

Green Financing Annual Allocation And Impact Report



March 2024



Index

- 01 • Bci Overview
- 02 • Sustainability Financing Framework Overview
- 03 • Green Financing Instruments
- 04 • Allocation of Proceeds to Green Assets and Projects
- 05 • Example Case Studies



Bci Overview

Banco de Crédito e Inversiones, “Bci,” opened its doors to the public on June 10, 1937. Since then, we have stood out for an innovative spirit, a high determination for the quality of service and the firm purpose of reaching all Chileans.

Today, we are the largest bank in the country by consolidated assets, with different subsidiaries that complement and strengthen our value proposition. We have more than 230 service points in Chile, international presence in the United States, Peru, Colombia, Brazil, Mexico and Shanghai.

The Bank has more than 10,700 employees in Chile and around 900 in its subsidiary City National Bank of Florida (“CNB”), acquired in 2015, when it became the Chilean financial institution with the largest presence in the United States. Actually, CNB is the second largest bank in the State of Florida in terms of assets.

In 2022, Bci started a new subsidiary called “Banco Bci Perú”, increasing internationalization, which is focused on corporate Peruvian clients

and Chilean companies. This institution abroad has 100% cloud management technology and operations teams, that position us as a financial solution platform in three different countries.

The Bank has a solid corporate governance structure backed by one of the main economic groups in Chile, the Yarur group. Its shareholders have appointed directors that include prestigious Chilean academics and businesspeople with extensive experience in the banking industry. The board also includes two independent directors who participate in various Committees and are highly involved in the Bank’s decision-making process.

Since its foundation, Bci has firmly believed in long-term relationships with its stakeholders, specially with entrepreneurs: Not only is the type of business we do important for us, but more importantly is “how we do business.” Its corporate governance, organizational culture, innovation and strong customer focus have allowed us to maintain a healthy expansion of assets and sustain its strategy.

The Bank’s strategic priorities rely on the following pillars:



Develop a top-of-the-line “digital customer experience”



Achieve sustainable growth and profitability over time and with adequate risk levels



Establish a culture that seeks to promote leadership and collaboration with a focus on the client and disciplined execution

Bci's Approach to Sustainability

We believe sustainability is key to the survival of any institution over time and essential to the role we play in the economy, environment and social development of Chile and beyond.

We continuously strive to strengthen our ability to generate a positive impact on society, integrating and generating economic, social and environmental impact from our business, and creating value for our customers, employees, suppliers, citizens and shareholders.

Our Strategic Sustainable Pillars are:

Contribute to a more inclusive and equitable society

Accompany our clients in their transition towards a more sustainable future

Strengthen the sense of the daily work of our collaborators and generate social and environmental impact from the business.

Increase value for superior and sustainable profitability.

We focus on three elements as essential to our sustainability strategy:



Financial and digital empowerment

Implement financial and digital solutions that allow us to bring quality products and services that fulfill the needs of as many businesses and individuals as possible, helping them thrive and prosper.



Sustainable Financing

Promote financial and investment solutions with ESG criteria, which facilitate and accelerate the urgent transition towards an economy without a climate impact and with a positive influence on society.



Transparency and Trust

Bci has developed a Corporate Information gathering Model, the results of which allow the identification of critical elements to strengthen the economic, social and environmental sustainability of the Bank. The model seeks to generate a single agenda, in an agile and permanent manner, on the expectations of the bank's stakeholders, with emphasis on its employees, customers, suppliers and shareholders.

A decorative graphic consisting of a white curved shape with a thin grey line and a row of five dots (one red, four grey) is positioned above the title.

Sustainability Financing Framework Overview



Bci's Approach to Sustainability

In August 2021, Bci published its Sustainability Financing Framework (the “Framework”)¹.

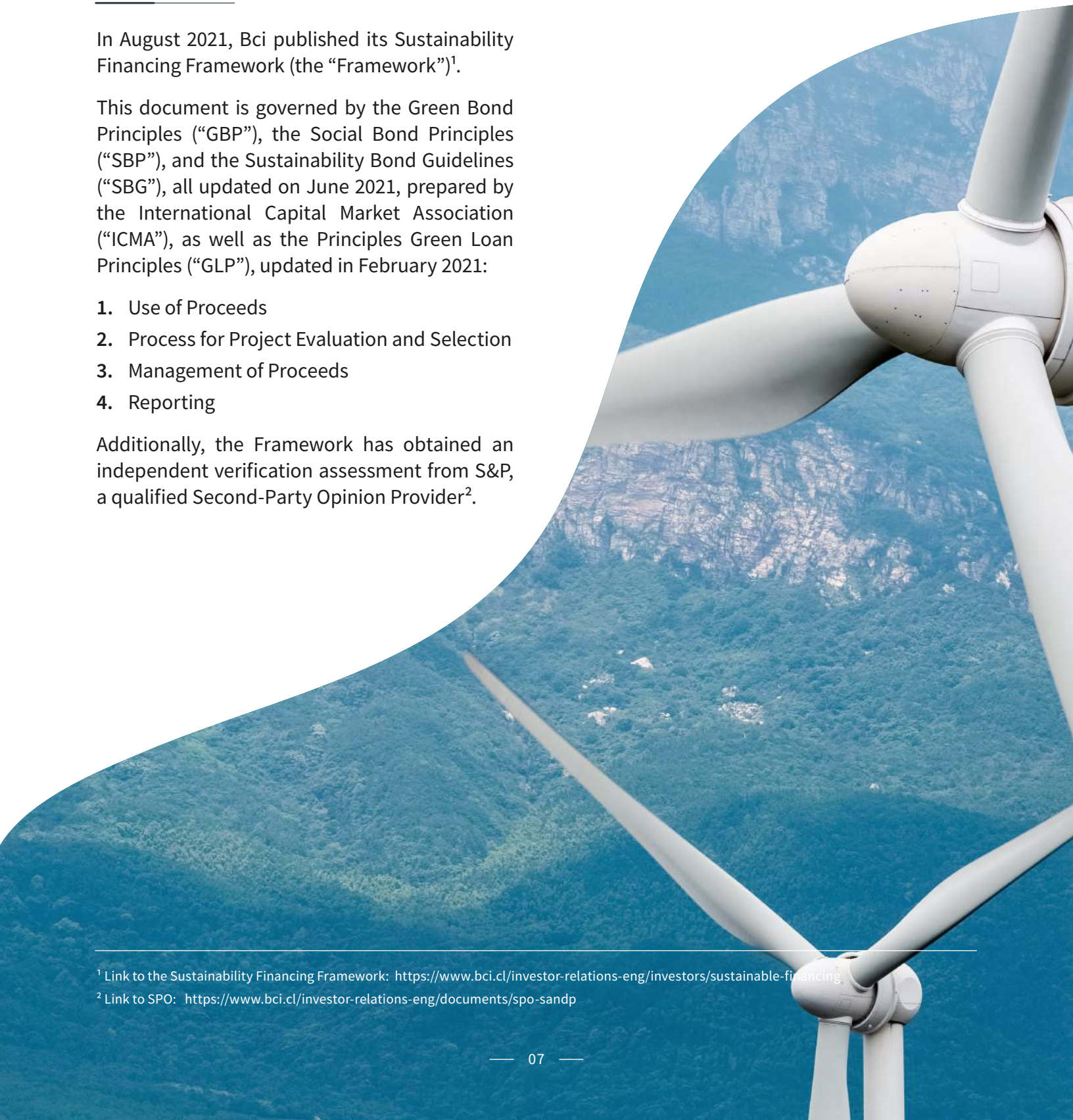
This document is governed by the Green Bond Principles (“GBP”), the Social Bond Principles (“SBP”), and the Sustainability Bond Guidelines (“SBG”), all updated on June 2021, prepared by the International Capital Market Association (“ICMA”), as well as the Principles Green Loan Principles (“GLP”), updated in February 2021:

1. Use of Proceeds
2. Process for Project Evaluation and Selection
3. Management of Proceeds
4. Reporting

Additionally, the Framework has obtained an independent verification assessment from S&P, a qualified Second-Party Opinion Provider².

¹ Link to the Sustainability Financing Framework: <https://www.bci.cl/investor-relations-eng/investors/sustainable-financing>

² Link to SPO: <https://www.bci.cl/investor-relations-eng/documents/spo-sandp>





1. Use of Proceeds

The use of the resources from the sustainable debt instruments will be exclusively to finance or refinance, totally or partially, the Eligible Assets. These assets include, among others, financing for companies, businesses and projects that meet the criteria described in the Eligible Categories.

Eligible Green Categories

- Renewable Energy
- Clean Transportation
- Energy Efficiency
- Sustainable Water and Wastewater Management

Eligible Social Categories

- Leadership in Financial Inclusion for Early-stage Entrepreneurship
- Technological and Sustainable Empowerment for MSMEs



2. Process for Evaluation and Selection

Bci has established a Sustainable Finance Team who will meet monthly to review the evaluation selection process. They will prepare a quarterly review for internal purposes with detail on the size and composition of the Eligible Project Portfolio, progress of allocation of any sustainable debt issued and a potential re assessment of eligibility of assets.



3. Management of Proceeds

All eligible assets that are labeled as Sustainable are managed in separate portfolios for green, social and sustainable categories. International Management is responsible for the allocation of the eligible assets to each particular issuance, according to the particular conditions of each issuance, ensuring that the amount of assigned assets separated by green, social and sustainable category, is greater than or equal to the value of the bonds issued in these categories.



4. Reporting

As communicated in our Sustainability Financing Framework, Bci intends to publish an annual report that contains a review of current green, social and / or sustainable issuances, which will be publically available on our website. The report will include information on the allocation of the proceeds and key performance indicators to measure impact metrics, where relevant.



Green Financing Instruments

Bci issued three green bonds under the Framework between 2021 and 2022 for a total of USD-equivalent 314MM used to finance and/or refinance Eligible Green Projects described in it.

With these transactions, Bci continues to drive its strategy of financing assets that includes the best environmental, social and governance (ESG) practices, and to attain a greater strategic diversification of its financing, considering the growing interest of international investors in contributing to its portfolios of ESG assets.

Key Details and Summary³:

<i>Instrument</i>	<i>Bond 1</i>	<i>Bond 2</i>	<i>Bond 3</i>
Currency	USD	JPY	CHF
Amount in USD	54,000,000	44,000,000	216,000,000
Date of Pricing	March 10, 2021	December 15, 2021	January 05, 2022
Date of Settlement	March 17, 2021	January 07, 2022	January 26, 2022
Maturity	December 3, 2029	January 07, 2027	April 26, 2027
Yield	2.37%	0.50%	0.5994%
ISIN	XS2318617185	XS2424489958	CH1142512339

³ As of January 2024

- **Bond 1:** Private placement with an European investor that had HSBC as dealer. This was the first green bond issued under Bci's Sustainable Financing Framework after its publication in September 2021. The proceeds of this placement will be mainly allocated to the financing of non-conventional renewable energy projects.
- **Bond 2:** Private placement with the investor The Dai-ichi Frontier Life Insurance Co. that had the support of Nomura International plc. The proceeds of this placement will be allocated to the financing of non-conventional renewable energy projects.
- **Bond 3:** First public Benchmark Green Bond of a Chilean bank in any market: The success of this transaction reflects the value of having a framework with a Second-party Opinion from S&P. The transaction was rated A2 by Moody's and A- by S&P.

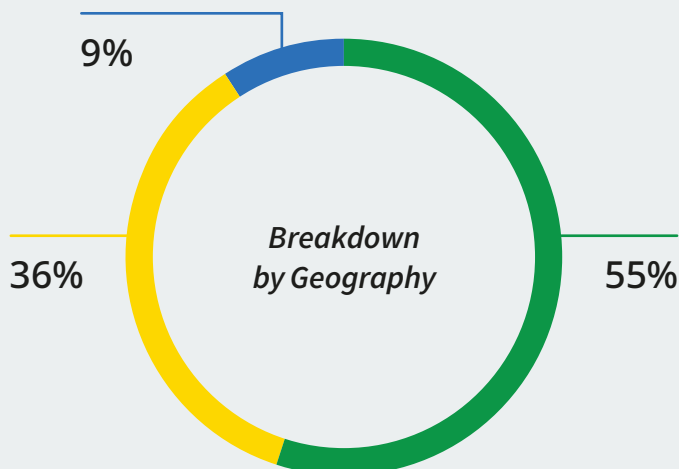
Bci was advised by the European banks BNP Paribas and Credit Suisse, qualifying the transaction as one of the most successful in history of the region for the amount financed.


It is the largest transaction that Bci has made in Switzerland, which amounted to CHF 200MM; which is also the largest current Green Bond for a Chilean bank. Bci was able to generate substantial demand by drawing in additional investors attracted to the "Green" element of the transaction.

Geographical ESG Bond Investor Summary

As of January 2024

- Europe
- Asia
- Japan



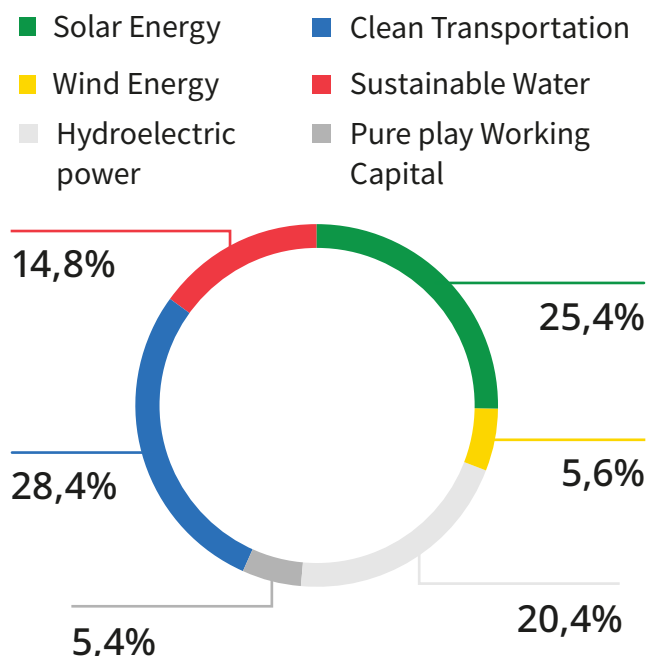
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Allocation of Bond Proceeds and Projects

The total amount Bci has raised through its three Green Bonds was USD-equivalent 314 million. In the second year of this report, these funds have been 77% allocated, financing fifteen companies in the Renewable Energy, Clean Transportation and Sustainable Water and Wastewater Management categories of the Framework.

The table below presents a brief description and impact metrics regarding the allocation of the funds raised⁴:

Portfolio Allocation by Sector³



Green Project Category / Use of Proceeds	Number of Companies	Number of Projects	Committed Amount (USD)	Allocated Amount (USD)**	Impact Reported
Solar Energy	9	7	176,800,000	61,150,000	160.3 MW of installed capacity
Wind Energy	1	1	13,400,000	13,400,000	13.4 MW of installed capacity
Hydroelectric Power	2	2	49,080,000	49,080,000	18.3 MW of installed capacity
Clean Transportation	1	1	103,000,000	68,200,000	15,000 passengers transported per km daily
Sustainable Water and Wastewater Management	2	1	75,000,000	35,630,000	69 l/s
Pure Play Working Capital	4	4	82,260,000	13,030,000	Does not apply
Total Amount Issued in bonds					314,000,000
Total Committed Amount					499,540,000
Total Allocated					240,490,000
Percentage of allocated funds as of January 2024					77%

- The assets reported have passed all the filters specified in our Framework on non-eligible categories and industries.
- The impact information has been reported according to technical studies by our clients.

⁴ As of January 2024

** Total Allocated for the second year



Example Case Studies

Aconcagua Project

The Aconcagua Project consists of the development, design, construction and operation of a multipurpose and multi-client desalination plant with the capacity to produce up to 1,000 liters/second of fresh water, located in Quintero Bay, Puchancaví Commune, Valparaíso Region in Chile.

The project also includes a 106 kilometer aqueduct with five distribution tanks, which will transport desalinated water from the coast to the foothills, through the Aconcagua basin, and an electrical substation.



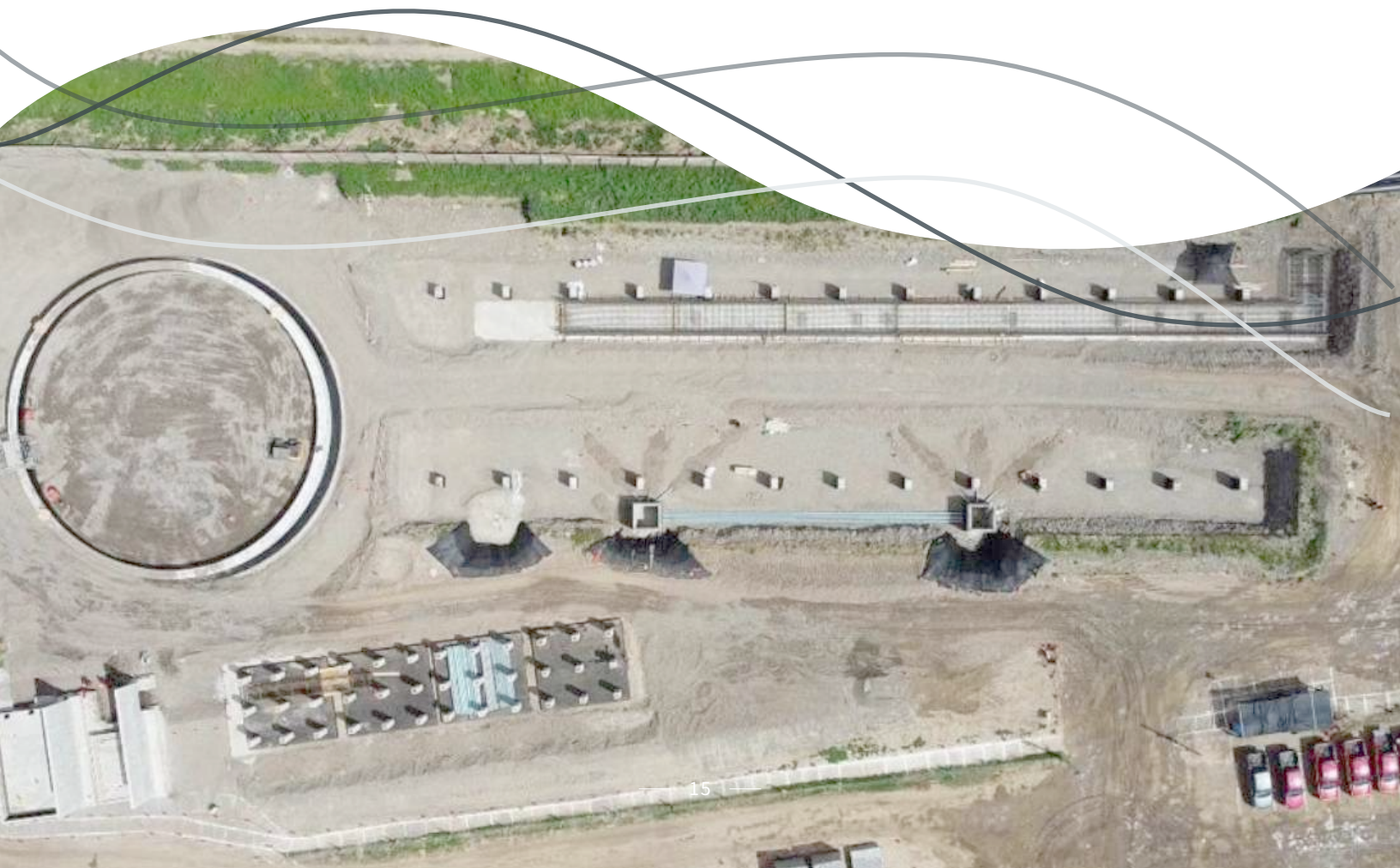
Green Project Category:
Sustainable Water and Wastewater Management.



Use of Proceeds:
Desalination plants and sustainable water infrastructure for clean and/or potable water.



Impact Metrics:
The desalination plant will have the capacity to produce up to 1,000 liters/second of fresh water.





Albatross Project

Bci is participating in the financing of Albatross project which consists in the development, construction, and operation of a portfolio of 13 solar PVs with a generation capacity of 101,8 MWp distributed throughout the country, but mainly in the central zone of Chile.



Green Project Category:
Renewable Energy.



Use of Proceeds:
Solar Energy.



Impact Metrics:
Generation capacity of 101,8 MWp.





Disclaimer

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