# Corporate Presentation 1Q 2021


Investor Relations Department | Email: Investor_Relations_Bci@Bci.cl

April 2021

# Bci at a glance

# Leading financial institution in Chile in Loans

Consolidated Operations

## Profitable and financially sound

*as of March 2021*

**US$78.73 bn**
*(-1.1% YoY)*
*Total assets*

**US$50.18 bn**
*(-2.7% YoY)*
*Total loans*

**US$206.4 mm**
*Net Income YTD*
*(ROAE 9.39%)***

**US$7.89bn**
*Market Cap*[1]

*Credit rating profile:*

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

## Diversified business model

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

CNB : 25.4% Loans
Bci Miami : 2.8% Loans


## 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

## New Lines of Business

Servicios Financieros Walmart
EVO PAYMENTS INTERNATIONAL
MACH
G Pay
City National Bank Bci FINANCIAL GROUP
360 | Connect

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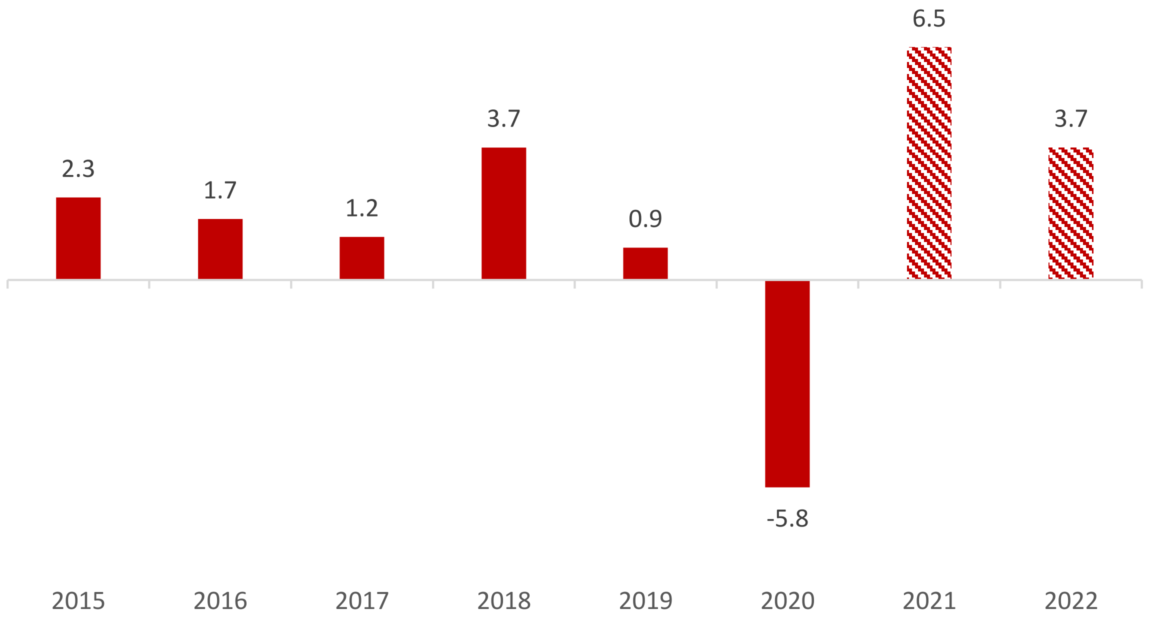
Note: Figures are converted to US$ using an FX of USD/CLP of 721.82 (April 1st 2021); 1 Bloomberg as of March, 2021

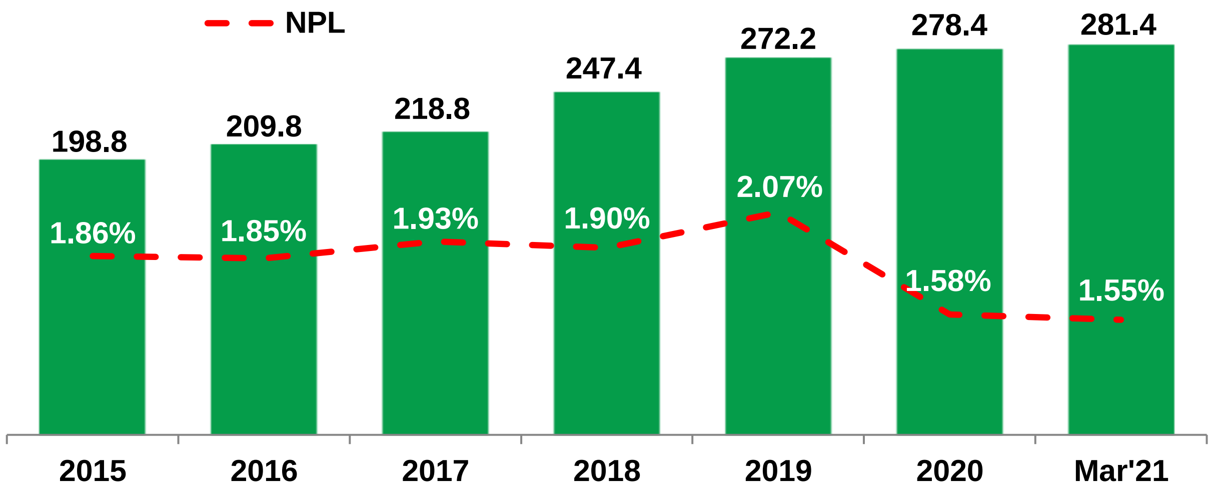
# Chilean financial system

# Bci is part of a robust financial system

## CHILE GDP growth (%, yoy)

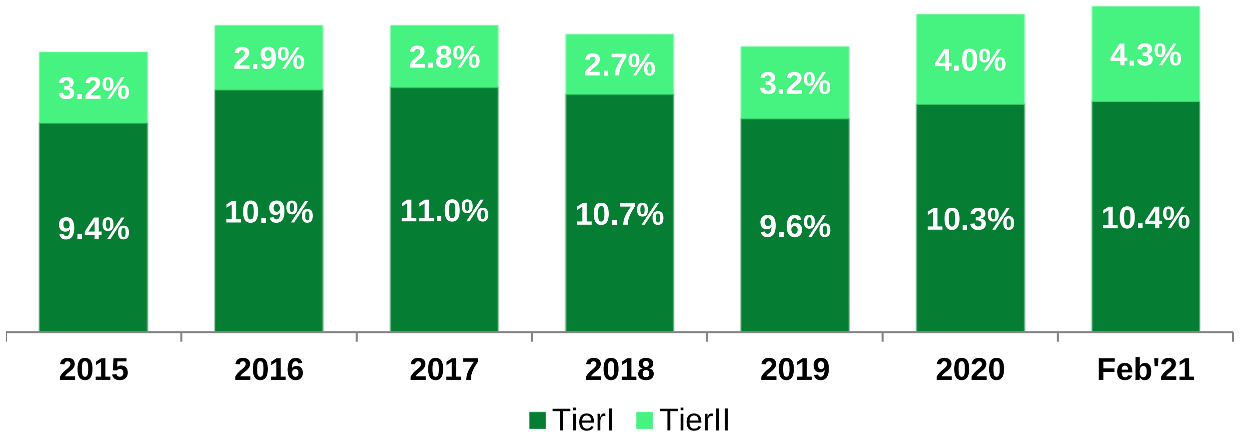



## Total loans in the banking system[1] (US$bn)




Source: CMF
Note: Figures are converted to US$ using an FX of 721.82 (April 1st 2021)
[1] Figures exclude CNB (City National Bank) and Itau Corpbanca operations in Colombia

## Banking system capitalization ratio

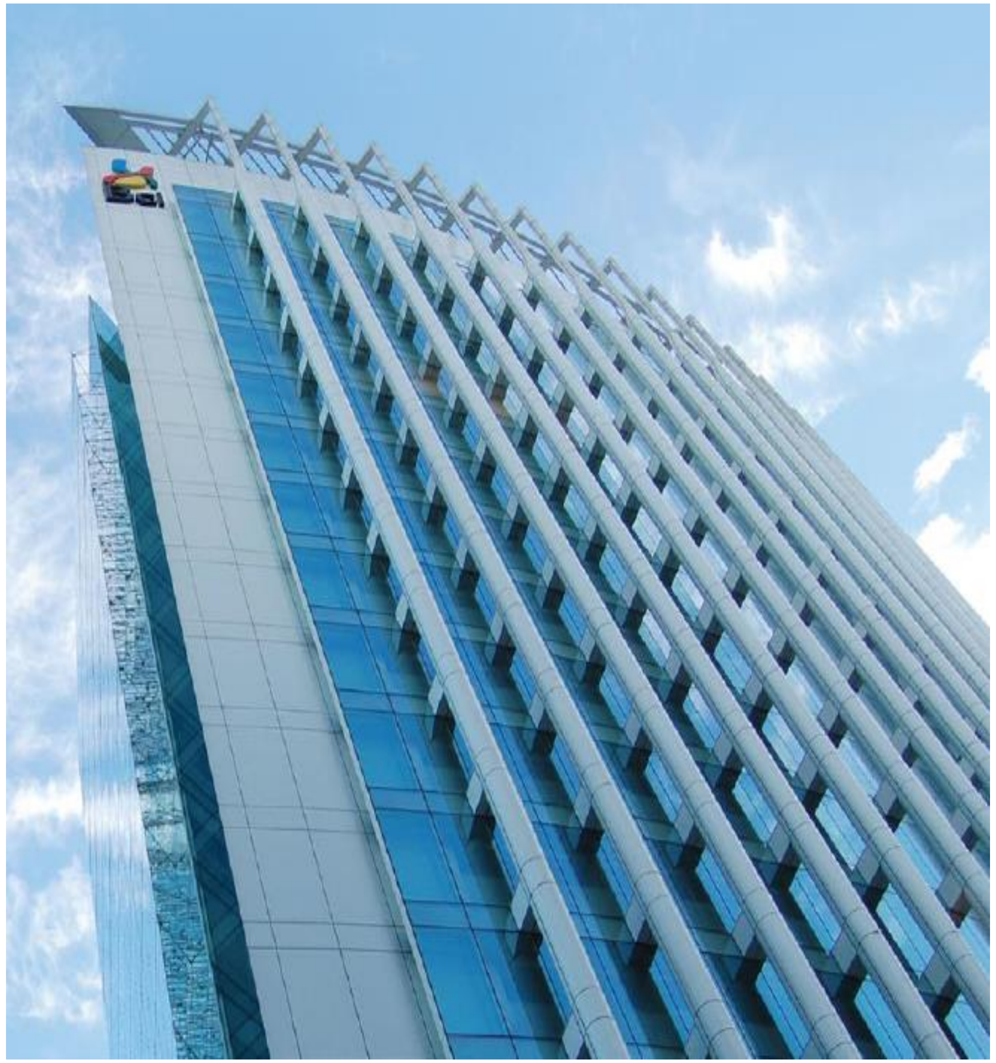



Source: CMF. Tier I and Tier II calculated as core capital and supplementary capital as % of total risk weighted assets respectively

## Chilean banking regulation – upgrading to Basel III

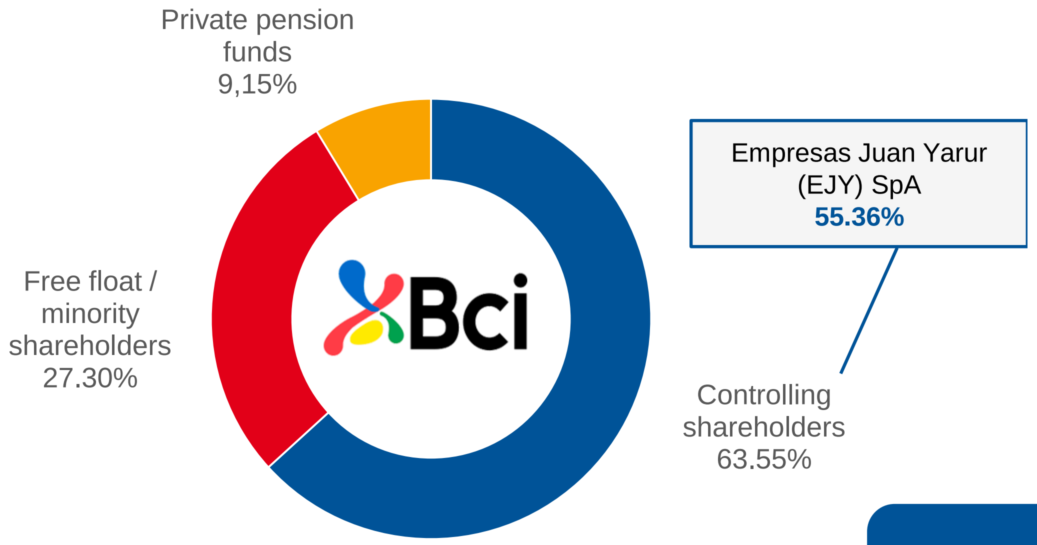
- New General Banking Law was approved and seeks to align capital requirements in Chile with Basel III guidelines.
- Implementation will be phased over a period of 5 years.
- It would ask for at least an additional 2.5% in required capital (conservation buffer), in addition to the 8% currently in place.
- April 2021: Delivery to the Financial Market Commission (CMF) of the first effective equity self-assessment report (IAPE).
- The Introduction of new capital discounts and requirements for operational, credit and market risk, will be effective as of December 2021.

# Bci



# 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

*Best corporate governance* *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***

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# Promotion of economic, social and environmental well-being that has been widely recognized

**Employee Experience**

We ranked third in the Great Place to Work survey of the best companies to work for in Chile, in the +1000 employees category

**Financial Inclusion**

Through MACH, we have fostered the financial inclusion of more than 2.9 million users.

**Transparency**

The Corporate Reputation Monitor (MERCO) has just recognized us for the tenth consecutive year, with first place among the most responsible companies in Chile.

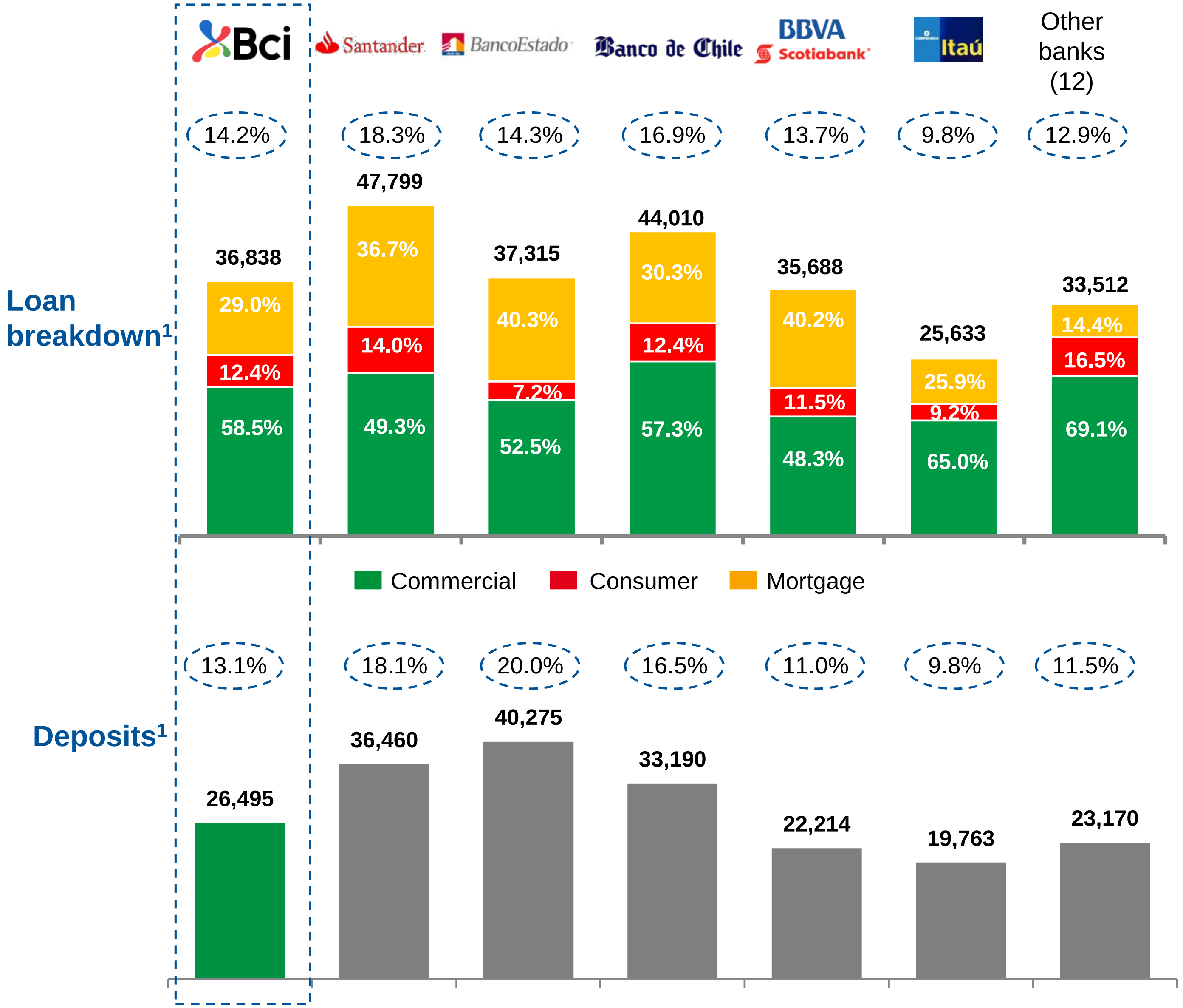
**Environment**

This year we have issued two Green Bonds for 64 million dollars, in line with our commitment to continue offering financial solutions that help mitigate the consequences of climate change.

# Bci maintains a relevant position in the market

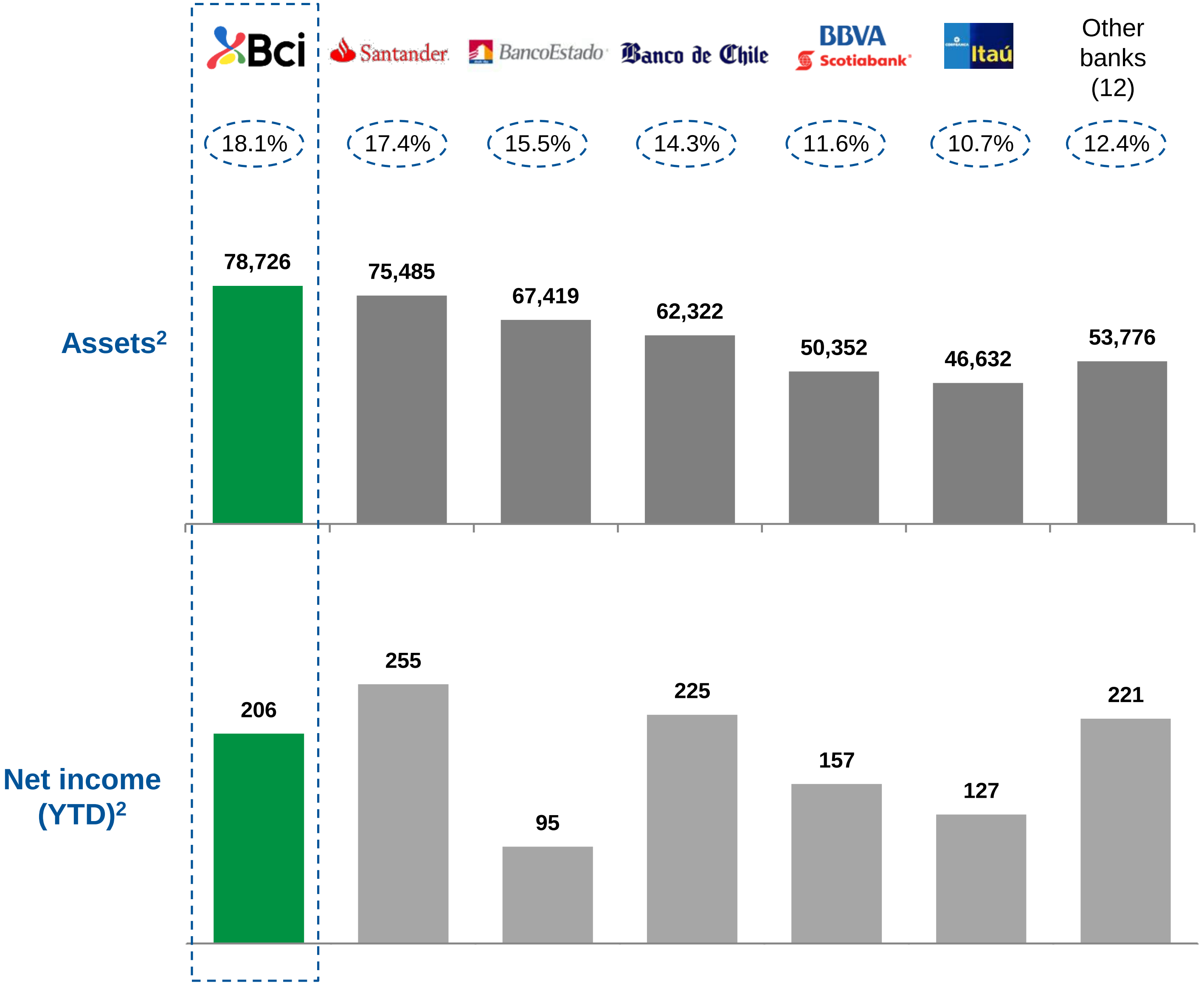
## Chilean banking system benchmark (local)

*In US$mm, as of March 2021*




## Chilean banking system benchmark (consolidated)

*In US$mm, as of March 2021*

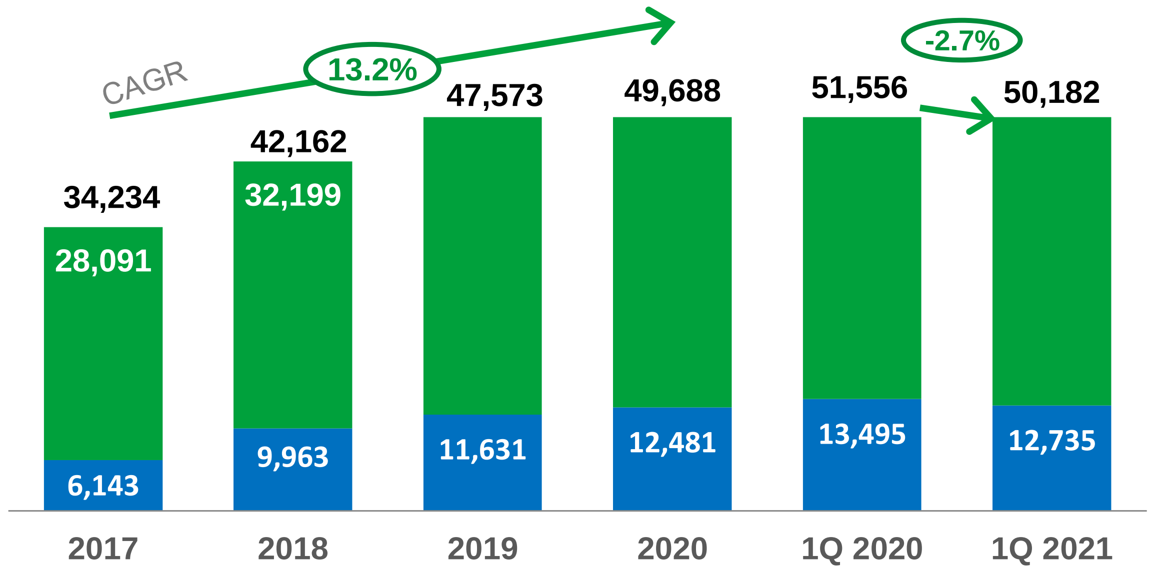



% Market share in Chilean banking system

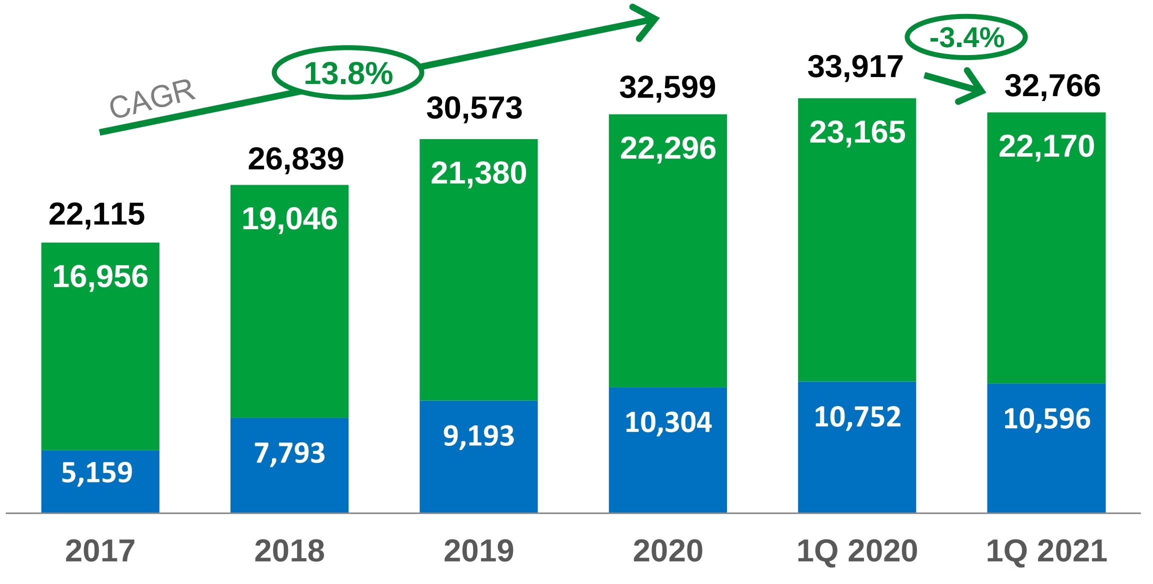
Source: Company filings and Financial Market Commission of Chile (CMF)
Note: Figures are converted to US$ using an FX of USD/CLP of 721.82 (April 1st 2021)
(1) Bci figures exclude CNB (City National Bank) and Itau Corpbanca figures exclude Colombia operations
(2) Bci figures include CNB (City National Bank) and Itau Corpbanca figures include Colombia operations

# Loan growth evolution

## Total loans (US$mm)

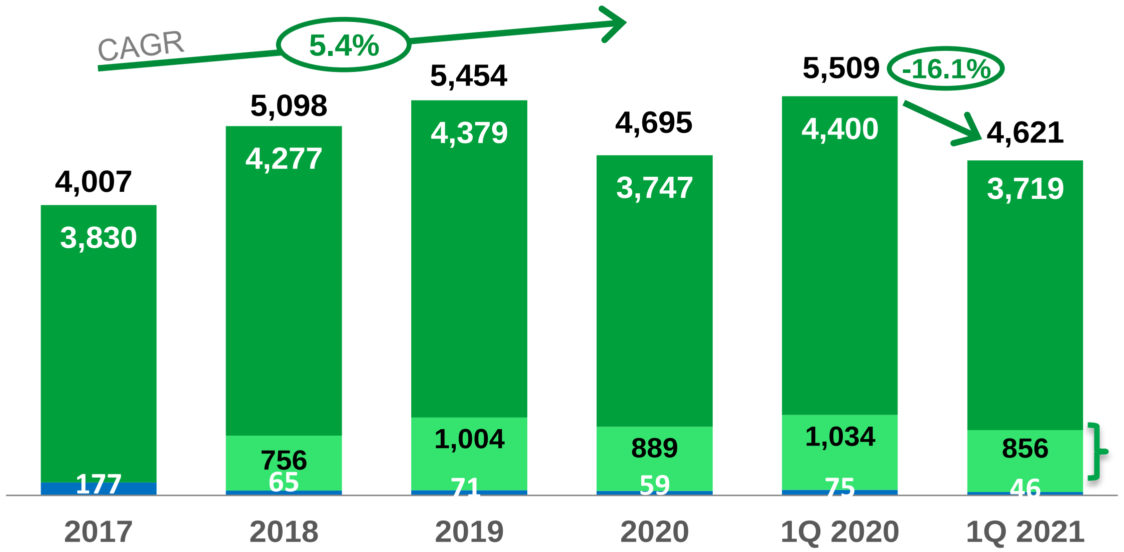



## Commercial & Interbank loans (US$mm)



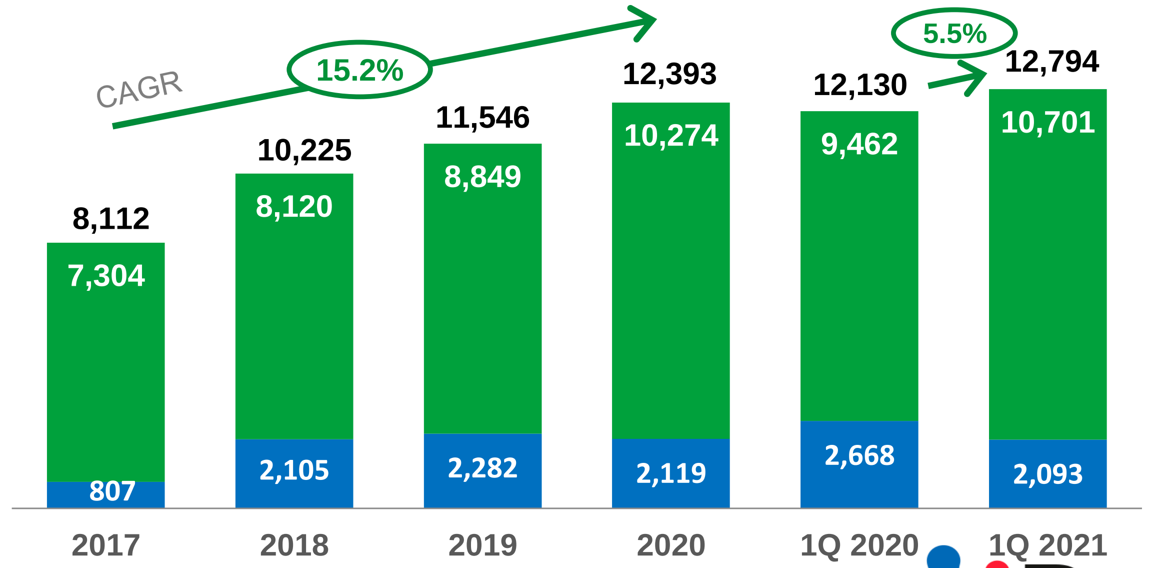

Bci
CNB

## Consumer lending loans (US$mm)





## Mortgage loans (US$mm)




Source: Financial Market Commission (CMF).as of March 2021
Note: Figures are converted to US$ using an FX of USD/CLP of 721.82 (April 1st 2021) ; Include CorpBanca investments in Colombia and Bci subsidiary in USA (CNB)

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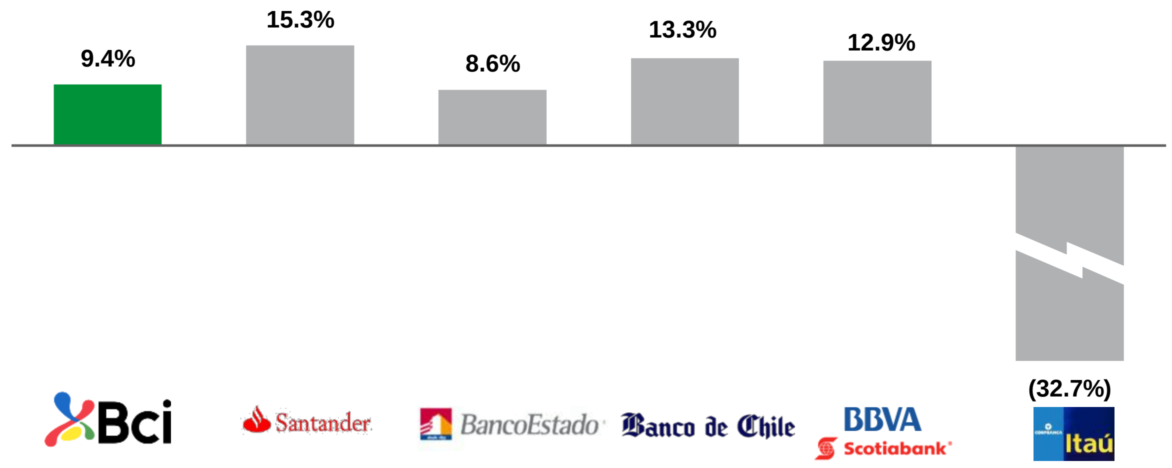
# Successful organic growth in Chile…

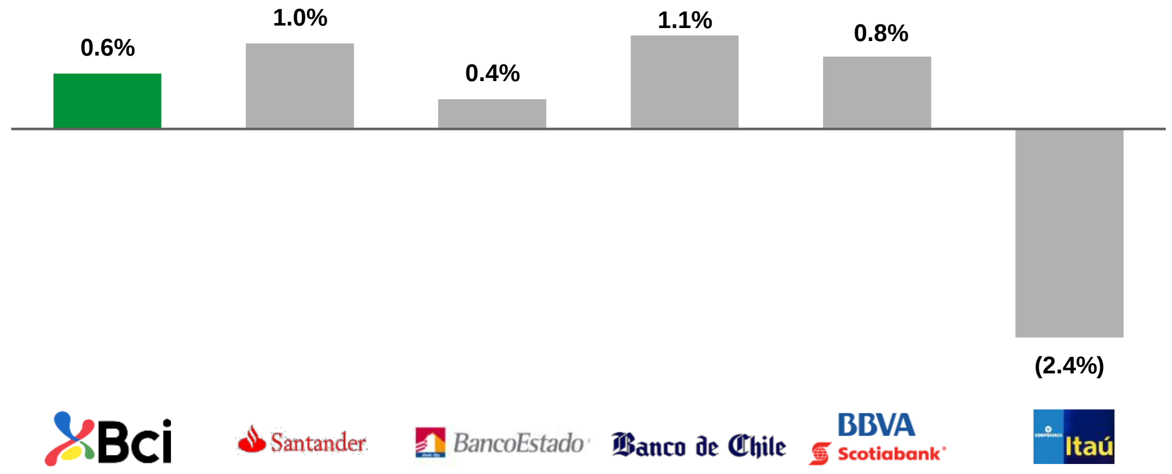
## Return on average Equity (ROAE)[1]

*As of March 2021*

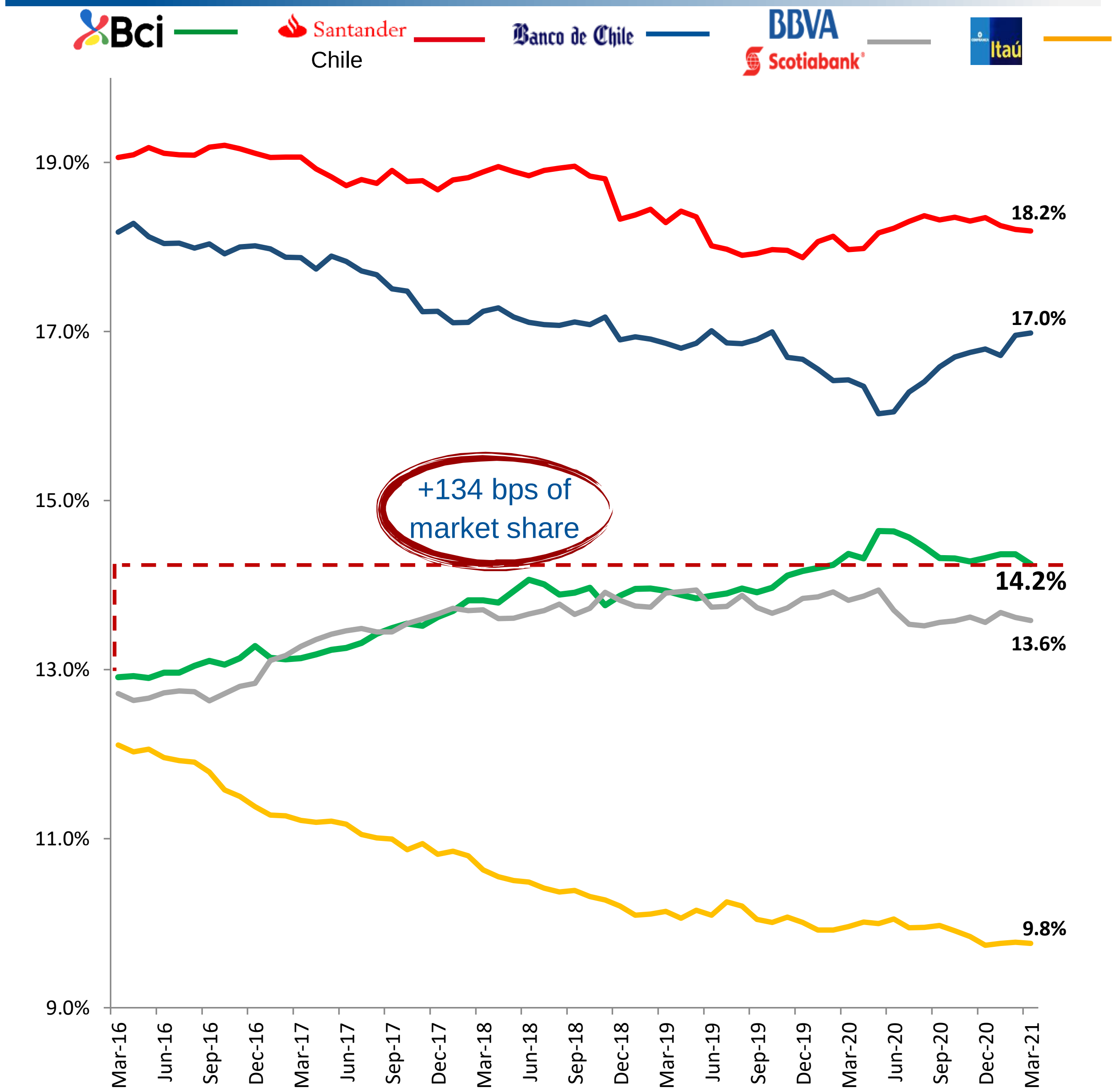



## Return on average assets (ROAA)[1]

*as of March 2021*




## Local loans market share[2] (%)




Source: CMF as of March 2021

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

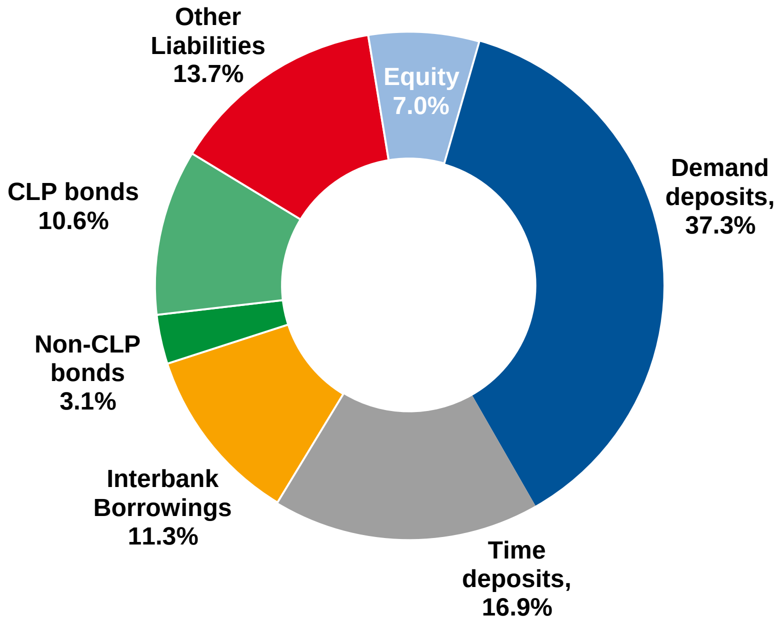
# ...with diversified and low funding cost

*In terms of maturity, currency and geography*

## Funding Sources

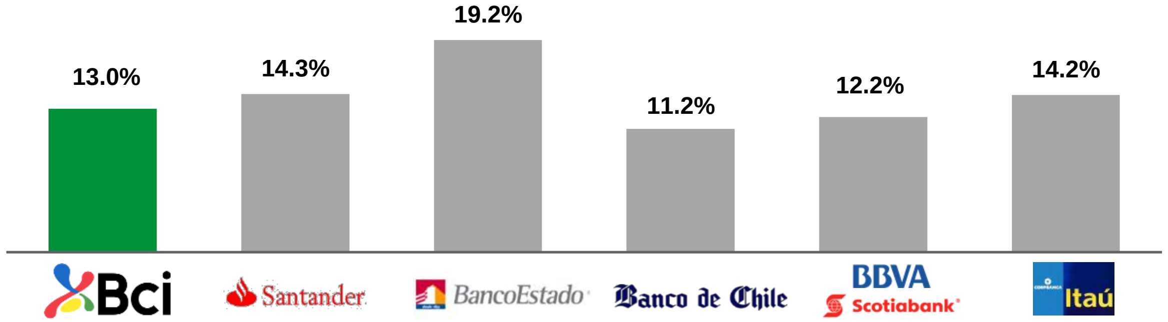
- Long term funding composed primarily of UF local bonds in the Chilean market, complemented by other international issuances, through our EMTN program in US dollars, Euros, Swiss Francs, Japanese Yens and Australian dollars
  - The long-term debt matches our long-term residential mortgage portfolio
- 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]



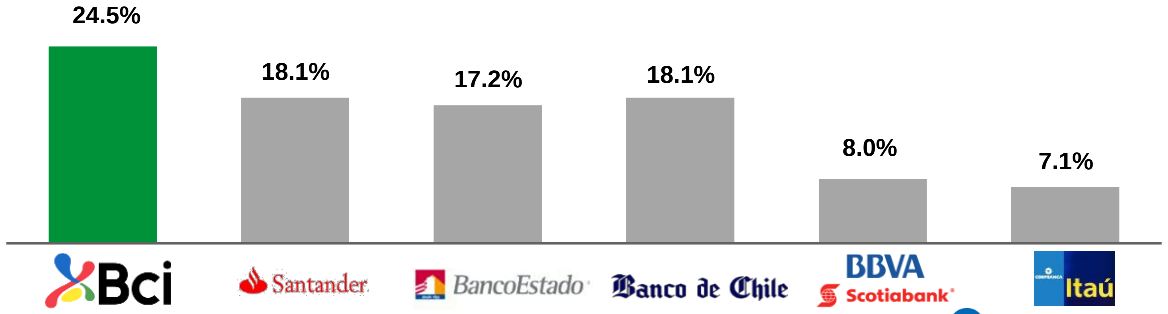

## Time Deposit market share

*as of March 2021*




## Current accounts & demand deposits market share

*as of March 2021*




Source: Company filings and CMF as of March 2021

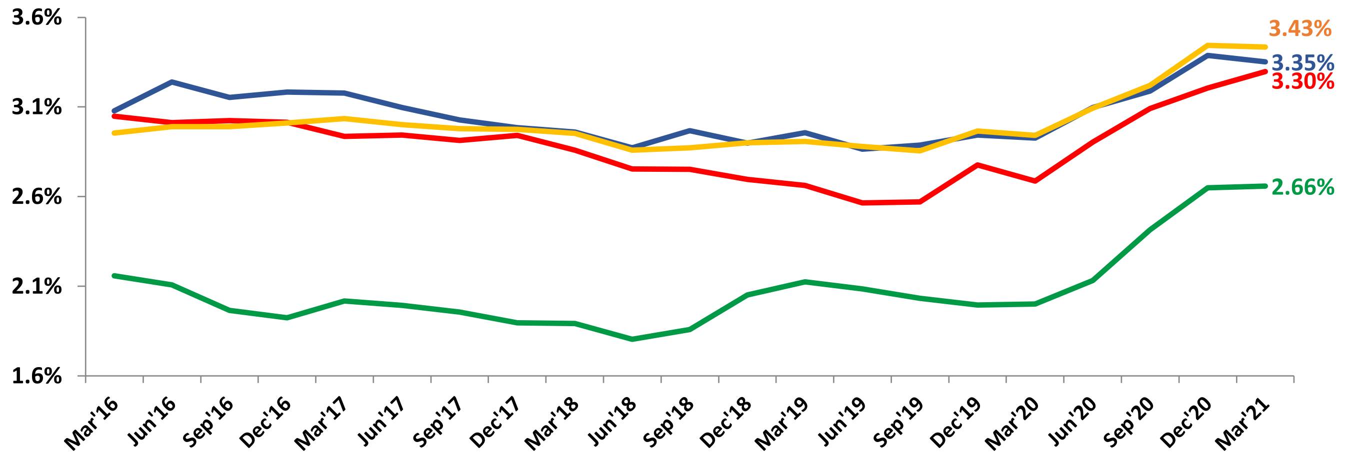
Note: Figures are converted to US$ using an FX of USD/CLP of 721.82 (April 1st 2021); Bci figures include CNB and Itau CorpBanca figures include Colombia operations; [1] Considers all of the Company's assets in Chile.

# …while maintaining prudent risk

## Highlights

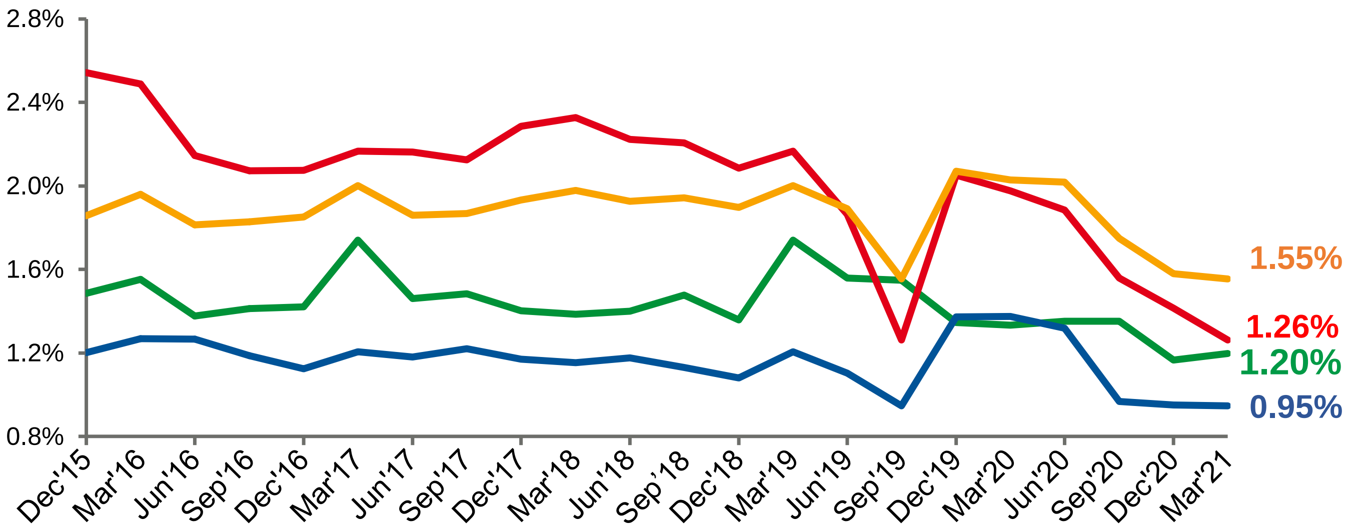
- Bci's asset quality is supported by proactive risk management and monitoring, as well as a continued focus
- Since 2020 we have built over US$ 270 Million in additional provisions.
- Our loan portfolio is well diversified by business lines, economic sectors, and customers.
- In terms of loan portfolio concentration, the 20 largest loans account for less than 10% of the bank's total loans

## Risk index (Allowances / Average Gross Loans)




Note: Risk index includes operations of CNB and Itau Corpbanca Colombia

## NPLs (Delinquency +90 days / Total Loans)




Note: NPLs includes operations of CNB and Itau Corpbanca Colombia

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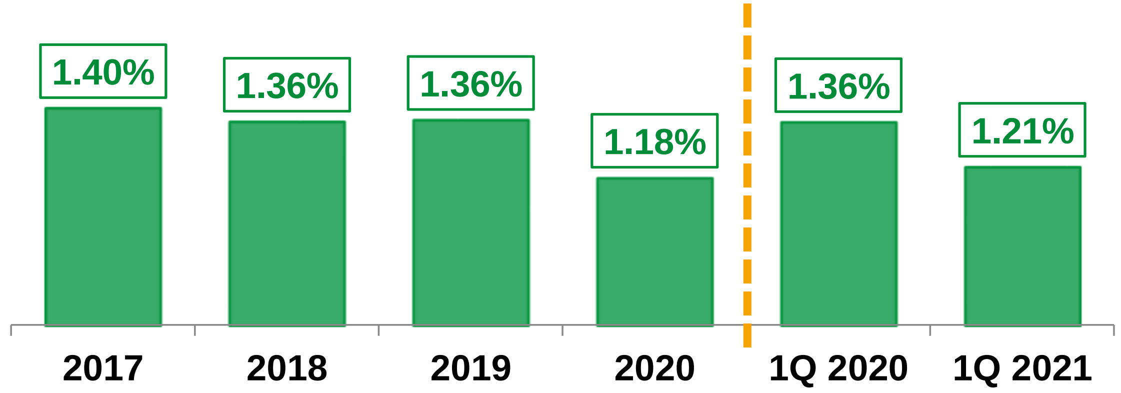
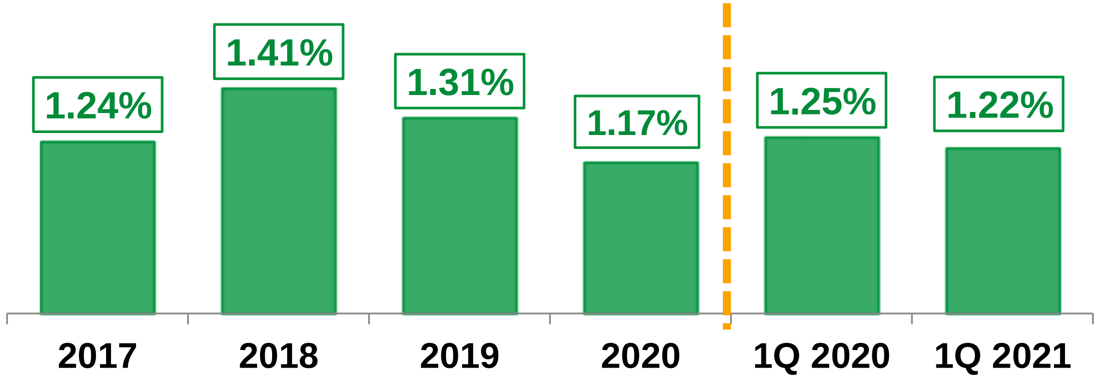
Santander
Banco de Chile
System

# Greater liquidity, has mitigated a further increase in NPLs

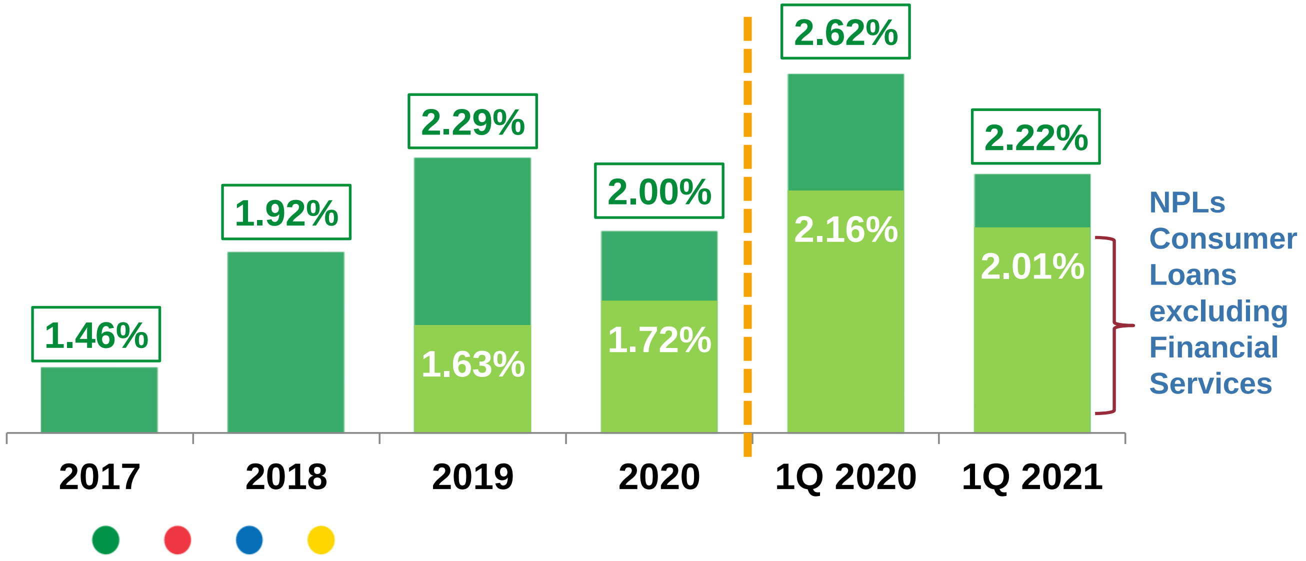
## NPL Ratio (NPLs/Total Loans)



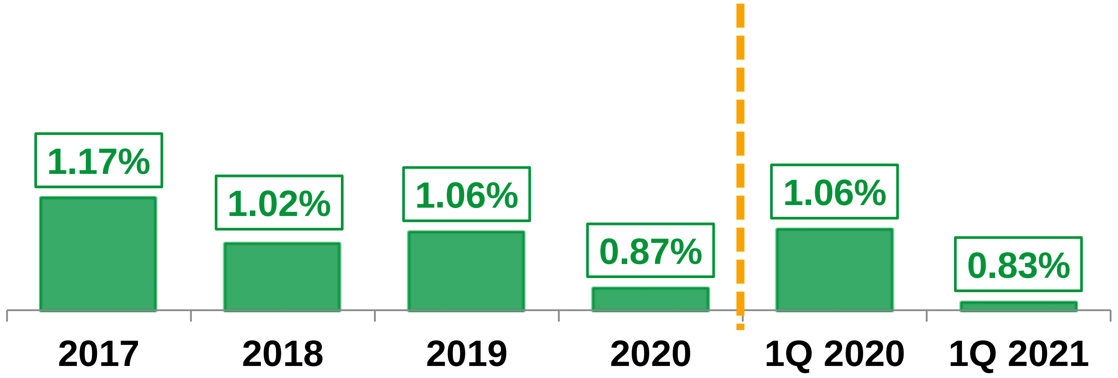

## NPL Ratio (Commercial Loans)




## NPL Ratio (Consumer Loans)




## NPL Ratio (Mortgage Loans)

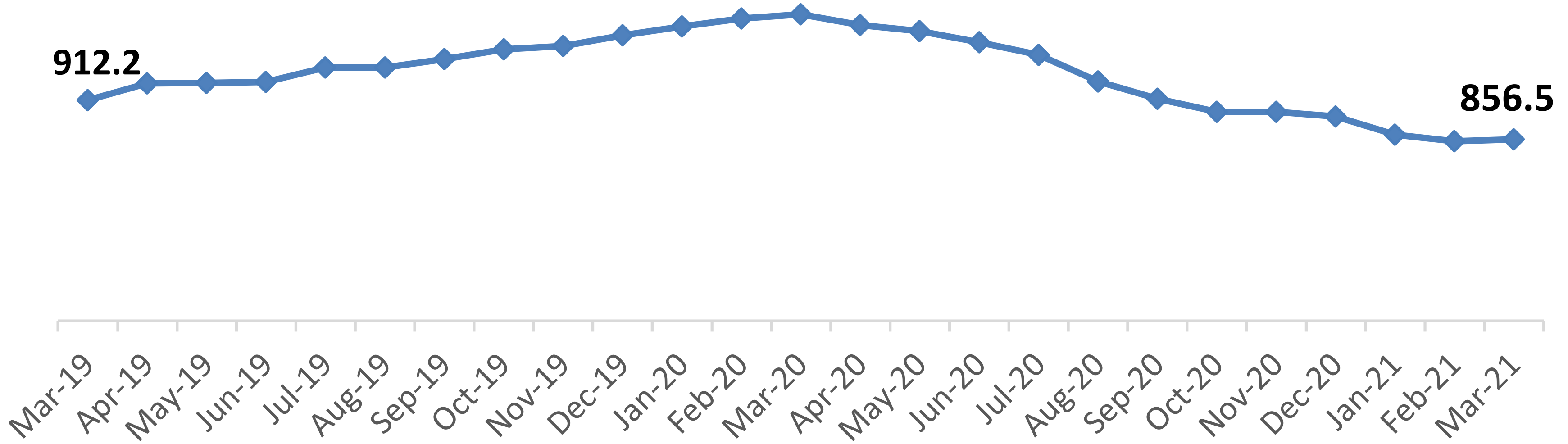



Note: Includes Bci subsidiary in USA (CNB)

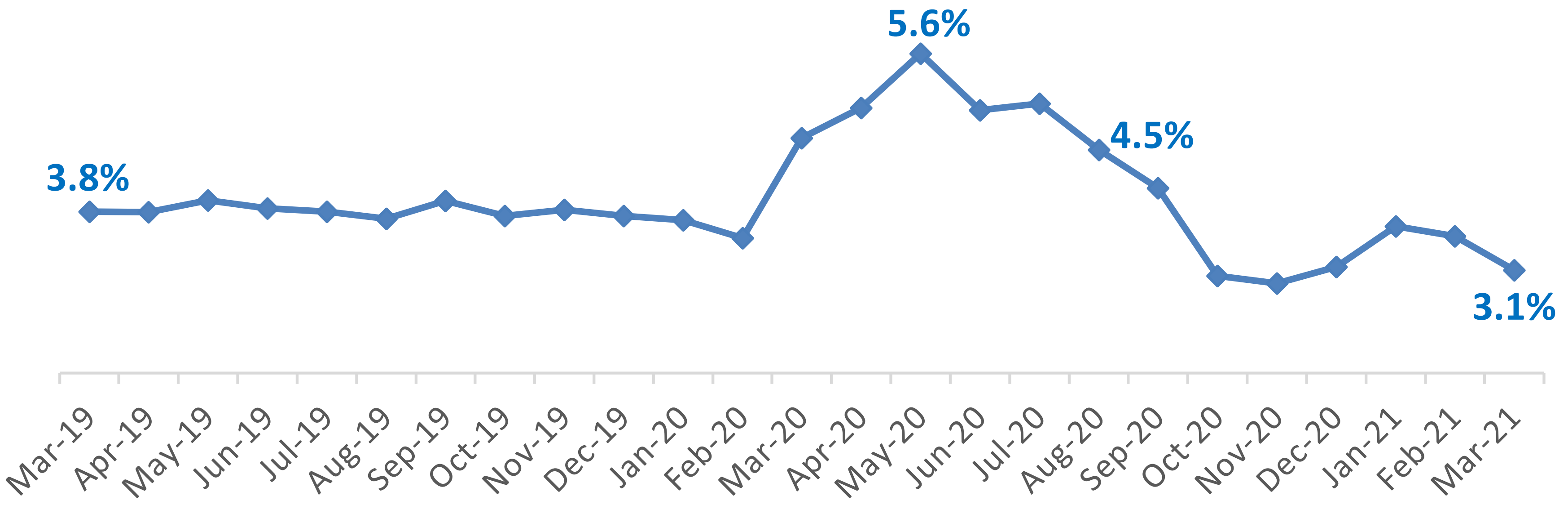
# Financial Services: NPLs have continued to evolve positively.

**Total Loans**

(US MM$)




**NPL Ratio**

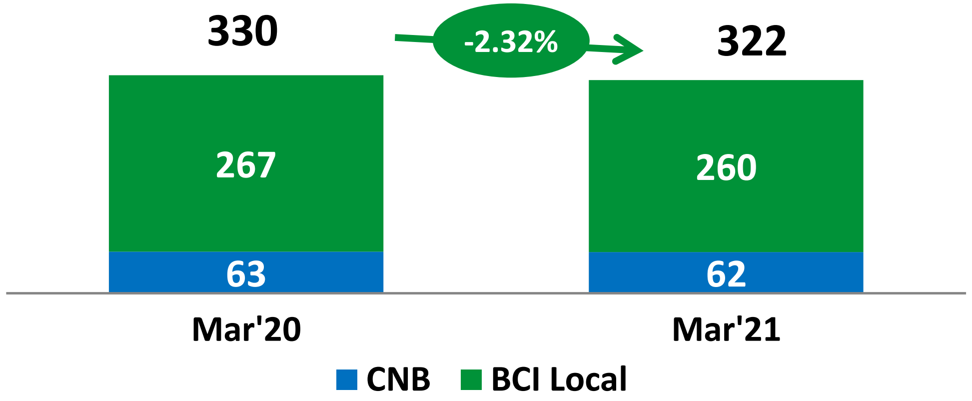



Note: Figures are converted to USD using an FX of 721.82 (April 1st 2021).

# Controlling Operating Expenses

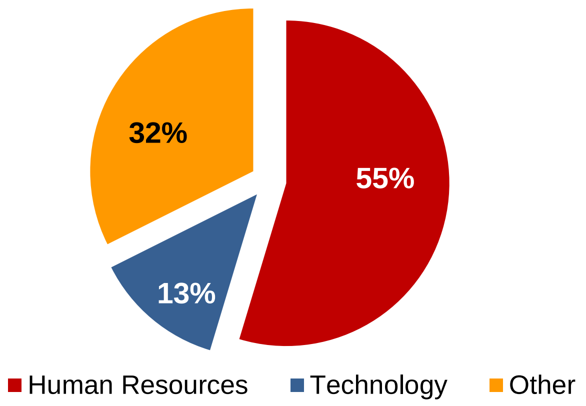
## Operating Expenses

US$ million

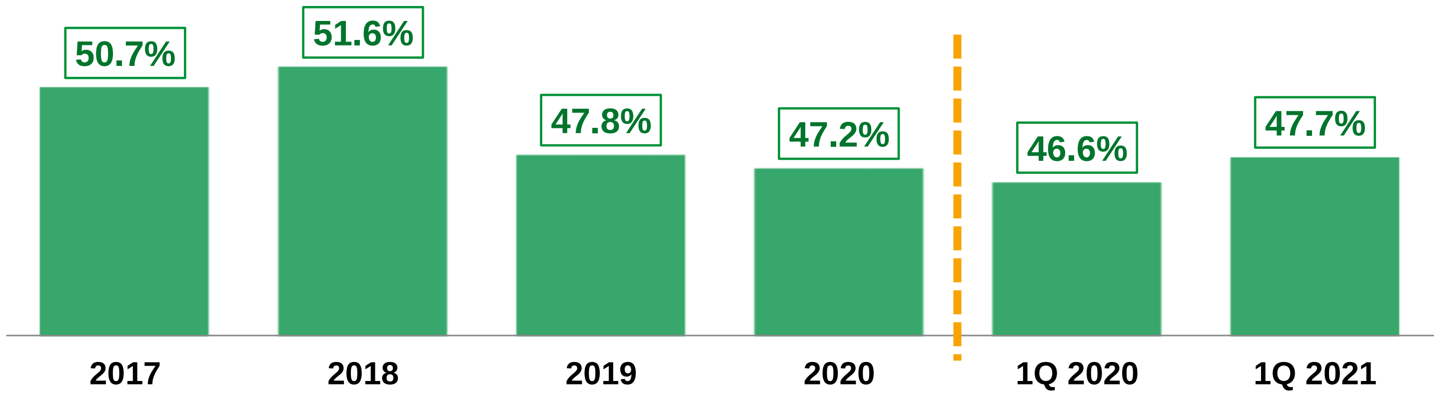



## Expense Breakdown

as of March 2021

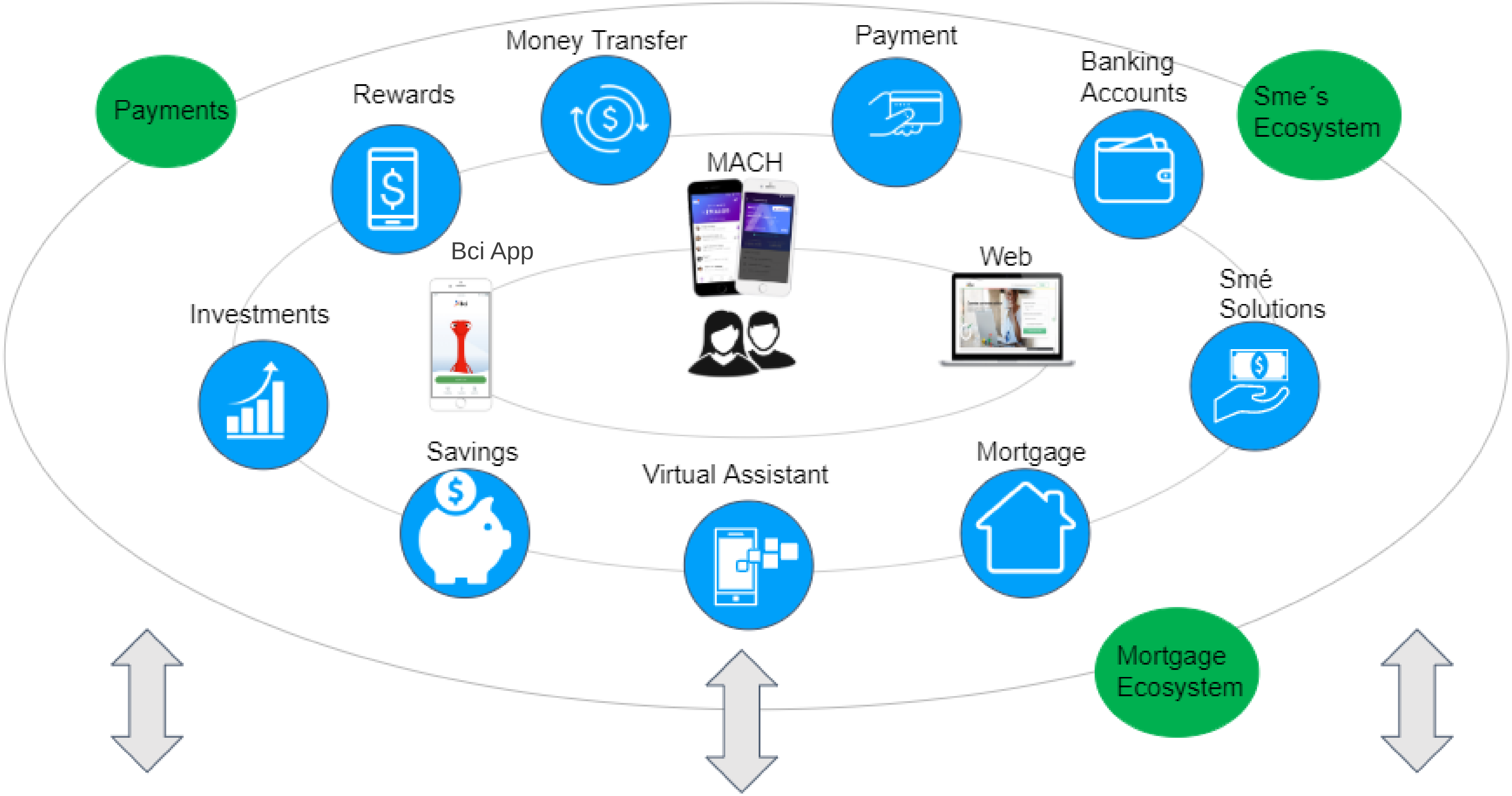



## Efficiency Ratio*




* Efficiency ratio as calculated by the CMF (operating expenses excluding other operating expenses/gross operating result). Since 1Q18, additional allowances are not included in the calculation.
Note: Figures are converted to USD using an FX of 721.82 (April 1st 2021). Include City National Bank of Florida.

# Digital Transformation Plan

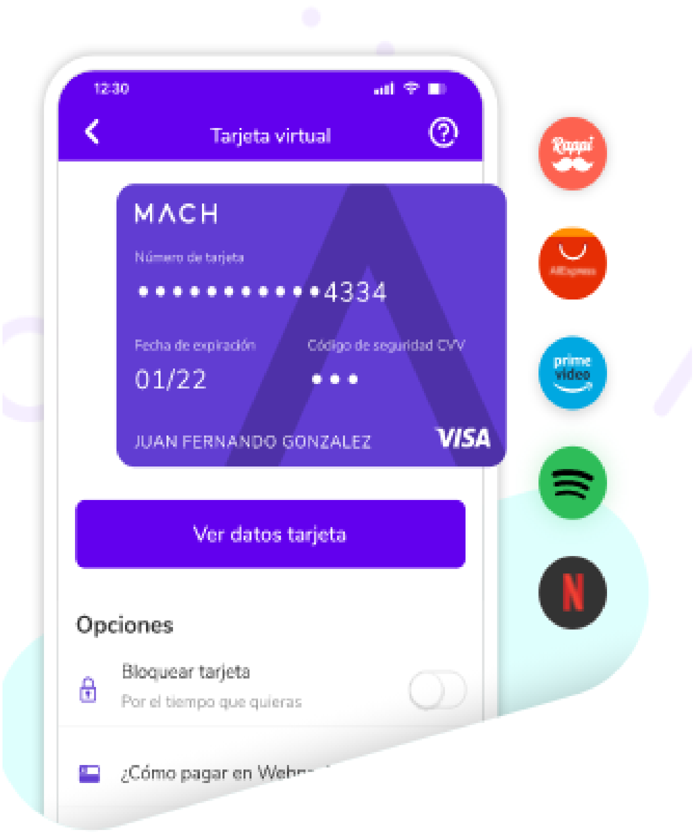



Data Analytics & AI | Digital Marketing | Agile & DevOps | UX/UI

IT: Cloud Infrastructure and Modular Architecture

# Bci is rapidly embracing Digital Transformation

## MACH: disruptive innovation quickly penetrating the market




**+2.9 M accounts**

**+2.3 MM active cards**

**More than 110K e-commerce, physical payments & in-app services accept MACH**

**73.9% NPS**

# Balance sheet

| US$ million (*) | 2017 | 2018 | 2019 | 2020 | CAGR 2017-2020 | 1Q 2020 | 1Q 2021 | %Δ |
|---|---|---|---|---|---|---|---|---|
| Cash | 2,072 | 2,852 | 4,369 | 6,370 | 45.40% | 4,275 | 6,455 | 50.99% |
| Securities | 6,553 | 7,302 | 8,632 | 12,698 | 24.67% | 10,468 | 13,128 | 25.41% |
| Loans | 33,678 | 41,390 | 46,646 | 48,593 | 13.00% | 50,560 | 49,128 | -2.83% |
| Other Financial Instruments | 308 | 83 | 163 | 91 | -33.49% | 166 | 57 | -65.72% |
| Fixed Assets | 374 | 390 | 347 | 348 | -2.41% | 363 | 343 | -5.32% |
| Other Assets | 3,956 | 5,269 | 9,579 | 11,084 | 40.97% | 13,796 | 9,614 | -30.31% |
| **Total Assets** | **46,942** | **57,285** | **69,736** | **79,184** | **19.04%** | **79,627** | **78,726** | **-1.13%** |
| Demand Deposits | 13,208 | 16,933 | 19,646 | 27,329 | 27.43% | 21,862 | 29,354 | 34.27% |
| Time Deposits | 14,813 | 17,080 | 18,526 | 15,017 | 0.46% | 20,528 | 13,333 | -35.05% |
| Interbank Borrowings | 2,430 | 3,821 | 4,824 | 8,687 | 52.90% | 4,819 | 8,930 | 85.31% |
| Bonds Payable | 6,955 | 8,282 | 9,721 | 10,296 | 13.97% | 10,320 | 10,790 | 4.55% |
| Other Liabilities | 5,755 | 6,378 | 11,764 | 12,459 | 29.36% | 16,566 | 10,789 | -34.87% |
| Equity | **3,780** | **4,791** | **5,254** | **5,396** | **12.60%** | 5,532 | 5,530 | -0.05% |
| **Total Liabilities** | **46,942** | **57,285** | **69,736** | **79,184** | **19.04%** | **79,627** | **78,726** | **-1.13%** |

Figures are converted to US$ using an FX of 721.82 (April 1st 2021)
includes operations of CNB

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# Financial results

| US$ million (*) | 2017 | 2018 | 2019 | 2020 | CAGR 2017-2020 | 1Q 2020 | 1Q 2021 | %Δ |
|---|---|---|---|---|---|---|---|---|
| Net Interest Income | 1,295 | 1,496 | 1,831 | 2,021 | 15.98% | 487 | 577 | 18.50% |
| Net Service Fee Income | 372 | 424 | 487 | 465 | 7.69% | 127 | 110 | -13.33% |
| **Operating Income** | **1,667** | **1,921** | **2,318** | **2,486** | 14.23% | **614** | **687** | **11.94%** |
| Other Operating Income | 245 | 275 | 303 | 330 | 10.37% | 94 | 0 | -100.2% |
| Provision for loan losses | -295 | -369 | -576 | -906 | 45.42% | -182 | -100 | -45.10% |
| **Operating Income, net of loan losses, interest and fees** | **1,618** | **1,827** | **2,045** | **1,910** | 5.68% | **527** | **587** | **11.50%** |
| Personal salaries and expenses | -553 | -644 | -670 | -723 | 9.38% | -177 | -182 | 2.91% |
| Administrative Expenses | -342 | -405 | -452 | -442 | 8.94% | -115 | -103 | -10.23% |
| Depreciation and Amortization | -84 | -93 | -144 | -151 | 21.84% | -37 | -36 | -2.65% |
| **Total operating expenses** | **-978** | **-1,142** | **-1,266** | **-1,317** | 10.41% | **-330** | **-322** | **-2.32%** |
| **Total Net Operating Income** | **747** | **720** | **736** | **474** | -14.05% | **179** | **229** | **28.20%** |
| Income Tax | -232 | -172 | -178 | -34 | -47.20% | -47 | -23 | -52.11% |
| **Consolidated Net Income for the Year** | **515** | **548** | **558** | **440** | **-5.09%** | **131** | **206** | **57.07%** |

Figures are converted to US$ using an FX of USD/CLP of 721.82 (April 1st 2021)
includes operations of CNB

# City National Bank of Florida

# Executive Summary

**Balance Sheet Evolution**

- CNB share of FL PPP lending (~6%), 3x higher than its FL deposit market share (~2%)
- CNB funded a fifth of MSLP loan units nationally and 12% of dollars funded through the program
- Liquidity position has been enhanced as a result of our deposit cross sell efforts - $3.5B increase in client deposits YoY
- Deferments have decreased by 91% from $3B to $290MM as of December 31st

**Financial Results**

- Core earnings have increased by $35MM or 13% YoY, demonstrating the Bank’s continued earnings improvement
- Our PPP & MSLP participation drove a $17.9MM increase in net interest income QoQ
- The Bank’s non-interest income increased by $6.2MM or 9% YoY
- A $12MM loss was incurred on the unwind of $475MM of swaps that will benefit net interest income over the next two years – swaps over FHLB advances were unwound and advances prepaid due to the Bank’s strong deposit growth

**2021 Priorities**

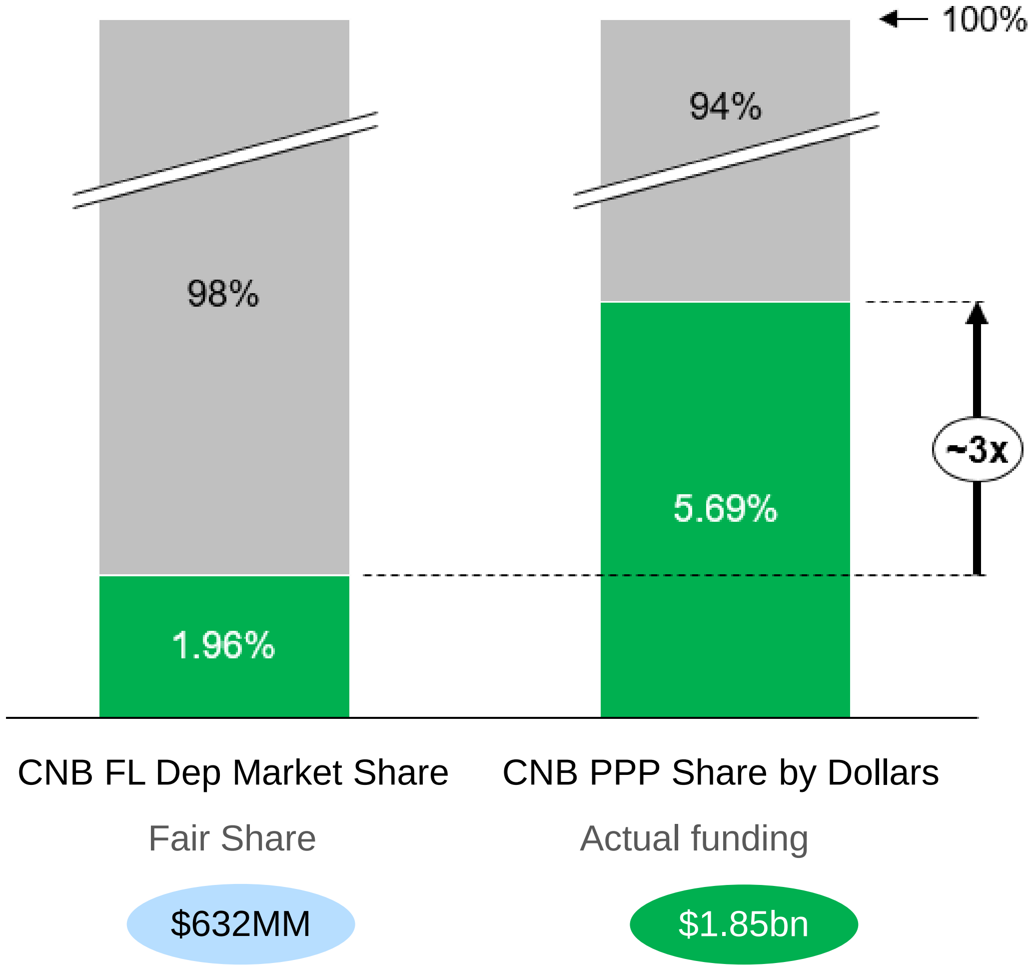
- CNB has established five key priorities for 2021
- High quality loan growth with active portfolio management and client retention are main priorities
- Continuing fee income and deposits growth are key for 2021

**Executive National Bank was successfully integrated in December 2020**

# Our PPP participation was 3x our fair share

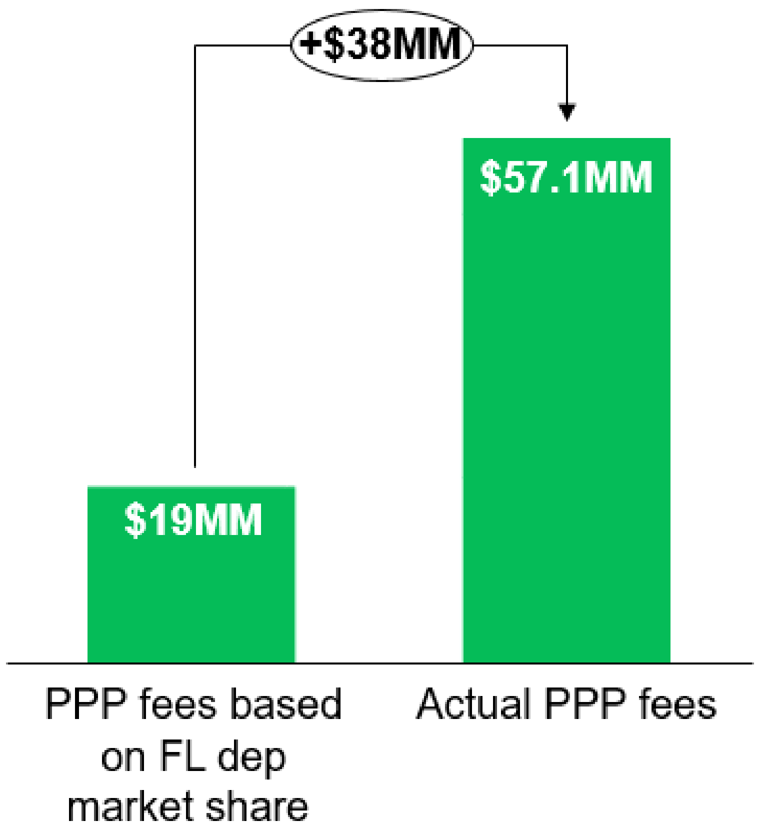
## CNB over indexed in PPP lending by 3x…

CNB FL deposit ($) market share vs. PPP FL ($) market share[1]




## … creating an extra $38M in origination fees

CNB PPP Fees actual vs. fair share




**We leveraged the PPP opportunity to fully cross sell our 9,000+ PPP borrowers, 2/3rd of which are new clients**

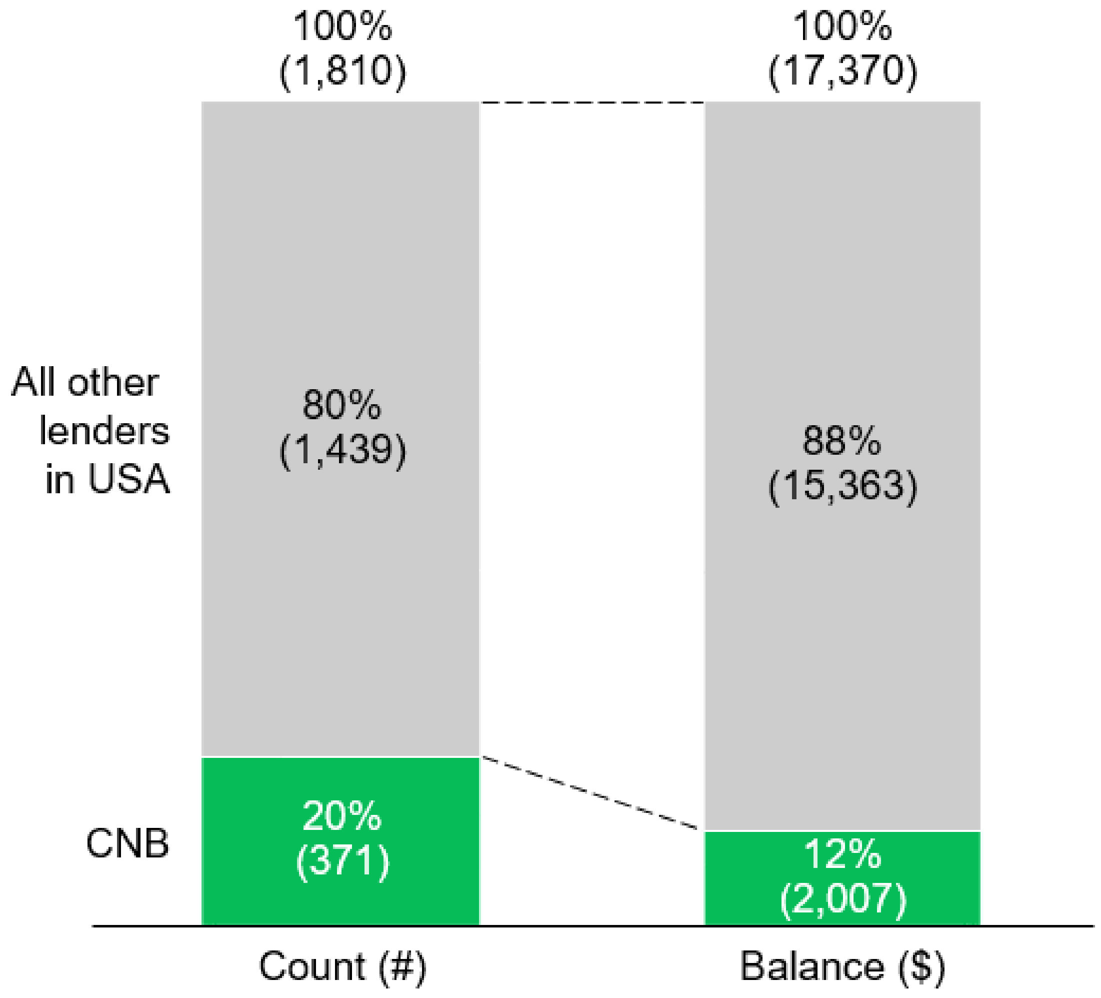
**We are currently focused on our participation in the 2nd round of PPP**

Notes: (1) FL deposit market share as of Jun 30th, 2020 / FL PPP share as of Aug 8th, 2020

# We led the nation in MSLP originations

**CNB funded a fifth of MSLP loan units nationally and 12% of loan dollar**

CNB National Share of MSLP lending (#, $MM)

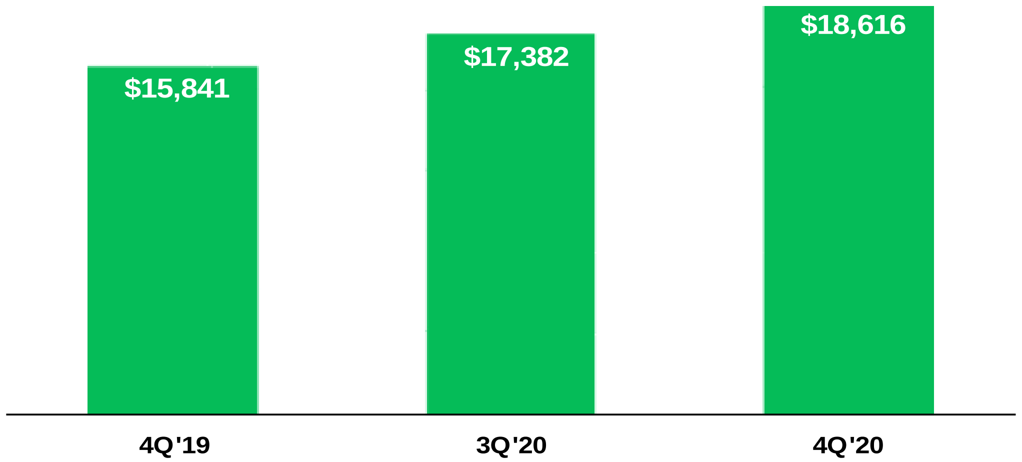



- Our preparation prior to the MSLP program launch paid dividends
  - Educated our RMs and our clients on program benefits
  - Developed a strong pipeline
- Only 5% of the funded loans remains on the Bank's balance sheet ($100.4MM) with 95% sold to the FRB
- We charged a 1% fee on 100% of the loan balance, generating over $20MM of loan fees, 95% of which were recognized in NIM at the time of sale to the Fed
- We **required a full cross-sell**, including operating accounts and treasury management services, as conditions of the loan

# Our PPP & MSLP participation not only increased our total assets and loans…

## Total Assets

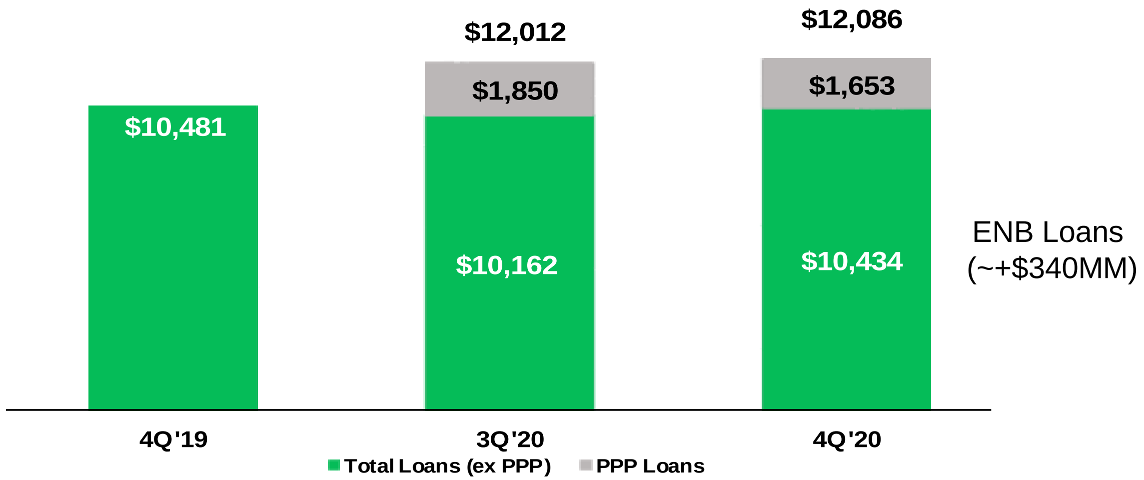
**QoQ increase: +$1.2B +7%**
**YoY increase: +$2.8B +18%**




| | 4Q'19 | 3Q'20 | 4Q'20 |
|---|---|---|---|
| Total RBC Ratio | 14.30% | 15.92% | 15.77% |
| Leverage Ratio | 10.88% | 10.35% | 9.89% |

## Total Loans

**QoQ increase: +$75MM +1%**
**YoY increase: +$1.6B +15%**




| | 4Q'19 | 3Q'20 | 4Q'20 |
|---|---|---|---|
| PPP Loans Forgiven ($) | $ - | $ - | $ 199 |
| Forgiveness Rate (%) | 0.00% | 0.00% | 98.93% |

**Reduction in Leverage Ratio QoQ due to ENB acquisition & asset growth**

Figures in millions ($)

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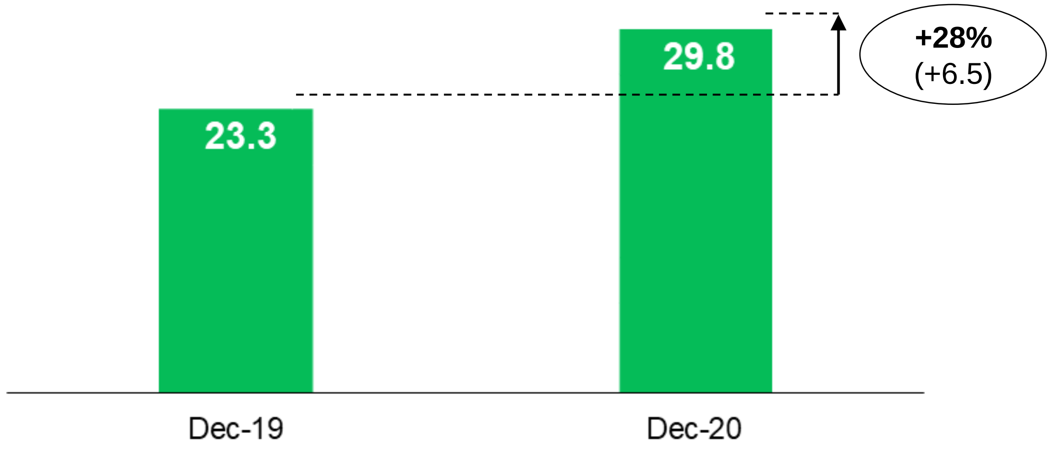
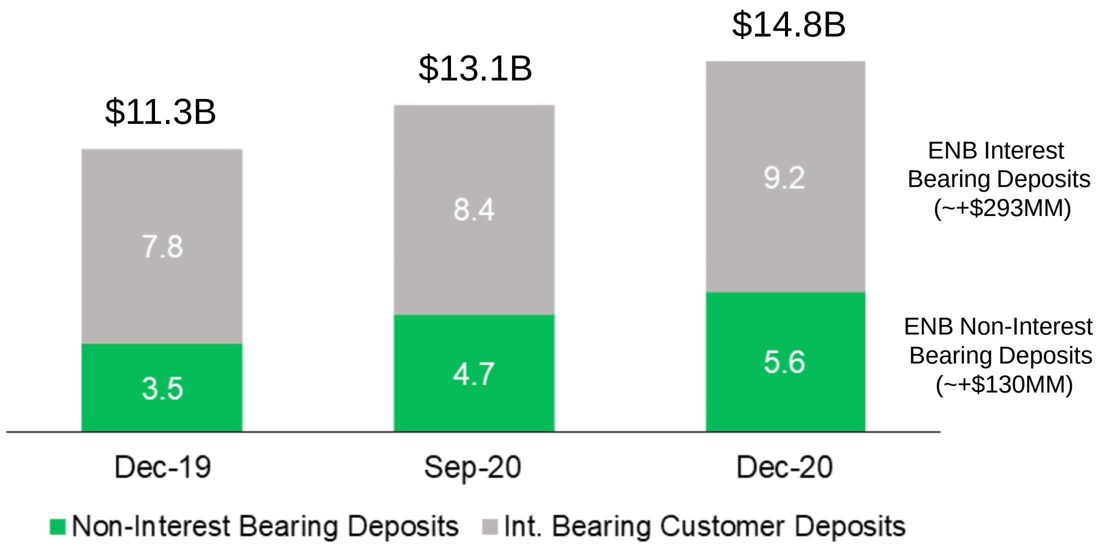
# …but also increased our commercial customers & our deposits

## # of Commercial Clients




## Customer Deposits

**QoQ increase: +$1.7B +13%**
**YoY increase: +$3.5B +31%**

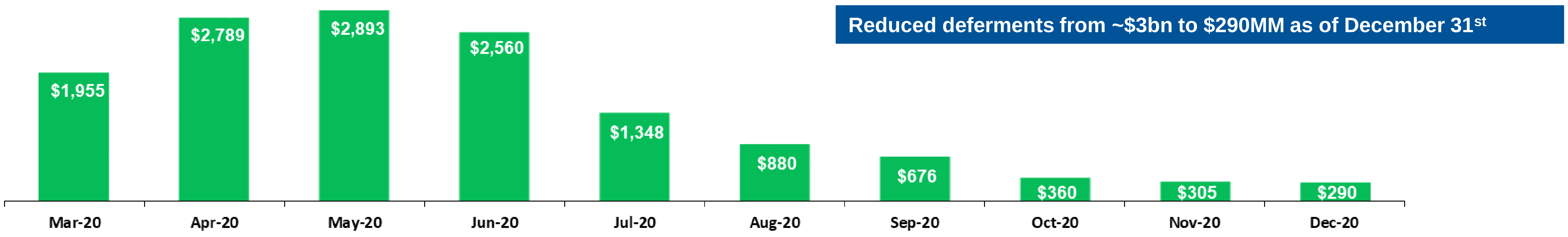



**New clients account for ≈$2.5MM of annual Treasury Management fees**

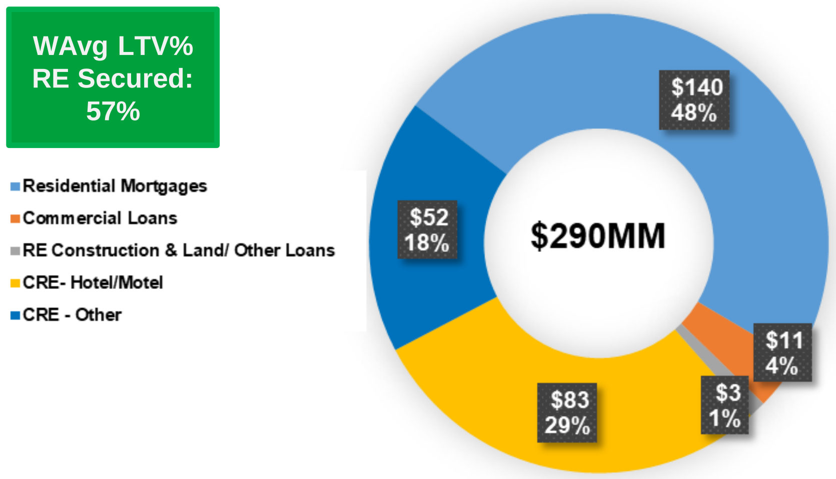
**Non-interest DDAs represent 38% of client deposits**

# Deferments have substantially declined & asset quality remains strong

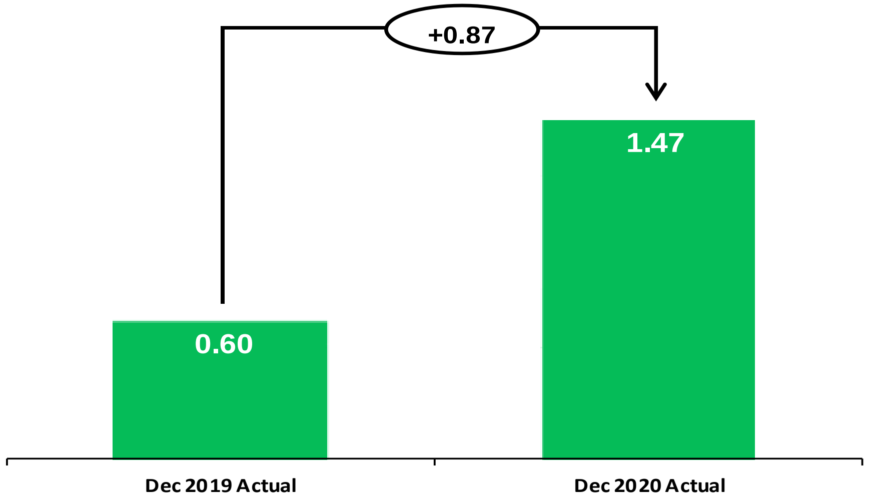
## Loan Deferments ($MM)




## Deferrals Breakdown ($MM)




## ALLL Coverage Ratio (ALLL + Loan Mark / Loans (ex. PPP)




| | Dec 2019 Actual | Dec 2020 Actual |
|---|---|---|
| Provisions ($MM) | $16.3MM | $101.6MM |
| NPL ($) | $47.4MM | $83.3MM |

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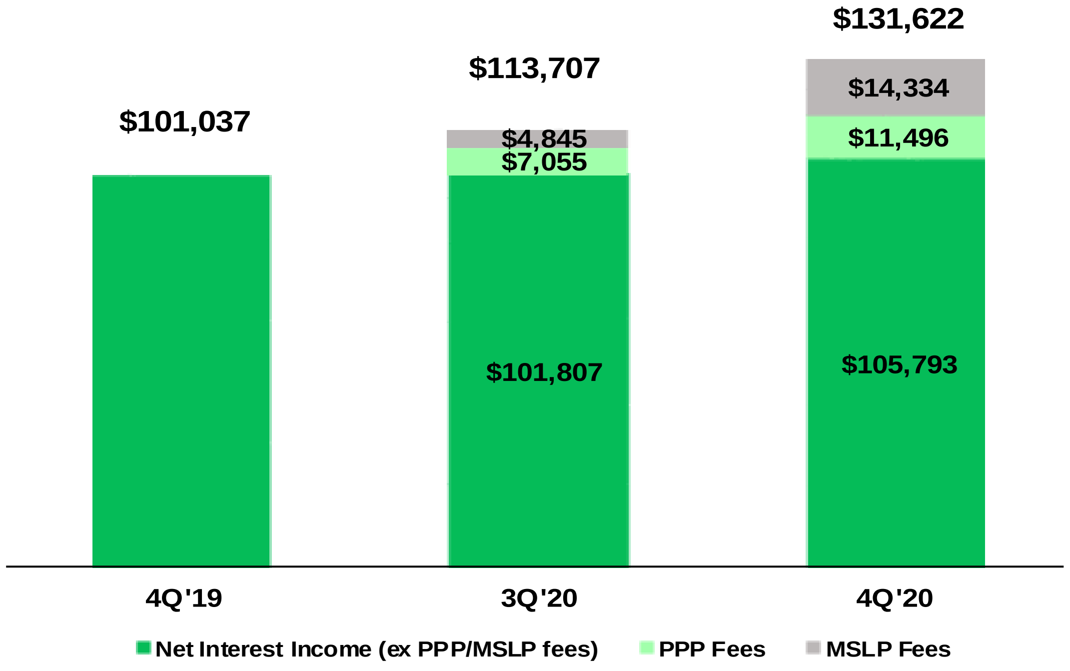
# Income Statement

| INCOME STATEMENT ($ millions) | 4th Qtr 2019 | 3rd Qtr 2020 | 4th Qtr 2020 | $ Var QoQ | % Var QoQ | YTD 2019 | YTD 2020 | $ Var YoY | % Var YoY |
|---|---|---|---|---|---|---|---|---|---|
| (+) Net Interest Income | $101.0 | $113.7 | $131.6 | $17.9 | 15.8% | $405.3 | $461.2 | $55.9 | 13.8% |
| (+) Non-Interest Income | $18.8 | $21.3 | $18.2 | -$3.1 | -14.7% | $67.1 | $73.3 | $6.2 | 9.3% |
| **(=) Operating Income** | **$119.8** | **$135.0** | **$149.8** | **$14.8** | **10.9%** | **$472.4** | **$534.5** | **$62.1** | **13.1%** |
| (-) Non-Interest Expenses | $54.2 | $57.0 | $65.6 | $8.7 | 15.2% | $212.9 | $240.4 | $27.5 | 12.9% |
| **(=) Core Earnings** | **$65.6** | **$78.1** | **$84.2** | **$6.1** | **7.8%** | **$259.6** | **$294.1** | **$34.6** | **13.3%** |
| (-) Provision Expense | $5.7 | $35.0 | $27.5 | -$7.5 | -21.4% | $16.3 | $101.6 | $85.3 | 522.3% |
| (-) Amortization Expense | $8.2 | $8.2 | $9.1 | $0.8 | 10.2% | $32.6 | $33.6 | $1.0 | 3.0% |
| (+) Gain on Sale of Securities, CVA Adj & Marketable securities | $2.7 | $7.8 | $2.6 | -$5.2 | -66.7% | $0.6 | $10.6 | $10.0 | 1695.8% |
| (-) SWAP Unwind Loss | $0.0 | $0.0 | $12.0 | $12.0 | 0.0% | $0.0 | $12.0 | $12.0 | 0.0% |
| (-) ENB Transaction Expenses | $0.0 | $0.0 | $9.4 | $9.4 | 0.0% | $0.0 | $9.4 | $9.4 | 0.0% |
| **(=) Net Income before Taxes** | **$54.4** | **$42.6** | **$28.8** | **-$13.8** | **-32.4%** | **$211.2** | **$148.1** | **-$63.1** | **-29.9%** |
| (-) Tax Expense | $12.0 | $10.3 | $8.9 | -$1.4 | -13.2% | $48.7 | $37.8 | -$10.9 | -22.4% |
| **(=) Net Income after Taxes** | **$42.5** | **$32.4** | **$19.9** | **-$12.5** | **-38.4%** | **$162.5** | **$110.4** | **-$52.2** | **-32.1%** |

- Increase in net interest income QoQ of $17.9MM is substantially explained by MSLP activity and increase in PPP fee accretion resulting from forgiveness
- Core earnings have increased by $35MM or 13% YoY, demonstrating the Bank's continued core earnings improvement
- $12MM swap unwind loss due to unwind of $475MM of funding swaps over FHLB advances that were no longer needed due to the Bank's strong deposit growth
- The ENB acquisition closed in Q4 2020, resulting in >$9MM of related transaction expenses

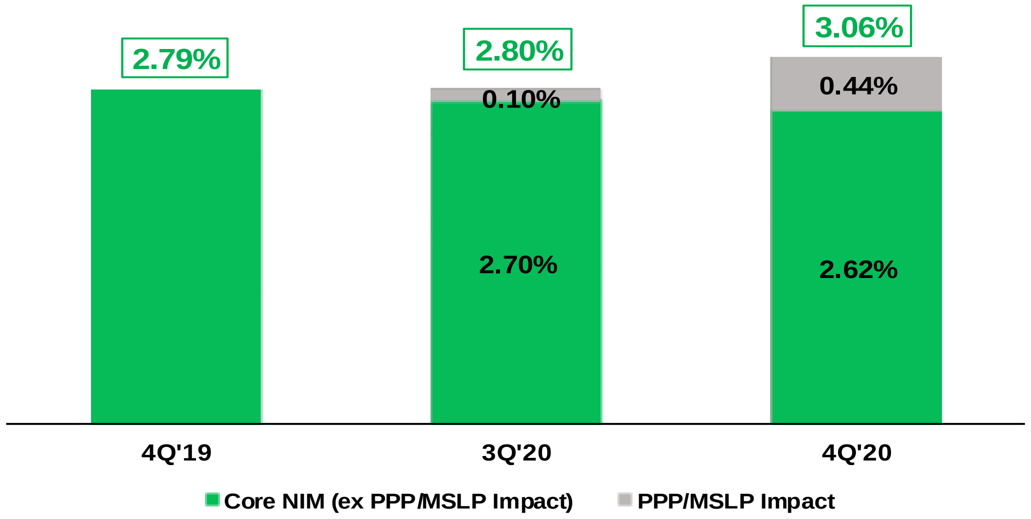
# Our PPP & MSLP participation has enhanced net interest income

## Net interest income ($)




| | | | | | | |
|---|---|---|---|---|---|---|
| PPP Accretion Income | $ | - | $ | 7,055 | $ | 6,550 |
| PPP Forgiveness Income | $ | - | $ | - | $ | 4,945 |
| MSLP Fee Income | $ | - | $ | 4,845 | $ | 14,334 |

## Net interest margin (%)

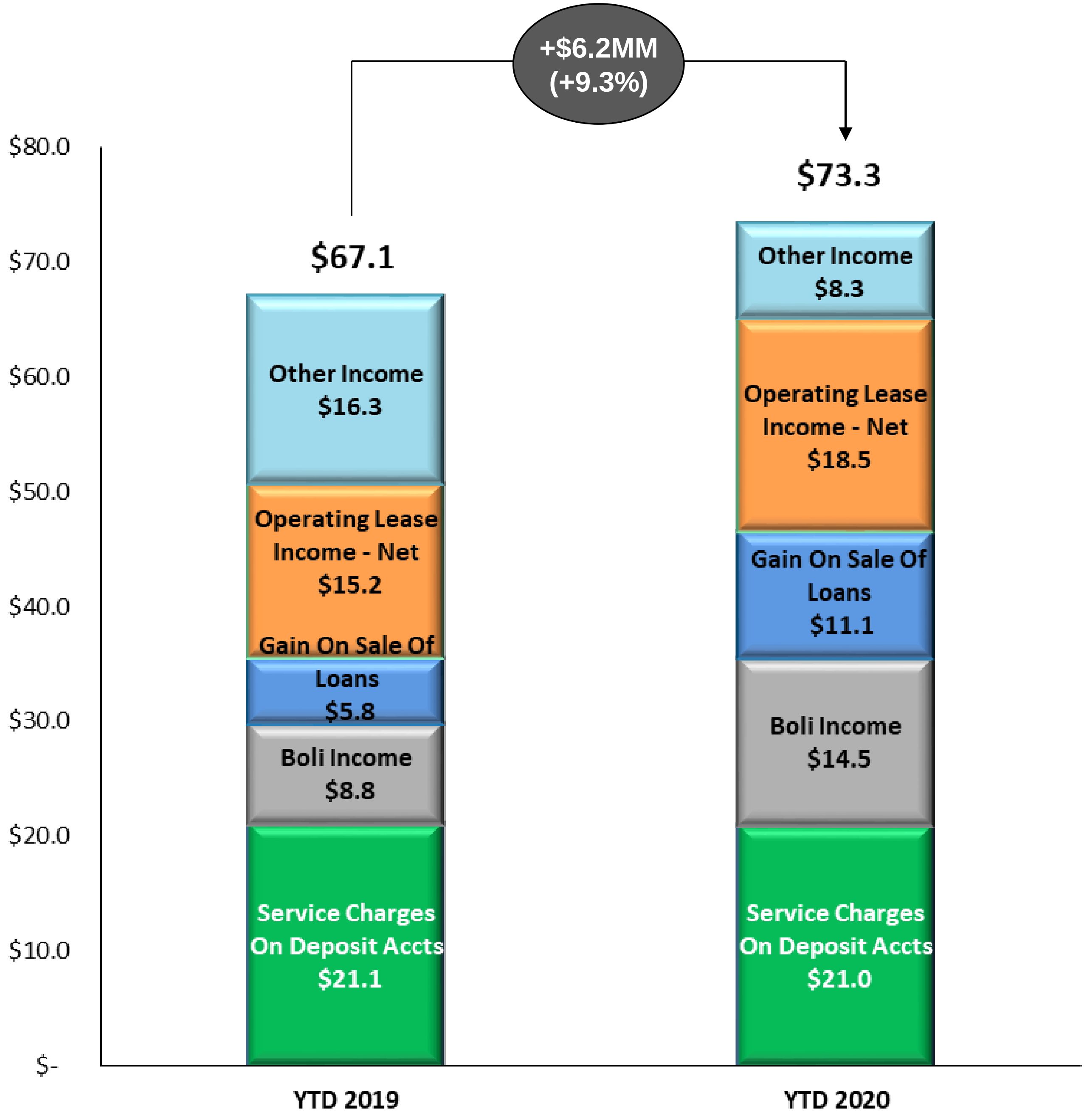



| | | | |
|---|---|---|---|
| Cost of Funds | 1.09% | 0.48% | 0.42% |

**Increase in PPP fee accretion due to nearly $200MM of loans being forgiven in the quarter**

Figures in thousands

# We increased non-interest income by 9% YoY




- $5.3MM or 91% increase in gain on sale of loans from mortgage banking activities

- Although service charges on deposit accounts are flat YoY due to temporary decline in transaction activity due to pandemic, new PPP & MSLP clients cross sold treasury management services will contribute ≈$2.5MM of fees annually

# Closing Remarks

- Supporting employees, clients and suppliers after COVID-19 outbreak.
- Our digital transformation have allowed us to respond quickly and simply to clients' needs, technologically enabling our employees to work remotely in record time.
- Bank's sound capital and liquidity position. Tier 1 ratio leaves us well prepared to face the new challenges of the upcoming Basel III requirements.
- Expenses have been controlled decreasing by -2.32% YoY.
- We have recorded additional provisions to anticipate future risk.
- Recognized in various areas like corporate reputation, innovation, business management, financial performance, work environment, among others.

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