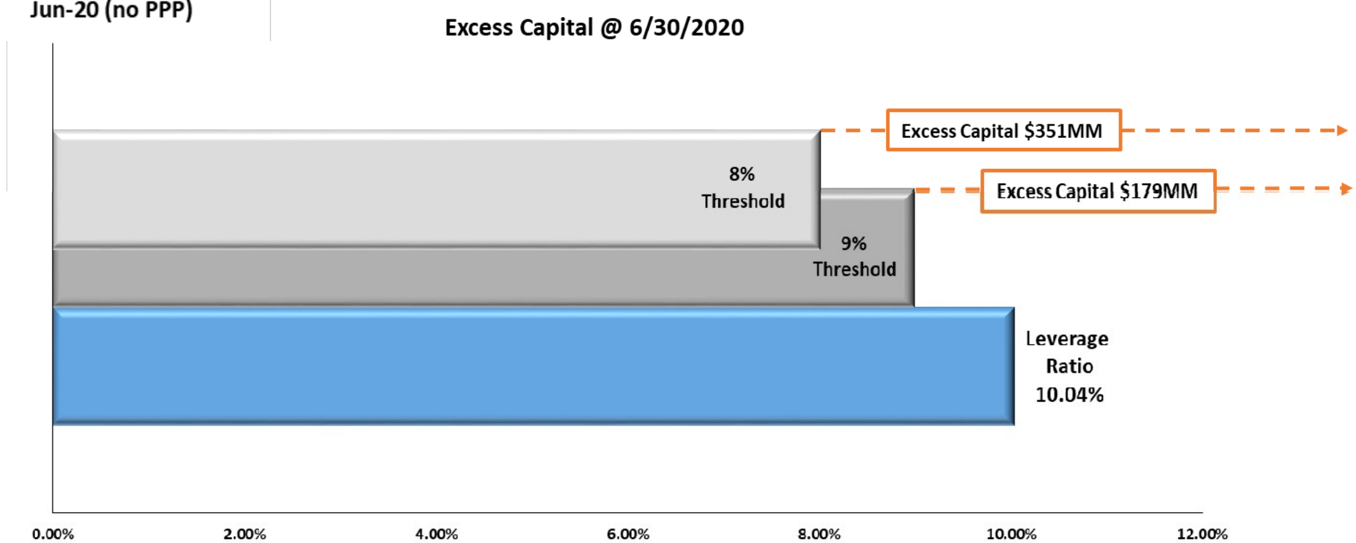

**% of Total Assets** **14.73%** **8.02%** **1.01%** **23.76%** **8.25%** **9.91%**
**41.92%**

Source: City National Bank

# Our significant excess capital differentiates CNB from its US peers




***Additional $1.4B in average assets in Q2 related to PPP loans decreased the Bank's actual leverage ratio by 86bps***



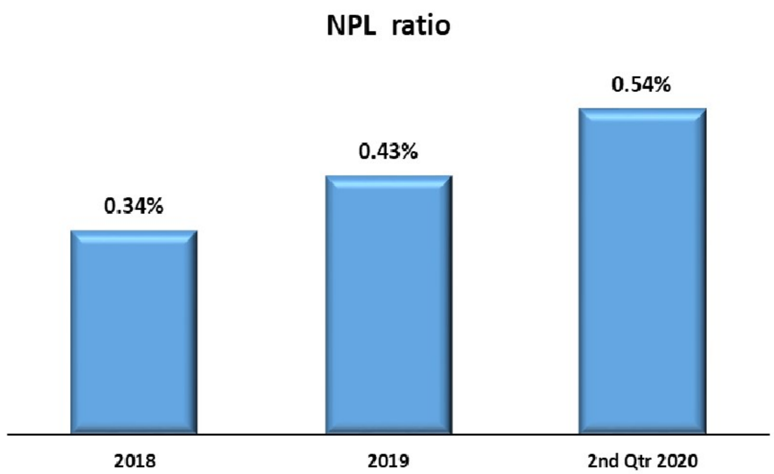

## We are entering this period of uncertainty with a significant capital buffer

- Excess capital will enable us to increase loan loss provisions while maintaining strong capital ratios
- Deployment of capital to lending is currently focused on the PPP initiative, so capital will be preserved
- Our strong pre-provision earnings engine will also serve as a buffer to future loan loss provisions

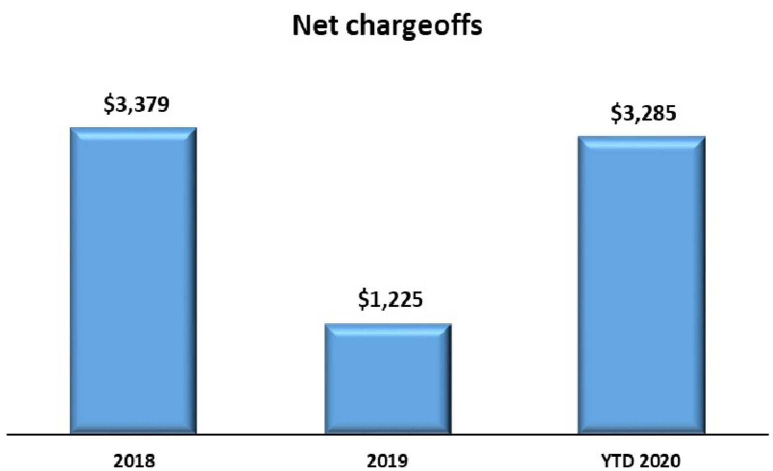
Source: City National Bank

# We are entering this period of uncertainty with exceptional asset quality

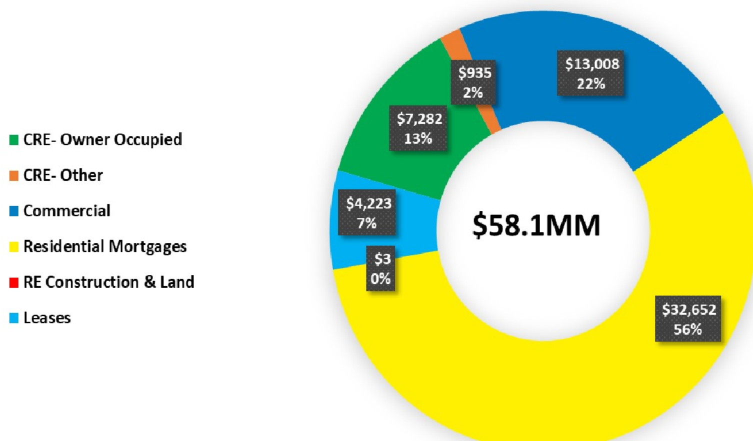
**NPLs are at historically low levels…**




**… and as a result the Bank has incurred minimal charge-offs**



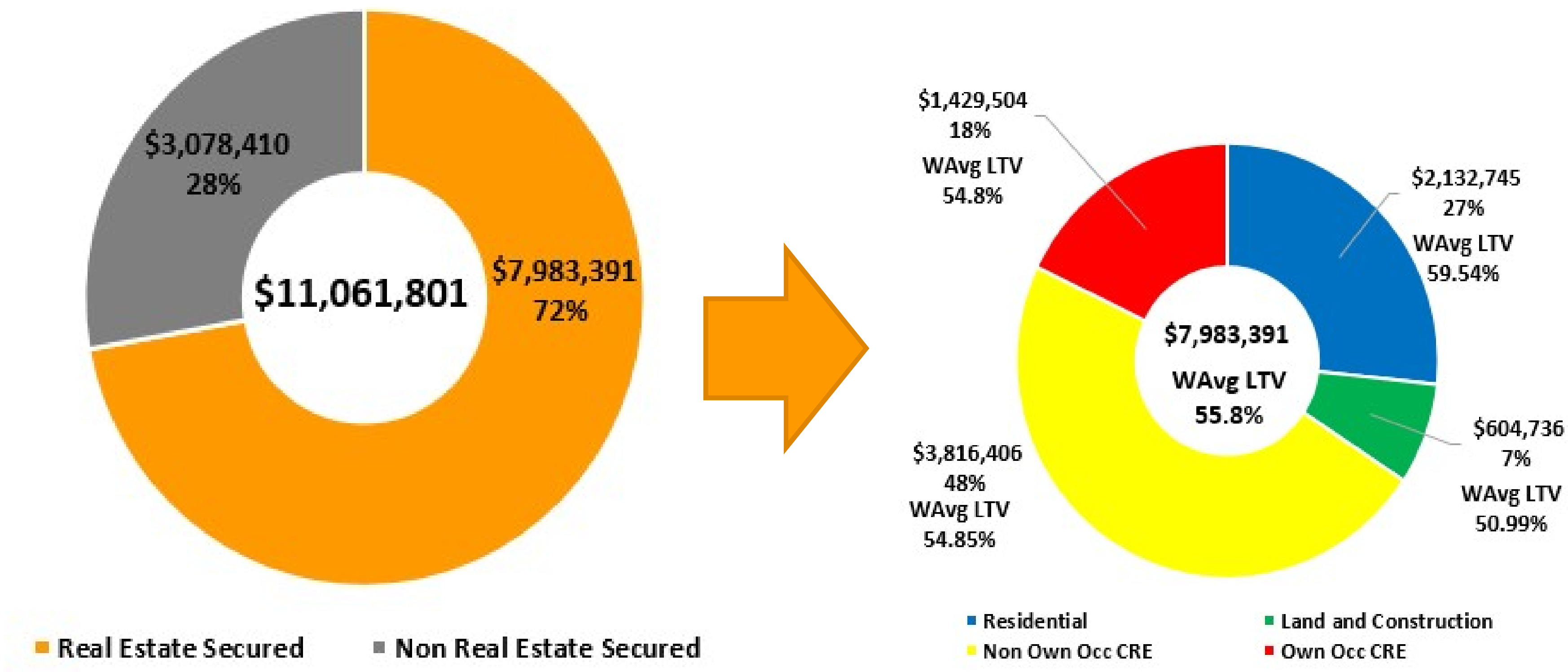

**Nonaccruals Breakdown**




Note: NPL Ratio excludes PPP loans

Source: City National Bank
Data as of June 30, 2020 (in 000's)

# Our loan portfolio is substantially real estate secured with low LTVs

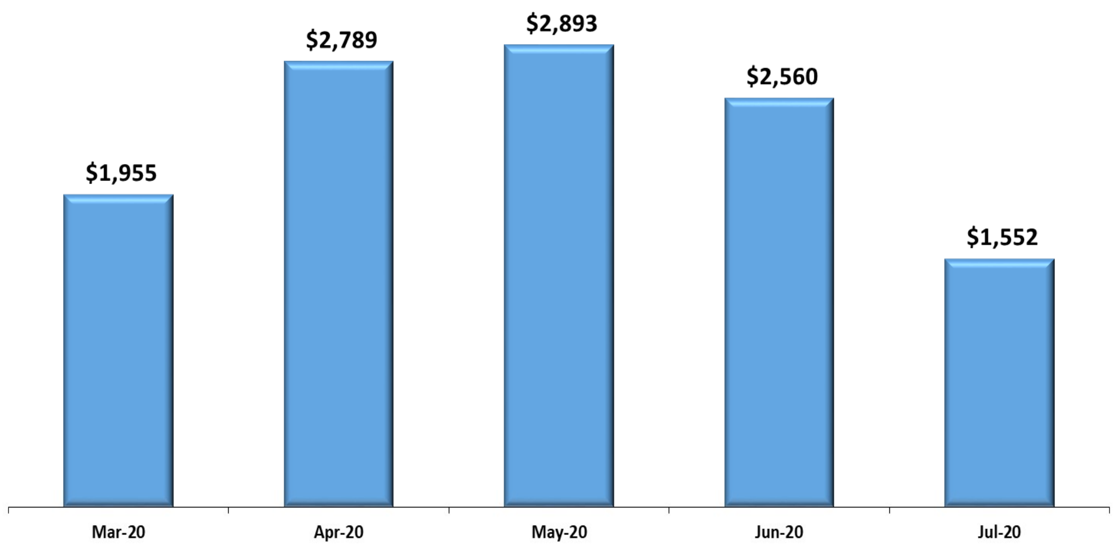



Note: Excludes PPP loans

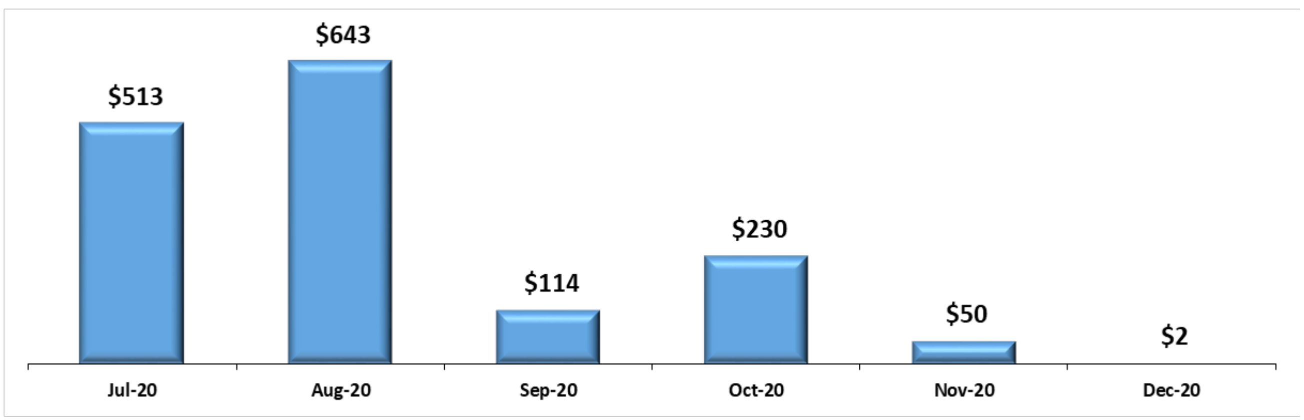
Source: City National Bank

# Deferments are declining rapidly

## Deferments are declining…



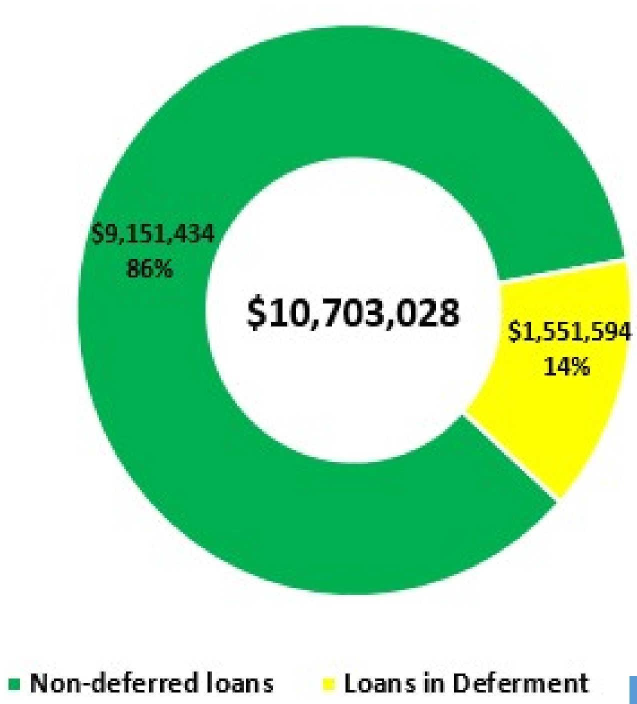

## …& a significant amount of deferrals are expiring




Note: Information in millions
Deferrals expiration schedule as of July 16th

Source: City National Bank

# Deferments are down to 14% of total loans, excluding PPP



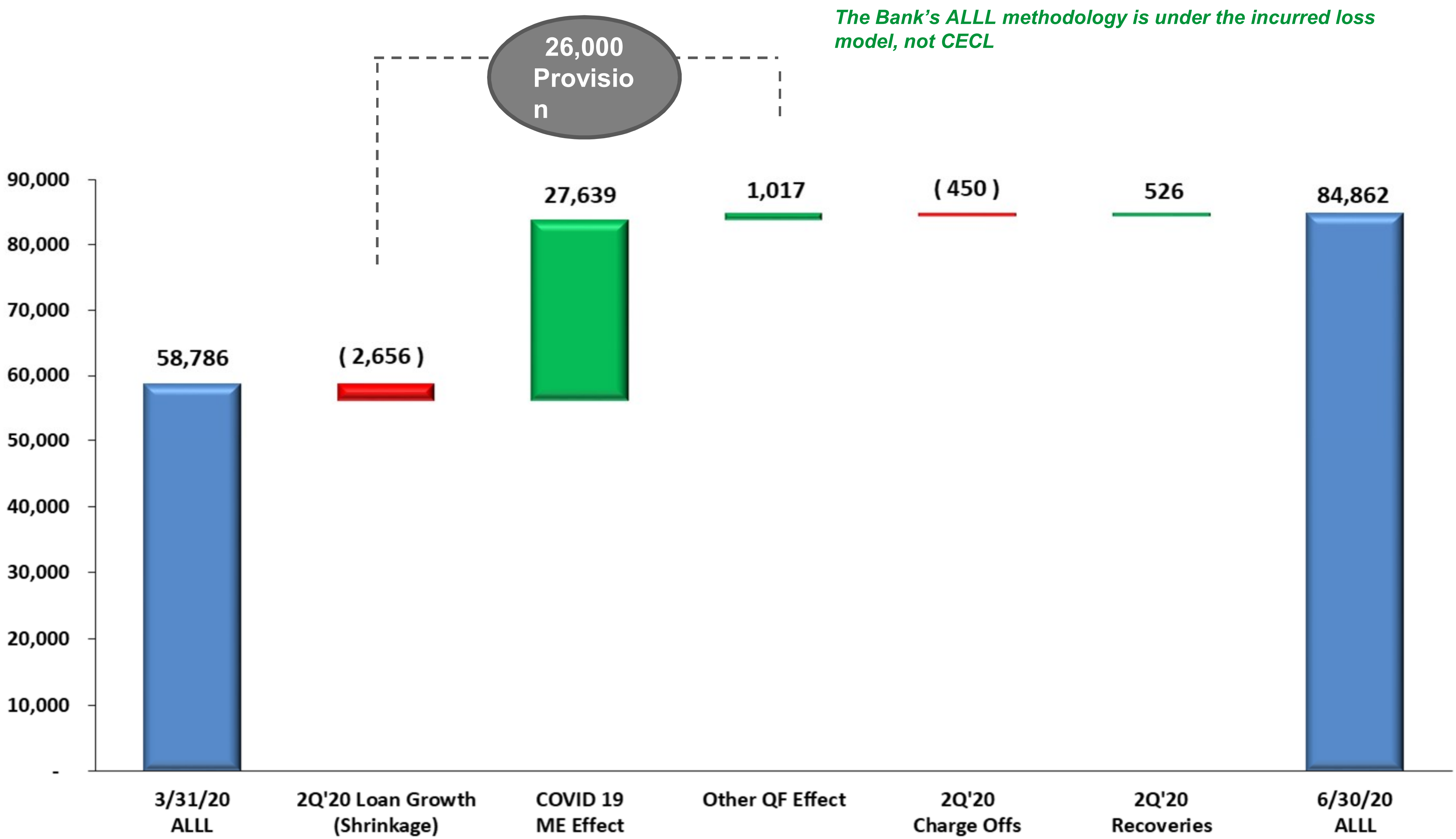

| | # of Loans | | Outstanding Balance @ 7/16/2020 | | Loan Commitment @ 7/16/2020 | % of Total Pool | % with Recourse |
|---|---|---|---|---|---|---|---|
| COMMERCIAL MORTGAGES | 358 | $ | 1,035,995 | $ | 1,044,515 | 19.84% | 80.09% |
| COMMERCIAL | 144 | $ | 178,700 | $ | 185,660 | 8.99% | 76.00% |
| RESIDENTIAL MORTGAGES | 486 | $ | 289,667 | $ | 293,074 | 13.57% | 98.16% |
| RE CONSTRUCTION AND LAND | 8 | $ | 29,244 | $ | 29,873 | 4.82% | 100.00% |
| LEASES | 2 | $ | 50 | $ | 50 | 0.01% | 100.00% |
| PERSONAL | 6 | $ | 6,355 | $ | 6,427 | 12.00% | 10.65% |
| OTHER | 3 | $ | 11,583 | $ | 11,948 | 4.65% | 0.00% |
| TOTAL | 1,007 | $ | 1,551,594 | $ | 1,571,547 | 14.50% | 82.49% |

*87% of loan deferments are real estate secured*

Note: Information as of July 16th (in 000's)- excludes PPP loans

Source: City National Bank

# We are proactively provisioning for loan losses due to COVID-19




Note: Information in 000's

Source: City National Bank

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# Consolidated Income Statement

| INCOME STATEMENT ($ millions) | 2nd Qtr 2019 | 1st Qtr 2020 | 2nd Qtr 2020 | $ Var QoQ | % Var QoQ | YTD 2019 | YTD 2020 | $ Var YoY | % Var YoY |
|---|---|---|---|---|---|---|---|---|---|
| (+) Net Interest Income | $100.8 | $105.3 | $110.5 | $5.3 | 5.0% | $203.6 | $215.8 | $12.2 | 6.0% |
| (+) Non-Interest Income | $14.1 | $18.2 | $15.7 | -$2.5 | -13.7% | $29.0 | $33.8 | $4.8 | 16.6% |
| **(=) Operating Income** | **$114.9** | **$123.4** | **$126.2** | **$2.8** | **2.3%** | **$232.7** | **$249.7** | **$17.0** | **7.3%** |
| (-) Personnel Expenses | $30.5 | $35.6 | $33.7 | -$1.9 | -5.3% | $63.1 | $69.3 | $6.1 | 9.7% |
| (-) Occupancy & Equipment Expenses | $5.5 | $6.4 | $6.4 | $0.0 | -0.3% | $11.1 | $12.7 | $1.7 | 15.2% |
| (-) Other Non-Interest Expenses | $15.3 | $16.2 | $19.6 | $3.3 | 20.6% | $31.1 | $35.8 | $4.6 | 14.9% |
| **(=) Core Earnings** | **$63.6** | **$65.3** | **$66.6** | **$1.3** | **2.0%** | **$127.3** | **$131.9** | **$4.6** | **3.6%** |
| (-) Provision Expense | $4.2 | $13.1 | $26.0 | $12.9 | 98.5% | $9.1 | $39.1 | $30.0 | 328.4% |
| (-) Amortization Expense | $8.1 | $8.2 | $8.2 | $0.0 | 0.2% | $16.3 | $16.3 | $0.0 | 0.2% |
| (+) CVA Adjustments | -$1.7 | -$1.2 | -$0.1 | $1.1 | -92.3% | -$2.8 | -$1.3 | $1.6 | -55.6% |
| (+) Gain/Loss on Sale of Securities | $2.4 | $0.2 | $0.5 | $0.3 | 193.6% | $2.4 | $0.6 | -$1.7 | -73.4% |
| (+) Valuation of Equity Securities | $0.0 | $0.6 | $0.3 | -$0.3 | -53.0% | $0.0 | $0.8 | $0.8 | 0.0% |
| **(=) Net Income before Taxes** | **$51.9** | **$43.6** | **$33.1** | **-$10.5** | **-24.1%** | **$101.4** | **$76.7** | **-$24.8** | **-24.4%** |
| (-) Tax Expense | $12.6 | $10.7 | $7.9 | -$2.7 | -25.7% | $24.2 | $18.6 | -$5.6 | -23.0% |
| **(=) Net Income after Taxes** | **$39.3** | **$32.9** | **$25.1** | **-$7.7** | **-23.6%** | **$77.2** | **$58.0** | **-$19.2** | **-24.9%** |
| **Normalized Net Income** | **$43.4** | **$36.4** | **$27.8** | **-$8.6** | **-23.7%** | **$84.5** | **$64.2** | **-$20.3** | **-24.0%** |

| YIELDS/RATIOS (%) | 2nd Qtr 2019 | 1st Qtr 2020 | 2nd Qtr 2020 | $ Var QoQ | % Var QoQ | YTD 2019 | YTD 2020 | $ Var YoY | % Var YoY |
|---|---|---|---|---|---|---|---|---|---|
| Yield on Earning Assets | 4.21% | 3.85% | 3.26% | | -58 bps | 4.29% | 3.54% | | -75 bps |
| Cost of Funding Earning Assets | 1.34% | 0.99% | 0.53% | | -46 bps | 1.31% | 0.75% | | -56 bps |
| Net Interest Margin (NIM) | 2.87% | 2.86% | 2.73% | | -13 bps | 2.98% | 2.79% | | -18 bps |
| ROAA | 1.04% | 0.83% | 0.58% | | -25 bps | 1.05% | 0.70% | | -35 bps |
| Normalized ROAA | 1.15% | 0.92% | 0.64% | | -28 bps | 1.15% | 0.77% | | -38 bps |
| ROAE | 8.83% | 6.86% | 5.11% | | -175 bps | 8.86% | 5.97% | | -288 bps |
| Normalized ROAE | 9.76% | 7.59% | 5.65% | | -194 bps | 9.69% | 6.61% | | -309 bps |
| Core Efficiency Ratio | 45.32% | 47.57% | 47.26% | | -31 bps | 45.83% | 47.41% | | 158 bps |

- Increase in net interest income QoQ of $5.3MM is substantially explained by the $8MM impact of PPP off-set declining loan volumes & NIM compression
- Core earnings have increased by $4.6MM or 4% YoY, demonstrating the Bank's continued core earnings improvement
- Loan loss provisions doubled QoQ from $13.1MM to $26MM given effects of pandemic

Source: City National Bank

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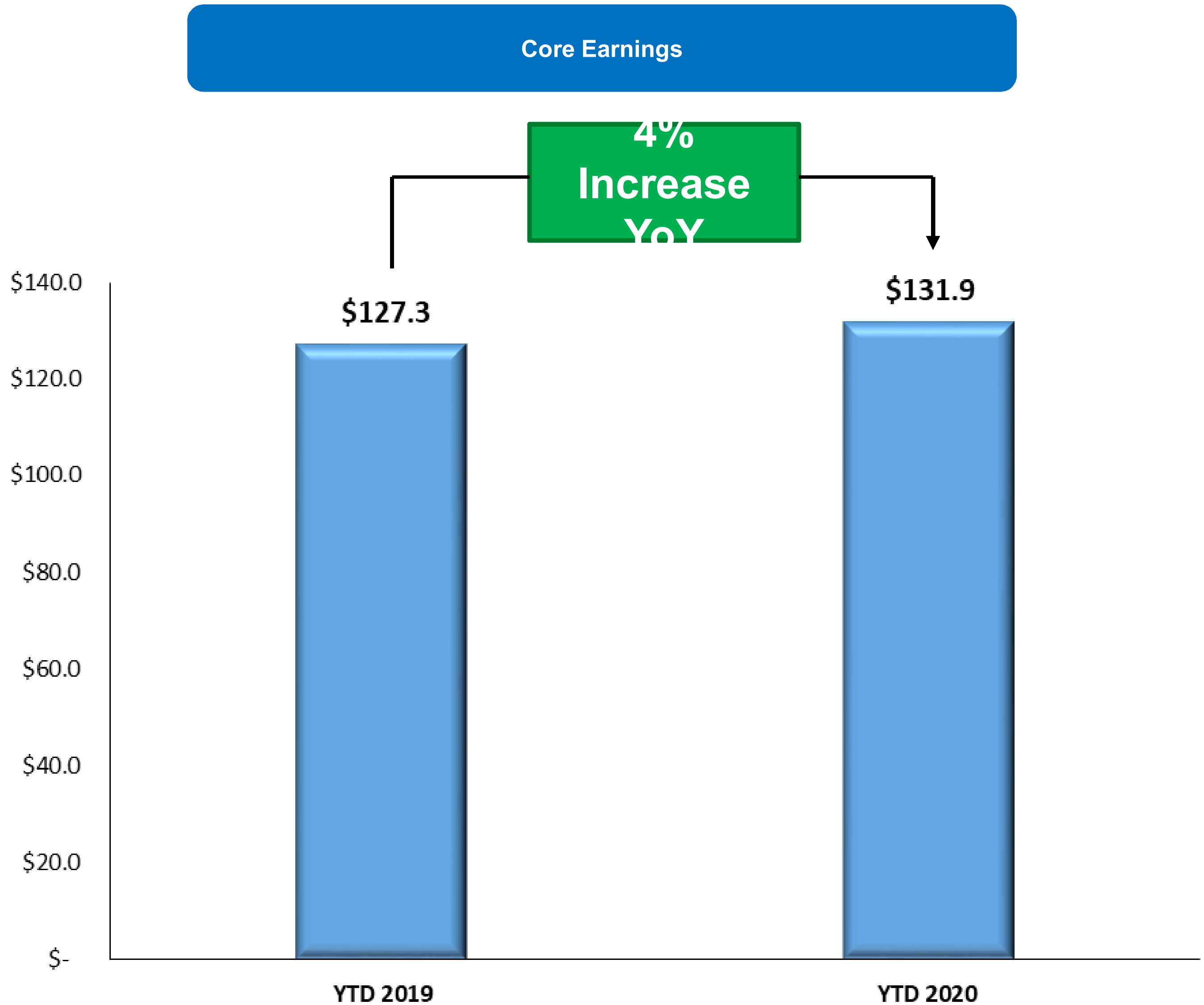
# YTD Core Earnings




Note: Core Earnings = Net Income before taxes, provisions for loan and lease losses, amortization of intangibles & other non-recurring items

Source: City National Bank

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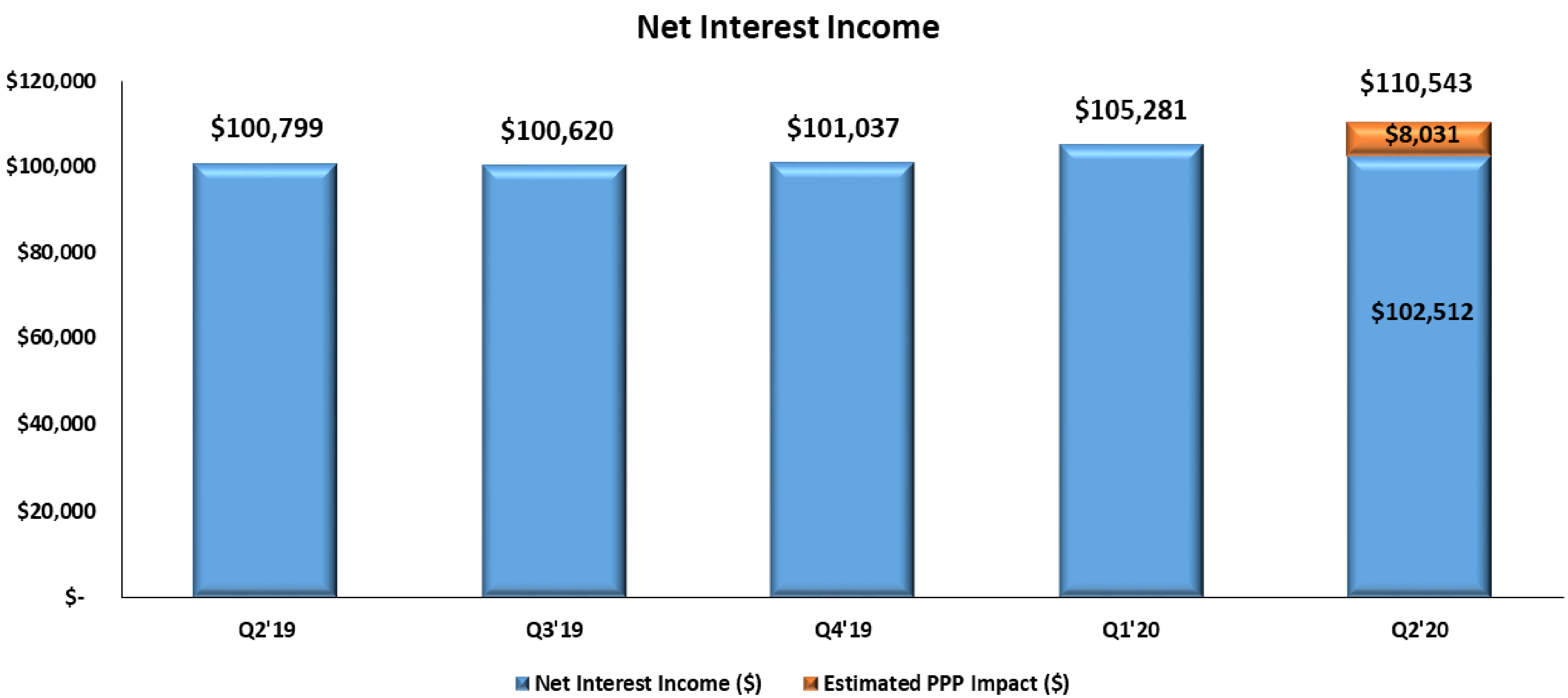
# We have successfully been able to increase our net-interest income




***Net Interest income has increased as a % of operating income from 85% to 88% YoY***

Source: City National Bank

# Key Metrics

| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2Q 2020 |
|---|---|---|---|---|---|---|---|---|
| Loans & Leases/ Assets | 61.90% | 62.40% | 64.50% | 69.44% | 70.57% | 68.96% | 71.66% | 71.66% |
| Loans / Deposits | 79.60% | 90.10% | 95.00% | 90.28% | 89.57% | 92.15% | 94.25% | 94.25% |
| DDA / Deposits | 44.00% | 43.30% | 37.70% | 32.16% | 28.77% | 29.87% | 33.67% | 33.67% |
| ROAA | 0.85% | 0.80% | 0.96% | 0.58% | 0.76% | 1.08% | 0.70% | 0.58% |
| Normalized ROAA | 0.85% | 0.80% | 0.96% | 0.90% | 1.13% | 1.23% | 0.77% | 0.64% |
| ROAE | 4.40% | 4.80% | 7.16% | 4.98% | 6.82% | 9.00% | 5.97% | 5.11% |
| Normalized ROAE | 4.40% | 4.80% | 7.16% | 7.69% | 10.05% | 10.25% | 6.61% | 5.65% |
| NIM | 3.40% | 3.20% | 3.20% | 3.03% | 3.05% | 2.89% | 2.79% | 2.73% |
| Efficiency | 55.20% | 54.00% | 48.79% | 47.28% | 58.68% | 45.31% | 47.41% | 47.26% |
| Normalized Efficiency | 55.20% | 54.00% | 48.79% | 49.20% | 46.80% | 44.07% | 46.93% | 47.14% |
| NPLs | 0.37% | 0.36% | 0.40% | 0.30% | 0.34% | 0.43% | 0.54% | 0.54% |
| ALLL + Loan Mark / NPLs | 383% | 283% | 196% | 193% | 177% | 140% | 171% | 171% |
| Total RBC | 17.10% | 18.40% | 15.16% | 12.48% | 13.60% | 14.30% | 15.09% | 15.09% |
| Tier 1 Leverage Ratio | 12.59% | 13.70% | 11.63% | 10.10% | 10.44% | 10.88% | 10.04% | 10.04% |

| In US$mm | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2Q 2020 |
|---|---|---|---|---|---|---|---|---|
| Net Loans & Leases | 3,311 | 4,041 | 5,324 | 7,062 | 10,110 | 10,924 | 12,503 | 12,503 |
| Total Assets | 5,353 | 6,478 | 8,252 | 10,170 | 14,326 | 15,841 | 17,447 | 17,447 |
| Deposits | 4,159 | 4,483 | 5,580 | 7,822 | 11,288 | 11,854 | 13,266 | 13,266 |
| DDA (non interest) | 1,831 | 1,942 | 2,103 | 2,515 | 3,248 | 3,541 | 4,467 | 4,467 |
| Tangible Equity | 761 | 845 | 922 | 982 | 1,452 | 1,676 | 1,788 | 1,788 |
| Net Income | 43 | 47 | 70 | 52 | 96 | 163 | 58 | 25 |
| Normalized Net Income | 43 | 47 | 66 | 85 | 140 | 171 | 64 | 28 |

Note: NPL Ratio excludes PPP loans

Source: S&P Global Market Intelligence
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