Sustainability Financing Framework

Banco de Crédito e Inversiones

Document prepared in accordance with the Green Bond Principles (2021), Social Bond Principles (2021) and Sustainability Bond Guidelines (2021), developed by the ICMA (International Capital Market Association) as well as the Green Loan Principles (2021) developed by the Loan Market Association (LMA), Asia Pacific Loan Market Association (APLMA) and Loan Syndications & Trading Association (LSTA)

TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

Bci seamosdiferentes

“We dare to make a difference”

Banco de Crédito e Inversiones, “Bci”, opened its doors to the public on June 10th, 1937. Since then, we have stood out for an innovative spirit, a high determination for the **quality of service and the firm intention 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. Additionally, the Bank bought TotalBank in 2018 and Executive National Bank in 2020 through CNB. **As a result, CNB is today the second largest bank in the State of Florida based on deposit base.**

Furthermore, the Bank's strength is also demonstrated by its credit ratings, one of the highest in the Emerging Market banking sector, with an A- rating from Standard and Poor's and Fitch Ratings and an A2 rating from Moody's.

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

Bci firmly believes in long-term relationships with its shareholders since the bank was founded. For Bci, not only the type of business we do is important, but more importantly, "how we do business".

Its corporate governance, organizational culture, innovation and strong customer focus have allowed Bci to maintain a healthy expansion of assets and sustain its strategy.

The Bank's strategic priorities are based on the following pillars:

Develop a world-class **"digital customer experience"** to gain a competitive advantage.

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

A culture that seeks **to promote leadership and collaboration** with a customer focus and a disciplined execution.

Luis Enrique Yarur

Chairman of the Board, Bci

“We are convinced that we must focus on constantly, in generating value and growth for our clients, collaborators, communities and countries where we operate.

This is how we understand sustainability at Bci: actively building, from our role, a better world.”

Sustainability is increasingly relevant for investors and analysts, **we understand that it is key to the survival of any company over time.**

Therefore the aspiration of our sustainability strategy, under the vision of the Bci 2023 strategy, is to exercise this essential role that, as a bank, we have in the economy, the environment and social development, daring to make a difference.

What are we trying to achieve? Strengthen our ability to generate positive effect on society, integrating and generating economic, social and environmental impact from the business, and creating value for clients, collaborators, suppliers, citizens and shareholders.

OUR STRATEGIC 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.**

In relation to our purpose and aspiration, we have defined 3 flagship focuses, **to materialize the impact we seek to achieve:**

FINANCIAL AND DIGITAL ENABLEMENT
Inclusion and growth for our clients and potential clients

SUSTAINABLE FINANCING
Accompany our clients towards a sustainable transition

TRANSPARENCY AND TRUST
A unique agenda with stakeholders

FINANCIAL AND DIGITAL ENABLEMENT:

Implement financial and digital solutions that allow us to include and/ or make our clients and potential clients grow, through inclusive growth and facilitating access to development:

valorpyme Bci

"Valor PYME" is a program developed together with strategic allies focused on helping Chilean SMEs, clients and non-clients, to prosper in their businesses; delivering value solutions that allow them to recover growth, generate new jobs and empower themselves in facing technological and adaptive challenges.

Bci Nace

“Early-stage Entrepreneurship Banking Program” that allows for inclusive and sustained economic growth that drives progress, creating formal jobs and improving living standards.

MACH

“MACH” is a free digital payment method for Bci clients and potential clients, which allows people the access to financial services, through an agile, inclusive and quality financial solution.

SUSTAINABLE FINANCING

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

Through green financing for **Wholesale clients**, mobilizing new environmental financing.

- Shelter by the Equator Principles.
- Financing of Renewable Energy projects.
- Incorporation of Renewable Energies in companies.
- Electromobility and commitment to Reducing the Carbon Footprint.
- Incorporation of energy efficiency projects and in the use of water in company's processes.

Through ESG International Bond issuances, adherence to the Principles for Responsible **Investment of Bci Asset Management** and the Green Agreement of our Stock Broker.

TRANSPARENCY AND TRUST

Corporate focus groups: In response to the context of political and social change that the country and the world are going through, **Bci has developed a Corporate Model, whose results make it possible to identify critical elements to strengthen the Bank's economic, social and environmental sustainability.** The model seeks to know, in an agile and permanent way, the expectations that the bank's stakeholders have, mainly from its collaborators, customers, suppliers and shareholders.

Bci has developed a Sustainability Financing Framework ("Framework") in line with the ICMA Green and Social Bond Principles and the LMA, APLMA & LSTA Green Loan Principles, a set of voluntary guidelines that recommend transparency and disclosure and promote integrity in the development of sustainable debt like Bonds, Loans, Commercial Paper and Private Placements.

Bci intends to use the Framework from time to time for the issuance of Sustainable debt under which three types of financing that could be issued:

A. **Green Use of Proceeds instruments:** bonds or loans in which the use of proceeds will be used exclusively to finance or refinance, partially or totally, new and / or existing green assets (as defined in the section "Use of Proceeds" below) and that are aligned with the four green eligible categories described in Table 1 of this Framework.

B. **Social Use of Proceeds:** bonds or loans in which the use of proceeds will be used exclusively to finance or refinance, partially or totally, new and / or existing social assets (as defined in the section "Use of Proceeds" below) and that are aligned with the two social eligible categories described in Table 2 of this Framework.

C. **Sustability Use of Proceeds:** bonds or loans in which the use of proceeds will be used exclusively to finance or refinance, partially or totally, new or existing green and social assets (as defined in the section "Use of Proceeds" below) and that are aligned with the eligible categories described in Table 1 and 2 of this Framework.

Governed by Green Bond Principles ("GBP") updated as of June 2021, the Social Bond Principles ("SBP"), updated as of June 2021 and the Sustainability Bond Guidelines ("SBG"), updated as of June 2021, all prepared by ICMA (International Capital Market Association), as well as the Green Loan Principles ("GLP"), updated in February 2021, this Framework is aligned with the following four core components:

- Use of proceeds
- Process for project evaluation and selection
- Management of proceeds
- Reporting

This Framework also describes how Bci's green, social and sustainable financing contribute to the United Nations Sustainable Development Goals. More details regarding the objectives of a specific financing and its relationship with the expected benefits with respect to eligible assets, will be reported in each particular issuance.

The use of proceeds from the sustainable bonds will be exclusively allocated to finance or refinance, in whole or in part, the Eligible Assets. Such assets include, but are not limited to, financing for companies, businesses and projects that meet the criteria described below in the Eligible Categories. In the case of companies, it will be considered as eligible if allocates at least 90% of its income to activities contemplated in the eligible categories displayed below:

Table 1: Eligible green assets

RENEWABLE ENERGY

Loans related to the financing or refinancing of the construction, development, operation, acquisition, maintenance, connection, transmission, and distribution of the **following renewable energy generation sources:**

- Offshore and Onshore Wind.
- Concentrated Solar Power.
- Solar Photovoltaic.
- Small scale hydroelectricity <20MW.

CLEAN TRANSPORTATION

Loans related to the **financing or refinancing of the construction, development, operation**, acquisition and maintenance of low carbon transportation, including:

- Electric vehicles and charging infrastructure.
- Hydrogen or zero emissions public transport (rolling stock and supporting infrastructure).
- Public transport that is (partially) powered by fossil fuels as long as GHG emissions per passenger are <50 gCO_2 per passenger / km.
- Technology and infrastructure that allows car sharing schemes, road pricing systems, better use of public transport and other similar systems.

Table 1: Eligible green assets

ENERGY EFFICIENCY

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

13 CLIMATE ACTION

Loans related to activities that contribute to the reduction of energy consumption and help **manage and store energy such as:**

- Energy efficient investments in new or renovated buildings that result in energy savings of more than 20%.
- Energy efficient investments in heating and air conditioning excluding systems powered primarily by fossil fuels.
- Investments in smart grids for more efficient power transmission and distribution.

SUSTAINABLE WATER AND WASTEWATER MANAGEMENT

6 CLEAN WATER AND SANITATION

Credits related to the financing or refinancing of the construction, development, operation, acquisition and **maintenance of infrastructure that prevents the waste of water and / or reduces its use, including:**

- Sustainable water infrastructure for clean and / or potable water.
- Water treatment infrastructure, including wastewater treatment systems (excluding any water treatment facilities related to fossil fuel activity).
- More efficient water distribution, storage and sewerage system.
- Desalination plants powered by renewable energies (excluding desalination plants whose generation comes from fossil fuels).

Table 2: Eligible green assets

LEADERSHIP IN FINANCIAL INCLUSION FOR EARLY-STAGE ENTREPRENEURSHIP

8 DECENT WORK AND ECONOMIC GROWTH

Under our "Nace Program", we promote the financial inclusion of early-stage Micro, Small and Medium sized Enterprises (MSMEs) clients who have just started their initial activities and who do not necessarily have a sales history. **In this sense, this is a unique program that does not exist in the current market, and therefore enhances a space for the creation of new business.**

The range of services that we offer to these clients are banking products and services such as: advisory, financing, investments, among others.

The program contemplates an average implementation timeframe of 2 years to move up to the next level of an established business.

TECHNOLOGICAL AND SUSTAINABLE EMPOWERMENT FOR MSMES

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Our "Valor PYME Program", was born as a digital support in the businesses belonging to the MSMEs segments where the services provided by Bci **correspond to the advice, evaluation, financing, and availability of a comprehensive digital ecosystem,** which includes market place, payment system, and the creation of networks and services with fintechs.

This program allows the long-term sustainability of these businesses in the face of constant technological changes, especially for those clients who are less familiar with new technological trends.

The success of this program is based on generating a change in the sales mix, enabling a new channel.

Exclusion criteria

The funds will not be allocated to finance or refinance any company whose main activity or industry to which it belongs has been evaluated by Bci as one of the following:

- *Armament and weapons*
- *Tobacco and alcohol*
- *Fossil Fuels*
- *Games of chance / Gambling*
- *Adult entertainment*
- *Predatory Lending (any financial business that is not regulated by the Financial Market Commission (CMF [1]).*

1. The CMF is a decentralized public service responsible for regulatory and supervisory functions and of the financial Market in Chile.

We have built a process that allows us to monitor the compliance with the provisions of this Framework, which also includes the responsibilities regarding the asset registry, its evaluation and selection, in such a way as to guarantee compliance with the Internal Risk Policy, as well as the principles prepared by ICMA for eligible assets.

To ensure the implementation and fulfillment of the Framework we have a Sustainable Finance Team composed by: Sustainability Manager, Wholesale Manager, Corporate Finance Manager and the International Manager who will meet monthly. The Sustainable Finance Team 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.

The following table displays the roles, responsibilities and teams involved in the approval and track record of eligible assets:

FUNCTION	RESPONSIBLE	PERIODICITY
Maintain the registry of eligible assets separated between social and green, to ensure proper monitoring of the amount financed	Wholesale Management for green assets SME management for social assets Both reports must be sent to the Sustainable Finance Team	Monthly basis
Evaluation of potential new eligible assets and final approval*	Sustainable Finance Team, vetoed by the Sustainability team	Quarterly basis
Reassessment of eligible assets that maintain their eligibility*	Wholesale Manager, presenting to the Sustainable Finance Team	Quarterly basis

As a separate function, the International Manager will be responsible of all the subsequent allocation and management of proceeds as discussed in the next chapter.

*** Evaluation of potential clients and projects will be performed as follows:**

For corporate clients:

1. Each client must answer a questionnaire with relevant ESG topics depending on the industry in which it operates, based on SASB standards.
2. The responses to that questionnaire, together with other factors, are analyzed and evaluated according to ESG risk parameters, which include not only the identification of risks but also the process of monitoring these and the action plans to be followed, in case of ESG risk alerts. That result will be presented to the Sustainable Finance team.

For projects:

1. Each project is analyzed on its own merit depending on the geography in which it is located, complexity of its operations and scale, for each socio-environmental matter that is identified as required.

For micro and small businesses:

1. In addition to the environmental risk assessment, the valuation of payment capacity will be carried out to ensure that the financial conditions correspond to the client's adequate financial health.

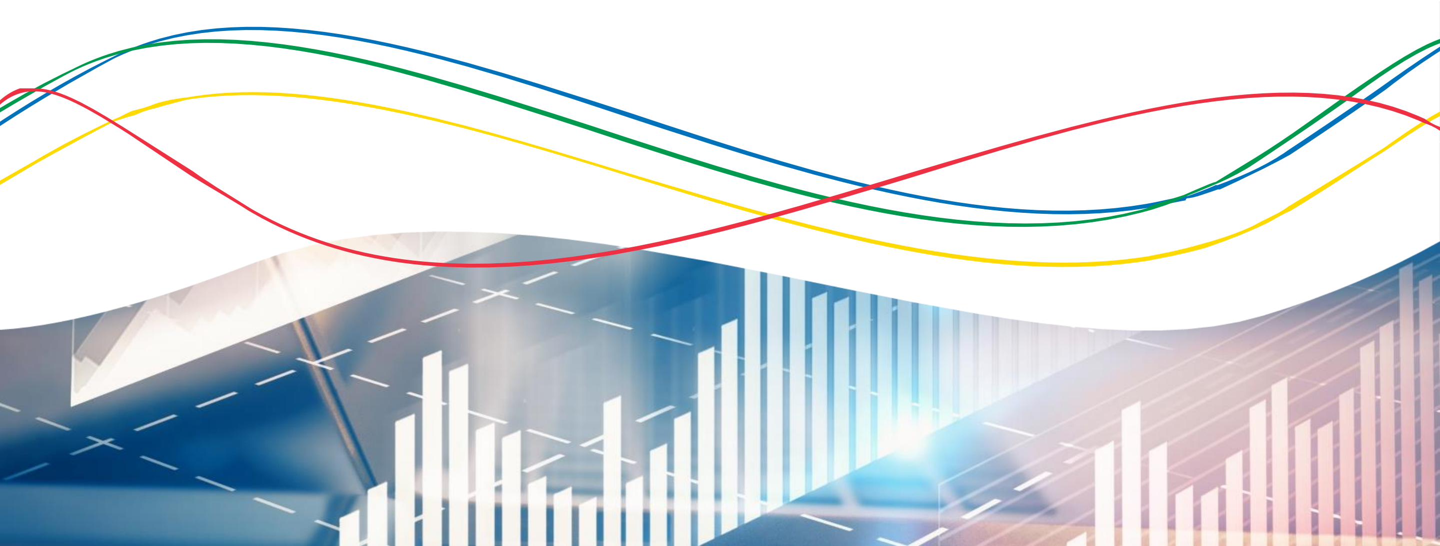
All eligible assets that have been assigned as Sustainable bond issuances will be duly identified and marked for follow-up, in such a way that this **will be a dynamic portfolio where eligible assets will expire and will be replaced by new ones.**

The funds will be managed in separate portfolios for green, social and sustainable categories. **The 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.

In the event that for any reason the amount of the assigned eligible assets fails to cover the amount of the outstanding debt instruments of its category, then the International Management must inform the Treasury Team for the allocation of those funds in cash or liquid investments, according to Bci's investment policies, until it is possible to reallocate new assets to replace them.

The International Management will monitor the status of the allocation of eligible assets for each new debt issuance, as well as on a monthly basis whether or not there are new issuances.

The International Management must inform the Sustainable Finance Team of the status of the issuance assignments as soon as a debt issuance has been made, otherwise, if there are no new issuances, the status will be reported quarterly.



Reports

Bci intends to make available an annual report that contains a review of current green, social and / or sustainable issuances, which will be available on our website: *www.bci.cl*
That report will contain at least the following information:

1) Eligible Asset Allocation Report:

- Funds raised by green, social or sustainable debt issued;
- Aggregate amount of funds allocated by each Eligible Category (as shown previously in Tables 1 and 2);
- Amount not allocated to Eligible Categories at the end of the period.

2) Impact Reporting:

Bci will also report annually on relevant environmental and social impact metrics of financed or refinanced assets where feasible, and it will disclose measurement methodology for quantitative indicators. Examples of potential impact metrics to be reported are disclosed in the Annexes.

The detail related to the Use of Proceeds, Impact Report and businesses or projects financed or refinanced to be carried out by Bci, will be subject to obligations of confidentiality and the availability of the information.

EXTERNAL REVIEWERS

Second-Party Opinion

Bci has received a Second-Party Opinion confirming the alignment of our Framework with the Principles for Green, Social and Sustainable Debt, published by ICMA. That report is available at *www.bci.cl*

Post-Issuance Verification

For bonds issued under this Framework for Sustainable Bonds, Bci could request a limited external review regarding the Fund Allocation report, which would be requested annually.

Impact Measurements

ELIGIBLE CATEGORIES	POTENCIAL IMPACT METRICS
Renewable Energy	• CO_2 emission avoided (tCO_2 e) • Total installed capacity (MW)
Clean Transportation	• Number of passengers in each admitted transit system • New distance traveled in clean transport (kms) • Number of electrical charging facilities
Energy Efficiency	• CO_2 emission avoided (tCO_2 e) • Expected energy savings per year (MWh)
Sustainable Water and Wastewater Management	• Volume of water saved / reduced / treated (m^3)
Leadership in Financial Inclusion for Early-stage Entrepreneurship	• Number of ventures for this program • Percentage of ventures that change to a superior segment from the total • Total loans for this program (USD MM) • Average increase in sales by business units (USD MM)
Technological and Sustainable Empowerment for SMEs	• Number of SMEs financed by this program • Total loans for this program (USD MM) • Average increase in sales by business units (USD MM)

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Contact us

https://www.bci.cl/investor-relations-eng
Investor_Relations_Bci@Bci.cl

El Golf 125, Las Condes
Santiago, Chile.

Telephone

+562 2720 4624

+562 2692 7441

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