CONFIDENTIAL

Bci Conference Call–First Quarter 2020 Results

On Slide 1 - Introduction

Good morning to all of you and welcome to our first quarter 2021 Conference Call.

My name is Andrés Atala, Head of the Investor Relations team, and I really hope that you and your families are doing well and staying safe. Today I'm joined by José Luis Ibaibarriaga, Bci's CFO; Juan Enrique Pino, Head of Credit Risk Management; José Marina, CNB's CFO; Hugo Loynaz, CNB's Chief Credit Officer; and Sergio Lehmann, our Senior Economist.

During this Zoom presentation, we would ask you to please keep your microphones and cameras turned off. We will leave room for questions at the end of the presentation, when you will be able to raise your hand using the button that you can see below your name.

On Slide Number 2 (Contents)

This presentation covers the main aspects of the Bank for the first quarter, broken down into the topics shown here.

I'll leave you with our Corporate Chief Economist, Mr. Sergio Lehmann, who will take you through the main macroeconomic figures.

On Slide Number 3 (Key Calls for US & Chilean Economy)

Thank you, Andrés.

The global economy was hit hard by new waves of Covid-19 during the first quarter of 2021. Nevertheless, global economic sentiment has been improving, given expectations of better sanitary conditions and massive supports for recovery. The IMF projects a 6.0% global GDP growth in 2021, 0.5% above the estimations at the beginning of the year. The progress in vaccination processes and economic stimulus are key reasons to expect better economic figures ahead, which we have already seen in the US and China, the main engines of the global economy. However, economic recovery could be different among countries and sector, due to unequal sanitary and financial conditions.

United States´ GDP will grow around 6.5% in 2021, generating larger job gains. In Florida it is expected a similar pace. In Chile, a soft economic recovery took place in 1Q21 limited by stricter COVID-19 sanitary restrictions, but larger growth is expected in the coming quarters. A fast vaccination process and a more positive external outlook, reflected in high commodity prices, are key for expecting better economic performance ahead. However, political developments and coming elections will play a significant role on economic confidence and financial markets perspectives in the short and middle term. More recently, we have seen an increase in political risks, given the Congress' approval of measures as the third 10% pension fund withdrawal, which are technically not well evaluated.

<u>Please move on to the next slide</u>

On Slide Number 4 (US GDP grew 6.4% annualized…)

Despite the second COVID-19 wave, US economic figures continued to recover reaching a GDP grow at 6.4% annualized q/q on 1Q21, driven by private consumption. The fiscal stimulus and rapid vaccination process will have a positive impact on domestic demand in coming quarters and the IMF estimates a 6.4% GDP growth YoY in 2021, one of the highest figures in recent decades. According to official figures, Florida's GDP continued to recover at the end of 2020 at a similar pace than US aggregate. Jobs in the US and Florida are rising, but total payrolls are still below pre-pandemic levels.

<u>Please move on to the next slide</u>

On Slide Number 5 (In Chile, economic recovery…)

Chile's economic recovery remains significant in the first months of 2021 despite a second COVID-19 wave, adapting better to mobility restrictions. The first quarter's GDP growth rate would be 0.5% YoY, over expectations. Lower economic activity is expected at the beginning of 2Q21 on a month-to-month basis, but it would improve on an annual base. Then, economic figures would improve strongly due to the significant progress in the vaccination process, one of the fastest worldwide. Sales in the retail sector are growing, but the service sector is still lagging. Recently, the IMF improved Chile's GDP growth outlook to 6.5% in 2021. Labor figures, however are showing a smooth recovery and it would take some years to reach pre-pandemic levels. Informal jobs are raising and the unemployment rate is currently at 10.4%

<u>Please move on to the next slide</u>

On Slide Number 6 (Inflation will rise in coming…)

Inflation in Chile is well contained but a transitory increase is expected due to demand and supply shocks. On a year-on-year basis, inflation will go up in the coming months, but it would soften in the second half, ending around 3.3% in December. A project is under discussion in the Congress to reduce transitorily the VAT to a group of essential goods, including food and gasoline. In the case of it to be approved, inflation at the end of the year would be around 2.3% in annual base. Long term nominal interest rates have significantly risen in Chile due to better economic perspectives, raising external interest rates and outflows from domestic fixed income market. The new pension fund withdrawal has caused adjustments and increase in volatility in the financial markets, but the Central Bank's measures have contained the impacts on rates and liquidity. We expect that the coming elections and the new constitution debate will contribute to ease the current political tension, through the prevalence of dialogue and agreements, given the high quorum requirement for the new legal framework.

On Slide Number 7 (Contents)

Thank you, Sergio.

Good morning, everyone, and thank you for participating in this conference call.

We will now go over Bci's first-quarter highlights.

On Slide Number 8 (Executive Summary)

I would like to state, again, that this scenario has allowed us to reaffirm the strength of how we do business and our long-term strategy, based on customer experience, sustainable growth, and a strong culture.

Here are the main highlights for this quarter:

1. We continued to be close to our customers, providing them with financial support. Under the newest round of the FOGAPE program, the FOGAPE *Reactiva*, we have generated around US$ 300 million in loans, while the second draw of PPP loans reached more than US$ 245 million this quarter.
2. Our efforts and investments in the digital transformation process have allowed us to respond quickly and simply to our clients' needs, while allowing 94% of our Corporate Buildings to continue working from home. This responsiveness to the needs of both our customers and our employees, along with a strong engagement indicator, led to our being recognized once again as one of the three best companies to work for in Chile. This shows, in practice, how we can all dare to make a difference, even at the most challenging times.
3. As one of our key priorities, we have placed a special focus on our efficiency plan. This has been reflected in our expenses line, which decreased –2.32% YoY.
4. The Bank maintains a strong financial position. Bci's soundness is again reflected in our liquidity and capital ratios, both of which are well above regulatory limits.
5. In terms of consolidated financial results, some of the highlights from the first quarter include the following:
    a. On the positive side, the financial margin increased 18.50%, mainly driven by lower cost in deposits due to an increase in non-interest-bearing deposits.

b. In addition, regular provisions decreased as a result of resilient customer behavior, reflecting the unusual additional liquidity support received by our clients, along with improvements in the payment process.
c. This quarter we recorded US$ 59.4 million of additional provisions, which raised our coverage ratio more than 700 basis points YoY, to over 222%.

Please move on to the next slide

On Slide Number 9 (Leading financial institution in Chile in Loans)

As you can see in this snapshot of the Bank, we ended the year once again as leaders in terms of consolidated assets, with over US$ 78 billion. We have successfully diversified our operations by adding new lines of business and also by expanding geographically, where City National Bank of Florida plus our branch in Miami currently account for almost 28% of the Bank's total portfolio.

Also, this quarter Moody's confirmed Bci's A2 rating, while changing its outlook from "stable" to "positive." This decision was based on Moody's assessment of potentially higher government support for the bank, the consolidation of acquisitions and investments over the past several years, and the positive impact of our digitalization and innovation strategy, which further supports the bank's diversification in new products and business lines.

On the other hand, Standard & Poor's (S&P) downgraded Bci's credit rating from A to A–, in parallel with the country's sovereign credit rating, given that the likelihood of extraordinary government support has diminished.

Please move on to the next slide

On Slide Number 10 (Financial Results)

Let's go through the main figures for our consolidated operations.

- This quarter, the gross margin fell by –4.54%, mainly driven by the exchange rate and financial operating income, due to a higher comparison base. Last year the finance trading areas took advantage of market volatility and opportunities, achieving record results that helped boost financial income. Furthermore, there is also a higher comparison base effect in terms of fees, since the COVID-19 lockdowns started in mid-March 2020 in Chile, so 1Q20 was still a relatively normal quarter in terms of activity and debit and credit card fee income.

- On the positive side, the financial margin increased 18.50% YoY, largely due to a nearly –40% YoY decrease in interest expense, as mentioned earlier.
- In terms of risk expenses, regular provisions have decreased as a result of resilient customer behavior, which reflects the unusual additional liquidity support received by our clients, along with improvements in the payment process. Nevertheless, this quarter we recorded higher additional provisions YoY, as Juan Enrique will address later in this presentation.
- On the other hand, operating expenses fell by –2.32% YoY, maintaining a positive trend.
- Finally, tax expense was lower this quarter after the projected year-end exchange rate was adjusted downward by around 25 pesos, to CLP690/US$, which led to a lower valuation of the investment in CNB.

Please turn to the next slide

On Slide Number 11 (Financial Results)

At the local level, the main line items follow a similar trend as the consolidated results in terms of year-on-year changes, as shown here.

On Slide Number 12 (Local Loan Portfolio)

Bci's local loan portfolio amounted to US$ 37 billion in this quarter, a decrease of –1.6% YoY.

Bci's consolidated commercial portfolio contracted –4.3% on a YoY basis.

This is in line with the decreased activity of the FOGAPE program and further loan payoffs. Additionally, in the first quarter of 2020, the Wholesale segment was particularly active in terms of loan generation. This higher volume was mainly explained by large companies seeking to increase their liquidity for working capital in a year of high uncertainty and volatility.

Excluding Financial Services and CNB, Bci's consumer loans decreased almost –16% year-on-year, reflecting weaker macroeconomic conditions. We believe that the government initiatives implemented throughout the year to support households plus the withdrawal of pension funds both acted as substitutes for loans in providing greater liquidity.

Mortgage loans kept up the growth momentum, increasing 13.1% YoY, as customers took advantage of the exceptionally low interest rates.

Please turn to the next slide

On Slide Number 13 (Our liquidity strategy has allowed us to face...)

Bci has maintained high liquidity indicators. As shown in the chart, the Bank's LCR reached 268% for its local operations, well above regulatory limits.

In the quarter, non-interest-bearing demand deposits continued to grow strongly, at a rate of 3.8% QoQ and 41.9% YoY. This reflects the high growth of retail checking accounts and the continued strength of the Bank's value proposition for companies.

Time deposits, in turn, decreased –32.5% YoY and –11.5% QoQ, due to lower interest rates.

Please turn to the next slide

On Slide Number 14 (Net Interest Margin and Fee Income)

In the domestic market, the net interest margin increased by almost 40 basis points, despite the recent significant decrease in the consumer loan book. This higher margin was mainly due to lower funding costs, following the increase in non-interest-bearing deposits vis-à-vis time deposit.

On the fees side, the significant decrease is mainly explained by a decline in fee income, which in turn reflects a drop in card services as a result of the economic slowdown after the COVID-19 outbreak. Lower-than-expected fee income from the retail business was the tangible fallout of this lower economic activity, affecting both Bci and Financial Services.

I'm now going to pass this call over to Juan Enrique Pino, who will discuss our asset quality and loan portfolio composition.

On Slide Number 15 (Key Focus: Risk control)

Thank you, José Luis.

My name is Juan Enrique Pino. I am the Head of Credit Risk Management at Bci, and I am happy to be here with you once again, to give you more details on our loan portfolio situation.

- Our local loan portfolio is well diversified by customers, business lines, and economic sectors.
- On the left side of the slide, we present, as usual, the local loan distribution among the different segments, while on the right side the chart shows our portfolio diversification among different sectors and industries. Exposure to the hotel, health, and restaurant sectors remains below 5%. In fact, our direct exposure to the entertainment, hotel, health, and restaurant sectors combined is below 4%.

<u>Please turn to the next slide</u>

On Slide Number 16 (Evolution of Performing Loans)

- At the total local portfolio level, performing loans are still above pre-crisis levels across all the different segments.
- Currently, the majority of deferrals and restructuring with grace periods have expired, and loans have returned to their regular payment schedules.
- In the consumer lending segment, the resilience in the level of performing loans is related to greater liquidity deriving from both the

pension fund withdrawal initiatives and government support measures. These measures, along with improvements in the payment process, have kept this indicator remarkably stable despite the current crisis.

Please turn to the next slide

On Slide Number 17 (NPLs)

- As mentioned, financial support measures for customers have contributed significantly to mitigating a further deterioration of delinquency indicators. This quarter, local NPLs decreased on a YoY basis, despite increasing slightly to 1.50%, versus 1.42% in December.
- The NPL ratio in the commercial segment was 1.73%. In terms of amount, non-performing loans this quarter decreased 5.37% compared to the previous quarter.
- In the consumer segment, the NPL ratio was 2.25% in 1Q21. The amount of non-performing loans decreased 28.79% YoY, while the consumer loan portfolio fell 15.80%. When Financial Services is excluded, the NPL ratio declines to 2.04%.
- Mortgage loans show a different trend. This particular segment has shown to be resilient under the current scenario, resulting in a low NPL ratio of 0.80% in the first quarter.

Please turn to the next slide

On Slide Number 18 (Financial Services)

- Financial Services is our consumer lending division acquired from Walmart two years ago. The portfolio contracted –17.14% year-on-year, following industry trends for the entire financial retail and consumer banking system. This was mostly driven by lower loan demand and, to some extent, a more selective lending approach in a year with significantly higher unemployment.
- The NPL ratio for this division continues the downward trend started in 3Q20, reaching 3.14% at the end of March, versus 3.18% in 4Q20. This improvement is due to three main factors: the more conservative

measures in the granting of loans; the implementation of payment facilities to support customers with a good payment performance; and a collection strategy based on effectively communicating to customers the digital payment channels available and branch coverage within the Líder (Walmart) stores.

Please turn to the next slide

On Slide Number 19 (Since March 2020 we have recorded nearly US$ 270 million...)

- Since the beginning of the pandemic, we have booked additional provisions in order to anticipate future risks, increasing our coverage ratio and thus building conservative financial statements that will allow us to face potential scenarios that our risk models may not be capturing.

- In the first quarter 2021, we continued to record additional provisions based on our quantitative and qualitative risk analysis and information from macroeconomic forecasts on the depth and extension of this crisis. Some of the key macro variables considered include the recovery of the labor market and the deterioration of the economic cycle for a longer-than-expected time frame.

- Since the crisis started, we have recorded nearly US$ 270 million of additional provisions, in both Chile and CNB.

- This conservative approach to additional provisions has allowed the Bank to increase its coverage ratio from 150.12% in 1Q20 to 222.33% in 1Q21, leaving it well prepared for a potential rise in non-performing loans as a result of the pandemic.

- Lastly, we believe that the current risk cost is not aligned with the expected outcome based on the analysis and risk models for this year, in which the level of uncertainty that emerged in 2020 continues to rise in the current period. Specifically, the quality of the portfolio has tended to improve due to the greater liquidity generated from the different benefits granted by Bci and the government—such as mortgage loan deferrals, government support payments, and pension fund withdrawals.

Please turn to the next slide

On Slide Number 20 (Risk Index including additional provisions)

This slide shows the evolution of the Risk Index in the different segments, including and excluding additional provisions.

Now, we will back to José Luis to continue with the Presentation.

Please turn to the next slide

On Slide Number 21 (Financial Results-Opex)

Thank you, Juan Enrique.

One of the Bank's key priorities in 2021 is to control expenses in order to reach our target efficiency and ROAE in the medium term. OPEX decreased –2.8% YoY.

As a bank, we are strongly focused on improving our efficiency, which is why during the first half of 2021 we are working in different areas to stabilize and reduce our spending level compared to 1Q20. We have implemented a powerful and robust cost optimization plan, increasing cost control in the different government support programs and incorporating the benefits of our digitization strategy, which has allowed us to advance in the simplification of processes and the implementation of initiatives to transform the Bank's cost structure.

Despite the decrease in spending, efficiency was affected by the lower gross margin in the period, resulting in an efficiency ratio of 47.95%.

Please turn to the next slide

On Slide Number 22 (City National Bank of Florida)

Now, I'll leave you with Jose Marina, City National Bank's CFO, and Hugo Loynaz, the Bank's Chief Credit Officer.

On Slide Number 23 (Executive Summary)

Thank you again, Jose Luis, for the opportunity to join you on this quarterly earnings call to review City National Bank's performance over the past year.

Good morning everyone, my name is Jose Marina and I am City National Bank's Chief Financial Officer. Hugo and I are pleased to join Jose Luis, Andres, Sergio and the rest of the Bci team on this call.

As you may recall, we had many significant achievements in 2020. We led the nation in Main Street Lending Program participation, closed $1.85B of PPP loans representing three-times our fair market share in Florida, increased our commercial client count by 28%, and increased our deposit base by $3.5B among other accomplishments.

You will see that we have carried that strong momentum into the first quarter of 2021 by increasing our deposit base at an ever brisker rate, providing significant additional support to our clients through the second round of PPP, and continuing to improve our already strong asset quality metrics.

So let's jump into it. During today's presentation we are going to discuss the evolution of our balance sheet during the first quarter, including the evolution of our PPP loans, review our asset quality metrics, and discuss our strong operating results. We will conclude by discussing our priorities for 2021.

<u>Please turn to the next slide</u>

On Slide Number 24 (Migration to Florida)

As a Florida based bank, City National Bank is operating in one of the best markets in the country. Given the State's business friendly approach, including low corporate tax rate, and a lack of a personal income tax rate, Florida – and South Florida in particular – has seen an increase in the migration of business and individuals moving into the State. While this trend was already occurring pre-Covid, the pace of migration has accelerated as a result of the pandemic.

With many companies having their workforce work from home for extended periods of time, both companies and their employees have realized that they do not need to remain in costlier physical jurisdictions in order to be effective. As a result, both companies and individuals in jurisdictions with higher cost structures, such as New York and California, are increasingly moving their operations and households to lower cost States, with Florida being a primary beneficiary of this migration. In fact, we have a dedicated strategy around capturing this business that is migrating from Miami up to Palm Beach. In short, City National Bank is operating in one of the very best markets in the United States.

<u>Please turn to the next slide</u>

On Slide Number 25 (Asset & Loan Trend)

Now let's move to the evolution of our balance sheet during the first quarter. As you can see, our total assets increased by $1.1B or 6% in the quarter with our loan portfolio contributing $190MM of that growth. We are approaching $20B in assets as a result of our continued deposit growth, which we will discuss shortly.

Our loans excluding PPP declined slightly in the quarter by $56MM while our PPP loans increased by $245MM, which we will discuss further in the next slide. We are currently focused on generating quality commercial and residential loans and expect to grow our loan portfolio in the second quarter based upon our strong loan pipeline.

You can also see that our Total Risk Based Capital Ratio and our Tier 1 Leverage Ratio remain strong with the decline in the Leverage ratio to 9.77% due to the continued asset growth.

<u>Please turn to the next slide</u>

On Slide Number 26 (PPP Evolution)

On this slide, you can see the evolution of our PPP loans and fees. As you can see, we funded $1.85B of loans a year ago with $57.1MM in fees. During the course of 2020, we forgave $197MM of those loans and recognized $23.6MM in fees as income, leaving us with $1.65B in loans and $33.5MM of fees outstanding at the end of 2020. During the first quarter of the year, an additional $341MM of PPP loans were forgiven and we recognized an additional $13.7MM in fees. As I indicated earlier, we have been active in the 2nd round of PPP and funded $586MM of new PPP loans through March 31st with $22MM in fees. As a result, we closed March 31 with nearly $1.9B in total PPP loans outstanding and nearly $42MM of PPP fees that will substantially be recognized over the next year or so as these loans are forgiven.

Please turn to the next slide

On Slide Number 27 (Deposits & Investments)

Our participation in PPP & MSLP along with our cross-sell efforts resulted in $5B in customer deposit growth year-over-year, a growth rate of 45%. Our acquisition of Executive National Bank in the fourth quarter of 2020 only added about $400MM of deposits, so our deposit growth has been substantially organic.

After a strong 2020, we increased our deposits by $1.4B or 9% - which is 36% annualized. Over $500MM of the growth in the quarter was in non-interest bearing deposits, which now account for 38% of our deposit base.

Most of the growth was in non-interest bearing deposits, which increased by $2.1B or $2B excluding the $130MM contributed by Executive National Bank. Non-interest DDAs now represent 38% of our client deposit base and increased by an outstanding 60% YoY. Additionally, non-interest deposits have increased by $2.5B over the past year, an outstanding 70% growth rate.

We have also been able to reduce the spot cost of our deposits down to 19 bps, a reduction of 9 bps since December 31st. We will continue to identify opportunities to reprice our deposits downwards in upcoming quarters.

The continued deposit growth reduced our loan-to-deposit rate to 76.7% as well, down from 82% at year end.

The continued surge in deposits has resulted in an increase in our investment portfolio, which as grown by $1.1B over the past year with half of that growth occurring this past quarter. Our investment portfolio now represents 23.5% of our assets. We will continue to deploy liquidity into our investment portfolio in a disciplined and prudent manner. It is also important to note that we have also been maintaining over $1B in cash as well.

To close out this slide, I'll just add that our substantial deposit growth over the past year provides us with the funding to increase our loan portfolio & expand our margin in the coming years and further support our communities.

Please turn to the next slide

On Slide Number 28 (Deferments…)

Now I'd like to discuss our asset quality trends. You can see that our loan deferments have declined all the way down to $119MM which is just over 1% of our loans excluding PPP. As you can see on the bottom left of the slide, 76% of the deferments are in residential mortgages with another 20% in the hotel CRE sector, so these two buckets account for 96% of our remaining deferrals. It is also important to note that the weighted average LTV of the real estate secured loans on deferral is a very conservative 53%.

Our ALLL coverage ratio, excluding PPP loans, has remained steady at 1.46% since year end. Our NPLs also declined in the quarter by about $9MM down to $74.7MM and our past dues also declined substantially to 0.32% of loans excluding PPP, as you can see on the bottom right. As a result of these improving asset quality indicators, our loan loss provision for the quarter was only $1.5MM.

Overall, the deferment trend is strong, the remaining deferments are well secured, and already strong asset quality indicators continue to improve.

Please turn to the next slide

On Slide Number 29 (Core earnings…)

Moving to our first quarter results, our net income for the quarter totaled $53MM, a 60% improvement as compared to the prior year. Looking at core earnings, which excludes provisions, intangible amortization and other non-recurring items, our core earnings declined by $4.2MM as compared to the linked quarter, but increased by nearly $15MM or 23% as compared to a year ago.

The $4.2MM decline in core earnings over the linked quarter is due to the $14MM of MSLP fees generated last quarter. Excluding that one-time benefit, core earnings increased by $10MM over the linked quarter.

The $15MM increase in core earnings over the prior year is primarily driven by a $21MM improvement in net interest income.

You can also see that we incurred a $4.2MM loss on the unwind of $100MM of FHLB advances that was off-set with $4.8MM in gains on the securities portfolio as we executed a balance sheet deleverage strategy.

As you can see, we generated strong results in the first quarter and our core earnings trend is very favorable.

<u>Please turn to the next slide</u>

On Slide Number 30 (Pre-provision net income)

On this slide, I'd like to focus on our net income before loan loss provisions. As you may recall, we recorded $101MM of loan loss provisions in 2020 and a minimal $1.5MM provision this past quarter. You can see on the chart on the right side of the screen that our net income before loan loss provisions increased by 18% over the linked quarter and 14% over the prior year. You can also see in the chart at the bottom that our ROA and ROE for the quarter are both strong, at 1.12% and 10.34%, respectively. Our efficiency ratio also remains strong at 47%. We will discuss net interest margin on the next slide.

<u>Please turn to the next slide</u>

On Slide Number 31 (Net interest income)

On the left side, you can see the evolution of our net interest income compared to the prior year and the linked quarter. The dark green part of the bar represents our net interest income excluding the impact of PPP & MSLP and you can see that our core net interest income increased by nearly $7MM over the linked quarter. Overall net interest income declined by over $5MM, as previously discussed, as a result of the $14MM of MSLP fees realized in the fourth quarter. PPP accretion increased from $11.5MM to $13.7MM due to the increase in forgiveness.

On the right hand side of the slide, you can see our net interest margin evolution as well. Our core NIM, excluding PPP & MSLP, increased by 12 bps over the prior quarter to 2.74%. Our NIM for the quarter was 2.88% including the impact of PPP, which had a 14 bps impact on our NIM. You can also see that our cost of funds declined by 11 bps in the quarter down to 31 bps and will continue to decline modestly. In conclusion, our core net interest income trends are favorable.

<u>Please turn to the next slide</u>

On Slide Number 32 (Non-interest income)

On this slide, you can see that we were able to increase our non-interest income by $3.8MM or 25% YoY, excluding swap fee income, primarily due to our deposit service charges increasing by $1.5MM due to the new treasury management clients that we onboarded during the course of 2020 through our PPP & MSLP cross sell efforts. The increase in other income of $2.1MM is due to MSLP servicing fee income, gain on sale of assets from our leasing company & deposit covenant fees.

We continue to remain focused on enhancing our non-interest income, which is one of our top priorities for the year.

<u>Please turn to the next slide</u>

On Slide Number 33 (Top 2021 Priorities)

On that note, I'd like to conclude by briefly discussing our top priorities for 2021. First and foremost, we are focused on active portfolio management in order to maintain our asset quality and minimize provisioning needs during 2021. Identifying and executing on cross-sell opportunities is also a key component of our portfolio management strategy. Deepening client relationships through cross-sell is part of City National Bank's DNA. As we saw, our asset quality metrics are continuing to improve during 2021. Second, we currently have excess liquidity due to the extraordinary deposit growth generated in 2020 and through the first quarter of 2021 and we are focused on identifying opportunities to generate new high quality loans to further enhance our margin. Third, we will continue to invest in technology and our digital transformation initiative and continue to build upon our recent digital investments that enabled many of our key accomplishments during the recent year. Fourth, we continue to be focused on fee income growth. Cross selling treasury management, wealth management and mortgage banking services will continue to enhance our fee income. As we just saw, we've had significant fee income growth in the first quarter. Next, we will continue to remain focused on deposit growth. Again, we are a relationship bank and will continue to require a depository relationship on all new loans that we fund. We will not take our eye off the ball when it comes to quality deposit growth. To this end, we were able to increase our deposits by nearly $1.4B in the first quarter. Finally, we are also focused on delivering an optimal client experience, combining our best in class personal service with best of breed technological tools.

In conclusion, we have gotten off to an excellent start in 2021. We continue to augment one of the best deposit franchises, our asset quality metrics, which were already strong, continue to improve, and we are generating significant earnings growth. We will continue to build on this momentum for the remainder of the year.

And now, let's turn the call back over to the Bci team for final thoughts and a wrap up.

On Slide Number 34 (MACH and BCI Pagos strongly complement each other)

Thank you Jose and Hugo.

Next, I want to mention something that we are passionate about and in which we have invested a lot of resources.

In the payment ecosystems, we continue to work hard on the development of new and current vehicles, such as Financial Services, Bci Pagos (our joint venture with EVO Payments), and MACH. We want to become a significant player in the acquiring and payment solutions market in Chile.

From a strategic perspective, our payment method strategy is a powerful complement to our data strategy, where we reach more than 5 million customers.

As you may know, we have already established Bci Pagos, and we are waiting for the final approval from the regulator. We expect to be able to begin operating in the next quarter.

Please turn to the next slide

On Slide Number 35 (MACH: Proud of what we have achieved so far...)

This year, MACH reached more than 2.9 million accounts and launched new functions, with over 2.3 million cards issued.

Additionally, over 110,000 e-commerce merchants, brick-and-mortar businesses, and in-app services already accept MACH.

This outstanding growth is, in part, a result of high user satisfaction: MACH has a Net Promoter Score of over 70%, as indicated on this slide.

Regarding future plans, we are working to develop MACH into a digital bank, adding more products and services for our customers. For this project, we are working with Mambu, which is the cloud banking platform used by the main digital banks.

Please turn to the next slide

On Slide Number 36 (Promotion of economic, social, and environmental…)

We continue to carry out programs and initiatives within our sustainability plan. This quarter we continued to strengthen our ESG framework, with the following concrete progress:

- Bci was again recognized by the Great Place to Work Institute, which highlights companies that promote excellent labor practices. This year, the Bank was positioned as one of three best companies to work for in the country.
- The Corporate Reputation Monitor (MERCO) has just recognized us for the tenth consecutive year, with 1st place for the most responsible companies in Chile.
- With the aim of driving sustainable development through the massification of non-conventional renewable energy, this year we issued two Green Bonds for over USD 64 million, in line with our commitment to continue offering financial solutions that help mitigate the consequences of climate change. These are the fourth green bond issued by the bank, where the aim is not only to raise funds, but also to generate a positive impact on the environment and social development.

Please turn to the next slide

On Slide Number 37 (Closing Remarks)

In summary;

- The bank is in a strong financial position to deal with this crisis.
- Our key focuses have been risk management and expense control.
- We have booked additional provisions in order to anticipate future risks and thus have conservative financial statements, which will allow us to address potential scenarios that may not currently be covered by our risk models.
- We have focused on key areas such as
    - **Capturing the digital transformation value,** focusing value flows and commercial efforts on key pockets of opportunity;
    - **Freezing the cost baseline,** boosting our Corporate Plan to optimize, automate, and digitalize service models and processes; and

- **Maximizing the profitability of capital,** by efficiently allocating capital and maximizing returns to converge to the target.

Q&A

Thank you for participating in our presentation. If you have any questions, we'll be glad to answer them.