Bci Conference Call - 2Q 2025 Results

On Slide [1] - Introduction

Hello everyone, and welcome to our Bci's Second Quarter 2025 Conference Call.

I am Andrés Atala, Head of Investor Relations at Bci, and joining me today are José Luis Ibaibarriaga – Bci's CFO; Sergio Lehmann – Chief Economist, Juan Enrique Pino – Head of Credit Risk, and José Marina – City National Bank of Florida's CFO.

On Slide [2] - Contents

Today's presentation will cover three areas. We'll begin with a macroeconomic overview, including a discussion of the market fluctuations we've recently experienced. Next, we'll provide a detailed review of our first-quarter 2025 financials, followed by a business update on City National Bank of Florida. And finally, we'll open the floor for a Q&A session.

Now, I'll hand the mic over to Sergio, who will continue with the macroeconomic outlook.

On Slide [3] - Macroeconomics

Thank you Andrés, I'll do a quick macroeconomic review of the US, Peruvian, and Chilean economies.

The U.S. economy expanded by 3% in the second quarter. This was mainly because of a significant decrease in imports, given distortions provoked by the tariffs that the Trump administration has been implementing. In the first quarter we observed an enormous increase in this GDP component. For the next few quarters, we expect slower economic activity, driven by reduced consumer spending and high ongoing uncertainty. Current forecasts suggest the economy will grow by about 1.5% in 2025 and 1.6% in 2026. It's worth noting that Florida's economy has consistently grown faster than the national average, showing strong regional performance.

The labor market exhibits less dynamism, with job creations below historical average. The unemployment rate for both the U.S. and Florida has recently stabilized, with the national average currently at 4.2%

Now that we've covered the growth trends, let's discuss the inflation challenges and how monetary policy is evolving in the United States.

On Slide Number [4] - US CPI & Rate

Turning our attention to inflation, both total and core inflation have recently risen, indicating some initial, though still limited, impact from tariffs on specific products. We anticipate that inflation will increase further throughout this year, but we expect this to be a transitory trend. As a result, we project that the Federal Reserve will proceed with its monetary easing cycle at a more cautious pace but still implement two rate cuts of 25bp each. This approach aligns with the current uncertainty surrounding the full economic impact of the tariffs. During their last meeting, Federal Reserve officials have emphasized that the labor market remains robust, while the economy shows a modest dynamic. The maintenance of the Fed Funds rate level was a divided decision.

Regarding the U.S. yield curve, we had observed a slight increase in interest rates for 2 to 7-year maturities, while rates at the longer and shorter ends of the curve have largely remained stable. Today, however, as a consequence of well below expected payrolls data, we note a significant decrease in interest rates all along the curve.

Let's now move on to consider the key economic indicators for Peru on the next slide.

On Slide Number [5] - Peruvian Economy

Turning to Peru, the economy has demonstrated significant resilience. In the first quarter of 2025, the Peruvian economy expanded by 3.9% year-over-year, with the agricultural and mining sectors acting as key growth drivers. Our forecast for economic growth this year is approximately 2.9%.

Regarding monetary policy, the Central Reserve Bank of Peru is indeed continuing its easing cycle, with the current policy rate at 4.5%. However, the Central Bank has adopted a somewhat more cautious stance than anticipated. This cautious approach comes despite inflation remaining around the target range for over a year and the monetary policy rate nearing its neutral level. Nevertheless, we still anticipate two additional 25 basis point rate cuts for the remainder of the year.

Now, moving on to Chile.

On Slide Number [6] - Chilean economy

Moving to Chile, the economy recorded a 2.3% GDP growth during the first quarter, over expectations. This performance was primarily driven by positive contributions from net exports and consumption. However, the economic outlook for 2025 anticipates growth of approximately 2.1%. This forecast contemplates an economy partially affected through foreign trade by tariffs on our main trade partners, which are expected to dampen external demand. This scenario projects a growth rate consistent with Chile's trend growth capacity.

The labor market in Chile has shown increased signs of weakness. The unemployment rate remains significantly above pre-pandemic levels, currently standing at 8.9%, and job creation has experienced a notable decline. This subdued labor market is expected to weigh on household consumption, given its direct link to disposable income.

Moving on, let's consider the current state of inflation and interest rates, next slide please.

On Slide Number [7] - Chilean Inflation & Rates

Focusing on inflation in Chile, we observed an increase throughout 2024. This was primarily driven by several factors: the lifting of the freeze on electricity tariffs, a depreciation of the exchange rate during late 2024 and early 2025 and rising labor costs associated with the implementation of new laws, such as the shortening of working hours and the increase in the minimum wage. Our projection for inflation by December 2025 is 3.8%, which still exceeds the Central Bank's 3% target. However, we anticipate a gradual convergence towards this target by the first half of 2026.

Reflecting heightened global uncertainty and an anticipated slowdown in economic dynamism, the Chilean yield curve has seen a decrease compared to the first quarter. Consequently, this less dynamic economic activity, combined with inflation easing more rapidly, creates room for the Central Bank of Chile to implement two additional rate cuts of 25 basis points each this year, in addition to the rate cut applied in the last monetary policy meeting this week. We anticipate the Monetary Policy Rate will reach its neutral level of 4.0% by early next year.

Now, I will pass the mic to José Luis, who will continue with the Bank's results.

On Slide Number [8] - Contents

Thank you, Sergio, for the comprehensive overview—especially valuable in today's changing environment. We appreciate your time with us today.

Let's now review our financial results and the main drivers behind our performance.

On Slide Number [9] - Executive Summary

We have closed a **positive first half of 2025**, a period that has validated both our long-term vision and strategic execution. Our consolidated net income reached **$571 million dollars**, reflecting a positive **27% year-over-year increase**. This growth underscores the strength of our core businesses, driven by **9% net interest income (NII)** and **10% expansion in net fee income**.

Our balance sheet remains sound, as we achieved **total loan growth of 6.3%**, mainly driven by our commercial portfolio, while supported by a **5% increase in deposits**. Our capital and liquidity ratios remain healthy, exceeding regulatory requirements across all our operations, providing us with flexibility for future strategic initiatives.

Looking at our international operation, **CNB's strong performance stands up**, with net income reaching approximately **USD 121 million, an 82% year-over-year growth**, and NIM **expanding for the sixth consecutive quarter, closing at 2.57% as of June.** The banking operation at Bci Peru continues on a positive track, advancing every day a more comprehensive product and service offering.

We reinforced our leadership in commercial banking where we want to highlight **360 Connect** –Chile's first multi-bank business platform– and Bci Finanzas Corporativas, which contributed

12% of our net fee income. In **EcoRetail**, we renewed our **Walmart** agreement, offering **6% daily loyalty point savings**.

We will now turn our attention to the performance of the second quarter of 2025, providing additional context behind the evolution.

Slide Number [10] - Financial Results 2Q 2025

As shown on the slide, operating revenues increased by 9.2% year-over-year, reaching **US$813 million** in the second quarter. This growth was primarily driven by two key factors: a 9.3% rise in Net Interest Income –supported by effective and well-optimized treasury management–, and a strong 19.1% increase in Net Fee Income, reflecting increasing client activity and solid results across our diversified portfolio.

Provision expenses decreased 5.0% year-over-year, reflecting a sustained improvement in asset quality. This was driven by our active portfolio management, which has enhanced our overall risk indicators that Juan Enrique will address later on.

The operating expenses rose by 5.0% to US$396.8 million, in line with a continued investment in strategic business initiatives, which we will go into further detail later in the presentation.

Tax increased by 10.3% against the same quarter of last year, totaling US$53.7 million. We saw normalization in contrast with 1Q25, where we saw a favorable impact from the exchange rate, Article 104 and inflation.

These results underscore the Bank's continued strength and momentum on a consolidated basis. **Net income for the quarter reached US$277.8 million, representing a firm 21.5% year-over-year increase**.

Lastly, I would like to highlight that as of June, equity grew by 9.0% year-over-year, reaching US$7.6 billion, reinforcing our solid capital position.

Slide Number [11] - Local Operations

Let's now review our Local Operations.

Slide Number [12] - Loan growth driven by mortgage & commercial loans

As reflected on the slide, local **loan growth continues to be underpinned by strong momentum in the commercial segments**. Loans in this area rose by **6.0% year-over-year**, significantly outpacing the **system's 1.9% growth**. This performance reinforces our leadership in Wholesale Banking and SMEs—one of our strategic foundations. Our market share in this segment reached nearly 16% as of May 2025, an increase of 18 basis points year-to-date and 6 basis points year-over-year.

We lead the industry in foreign trade and factoring, with market shares of 19% and 25%, respectively. In leasing, we are the fastest-growing bank year-over-year, with a growth rate 2.1 times that of the market and an 18% market share. All of this reflects our vision to be the primary bank for companies in their day-to-day financial management. One of the latest examples is the integration of "consolidated view" in our Bci 360 Connect platform, which offers business managers a broad view of their balances across multiple financial institutions—streamlining decision making.

Turning to mortgages, we posted 5.4% year-over-year growth, in line with the system. It is worth noting that this growth is mainly driven by loans linked to UF, as demand in this particular sector is still pressured by macroeconomic factors.

In consumer lending, our portfolio grew by **2.6%**, driven primarily by higher volumes in credit card business. Supporting this, **Lider Bci grew by 5.2%**, highlighting an improvement in Net Interest Margin, which rose by **55 basis points** year-over-year, thanks to higher consumer loan volumes and a lower cost of funding. Fee income also increased, supported by higher credit-related insurance and maintenance fees, which rose 4% year-over-year among active cardholders.

I want to emphasize that prudent risk management remains a priority. We continue to grow, maintaining a healthy portfolio and robust credit quality as Juan Enrique will address later in this presentation.

On Slide Number [13] - Retail Ecosystem

Let's quickly refer to the Retail Ecosystem.

On Slide Number [14] - Leading the capture of new clients in the industry

---

We've constructed a **diverse service delivery model** specifically designed to meet the unique needs of different customer segments across Chile. We aim to be their trusted financial partner, offering the sophistication and personalized attention they require.

I. On one front we have **MACHBANK**, which serves as a crucial **entry point for renewing our customer base**, particularly attracting a younger, digitally-native demographic. It's designed for seamless, convenient banking on the go, offering an accessible gateway to the Bci ecosystem.
II. **Lider Bci** plays a role in serving the **mass consumer segment,** where the focus is on boosting profitability. We are executing a multi-faceted approach: we have enhanced the terms of our value proposition to our customers, we are refining our risk models, and we are driving operational efficiency by expanding loan origination and implementing advanced automation.
III. Finally, **through Bci**, our focus is on profitable growth by serving as the primary financial partner for the **emergent and affluent segments**. We leverage Bci's comprehensive ecosystem of products, from investments to advisory services.

To bring it all together, our value proposition lies in the synergy of three distinct models. Whether a customer interacts with our traditional Bci branches, Lider Bci, or MACHBANK, all three models are strategically leveraged to cross-sell different products from the extensive Bci Retail Ecosystem. **This integrated approach is demonstrably leading the capture of new clients in the industry.**

Slide Number [15] - Positive Evolution of NIM and Fees

Coming back to our quarterly performance, our local **NIM increased to 4.26% in 2Q25**, up **3 basis points** from the previous year. This improvement reflects our effective rate management and asset repricing strategies. We have improved our funding costs, driven by a decrease in interest rates compared to the previous period, which allowed us to lower financial expenses even with a higher volume of deposits.

Furthermore, positive treasury results and strong trading operations have also contributed to this expansion. This demonstrates our ability to optimize margins in a dynamic interest rate environment.

Net fee income grew 20% year-over-year. This result reflects the success of our cross-selling strategy and enhanced performance across multiple key areas. Specifically, we've seen a 25% increase in Asset Under Management income, driven by volume recovery and the expansion of short-term funds. Our credit card services have also seen an increase in fee income, leveraged by the use of data for our strategies and the great reception of our new loyalty program.

Moreover, **Bci Finanzas Corporativas** delivered a sound performance in the first half of the year, contributing significantly to our consolidated net fees. These achievements, alongside significant **progress in our insurance business**, particularly in individual products where we maintain a leadership position in automotive insurance, all continue to benefit from rising demand and commercial initiatives across our platform in line with our strategic priorities

Slide Number [16] - Operating Expenses

On this slide, we outline the evolution of our local expenses.

As you can see in the bottom left chart, **our second quarter expenses grew below 2%** on the year-over-year comparison due to a high previous base related to investments taken in the second quarter of 2024. However, our expenses decreased 7.6% against the first quarter of this year.

When we consider the **accumulated expenses as of June 2025,** is important to **address the three main factors** that drove the **14% YoY variation:**

I. The growth in local **personal expenses** is explained by anticipated costs related to performance incentives, bonuses, and inflation – as our personnel benefits include salary readjustment twice a year.
II. While on the **administrative expenses**, the increase is explained directly by technology investments.
III. Also, and as previously mentioned, during this first half of the year, we booked **provisions** for contingency related to strategic projects that affected other expenses.

We were **able to accelerate these investments due to our strong operational performance**, consolidating our long-term market positioning.

Looking ahead, it's important to note that these were non-recurring actions, and therefore, we expect expense growth to normalize and moderate during the second half of the year. This strategic investment is fully consistent with our commitment to our long-term productivity and efficiency target.

Slide Number [17] - Sound Liquidity and Capital Ratios

Now, let's turn our attention to our capital and liquidity position. As you can see, these fundamentals remain **robust and significantly exceed all regulatory requirements**, providing us with a critical competitive advantage.

As of June 2025, our Common Equity Tier 1 ratio increased to **11.10%**. This reflects our consistent focus on capital generation and prudent risk management, underscoring our capacity to absorb potential shocks and support strategic growth initiatives.

On the funding side, our **total deposits** have reached **US$ 28.7 billion**. Notably, local time deposits stood at **US$ 18 billion**, demonstrating a solid **4.7% year-over-year growth**. Our loan-to-deposit ratio, a key indicator of funding stability, stands at a healthy **139%.** This balanced structure ensures we have ample and diversified funding to support our expanding loan portfolio.

Collectively, these metrics powerfully reinforce Bci's strong liquidity and sound capital positions. They are the key pillars that enable us to confidently pursue our strategic objectives, capture market opportunities, and continue delivering sustainable value to our shareholders.

<u>Let’s now move into the asset quality section, where I will handle the mic to Juan Enrique Pino.</u>

Slide 18 – Total Portfolio Evolution and NPL Trend

<u>Thank you José Luis, and good morning everyone.</u>

Let’s review the evolution of credit risk in our loan portfolios in Chile.

We're pleased to report a **positive evolution of our overall local loan portfolio** this quarter, both in volume and in credit quality terms.

Our **90-day Non-Performing Loan (NPL) ratio** stands at **1.86%, which** marks a **14 basis point decrease year-over-year** and **8 basis point decrease compared to the previous quarter**.

We've also seen a significant improvement in our credit loss expenses. **Total credit losses fell 14.7% year-over-year**, driven by more effective credit recovery across all segments.

In line with our prudent provision strategy, we also **released over CLP $25 billion in additional provisions** during the first half of the year. While special provisions were adjusted due to regulatory changes, this release provides us with flexibility while maintaining our strong reserve position.

Finally, our Provisions to NPLs ratio **stood at a solid 151.37%** level at quarter-end, reaffirming Bci’s strong position to face potential stress scenarios and underlining our conservative risk stance.

Slide 19 – Trend of Risk Indicators: Commercial Loans

As to our commercial loans portfolio, the **90-day Non-Performing Loan (NPL) ratio dropped to 1.68%** with an improvement both quarter-over-quarter as well as year-over-year. Similarly, our **Provisions / NPLs ratio in this segment improved to 137.71%.**

This positive trend comes from both a continued stability in our overall portfolio as well as from a positive outcome in resolving situations affecting viable and longstanding customers.

These results highlight our consistent efforts to build a **resilient portfolio** and to solidify our position in the commercial lending market.

As Jose Luis mentioned, Bci has demonstrated **strong commercial loan portfolio growth and a leading role in this segment**. By May 2025, BCI´s commercial loans represent close to **16% market share**. BCI leads the industry in **foreign trade loans (19% market share)** and in **factoring (25% market share)**, evidencing our crucial role in providing liquidity and financing solutions to businesses. Our ability to offer **tailored solutions** to customers highlights our deep understanding of client needs.

Slide 20 – Trend of Risk Indicators: Mortgage Loans

While we observed a slight reduction in our **90-day non-performing loan (NPL) ratio, which decreased to 1.88%** from 2.03% in the previous quarter, it's important to note that this ratio is still 23 basis points higher year-over-year, representing a reality that is consistent across the entire banking system. It therefore suggests that our NPL ratio is still higher than a year ago but improving.

With that, our residential mortgage portfolio did experience some growth this quarter, leading to a modest gain in market share, nevertheless we remain cautious and are closely monitoring asset quality due to persistent macroeconomic pressures, with key metrics such as unemployment rate, inflation rate and interest rates still evidencing some stress, which reduces demand for credit and has some impact too on performance levels in outstanding loans.

In response to this challenging environment, we've implemented tactical decisions targeted at lowering the debt burden to customers evidencing payment problems, such as by extending their loan tenor or adjusting their interest rates down wherever possible. On new loans, we have remained actively supportive in providing new mortgage loans to our customer base.

Finally, our portfolio remains very well secured, with extremely limited write offs.

Slide 21 – Trend of Risk Indicators: Consumer Loans

Moving to our **Consumer Loan portfolio**, we've seen a sustained positive trend in asset quality indicators. The **90-day NPL (Non-Performing Loan) ratio has significantly declined**

to 2.42%. This is a notable improvement from 3.27% YOY and 2.47% relative to the prior quarter.

This encouraging performance is a direct result of our active portfolio management actions and to a rebalancing towards more affluent segments. This focus, combined with consistent loan efforts and proactive write-offs over the past two years, has clearly paid off.

Our strong risk position is further bolstered by the Provisions to NPLs **coverage ratio, which stands at an impressive level of 334.51%**. Looking forward, our strategy remains centered in supporting **cautious growth** and rebalancing towards lower risks and more affluent segments.

Now, I'll leave you with Jose Marina, CNB's CFO to discuss their performance.

On Slide Number [22] – CNB Introduction

Thank you. Good morning everyone, my name is Jose Marina and I am the CFO of City National Bank.

On Slide Number [23] – Executive summary

It is my pleasure to be here with you this morning to discuss our strong performance during the first half of the year. Our earnings continued their upward trend, with both our loans and deposits growing at an important pace. Let me highlight a few of our accomplishments through June:

- Our client deposits increased by $943MM or 5% through June, including DDAs growing by $261MM or 6%. Our deposit growth is almost doubling the industry's, which grew 3%, including brokered deposits. It is also important to note that the growth figures for City National Bank specifically reflect client deposits and do not include brokered deposits.
- We maintained approximately $10B of available liquidity, representing 35% of total assets and covering 116% of our uninsured & uncollateralized deposits.
- Our net interest income and margin expanded for the sixth consecutive quarter. NIM expanded by 4bps QoQ or 9bps after normalizing for one-timers in the first quarter. Both our net interest income and margin are the highest in over two years.

- Our earnings maintained their upward trend, growing 82% YoY and 20% QoQ. Quarterly ROA excluding goodwill amortization was 1.02%, surpassing the 1% mark for the first time over 2 years, while the quarterly ROE was 10.39%, exceeding 10%.
- We continued to enhance our already strong capital profile with $1B of excess capital in our CET1 ratio even if we applied our unrealized AFS and HTM losses to capital.
- Our CRE portfolio continues to perform well, with a low weighted average LTV of 49%. Additionally, the economy and CRE market in Florida keep outperforming the rest of the nation.
- Our remarkable results led to the ROE improving 124bps QoQ and 369bps YoY.

These results demonstrate our market reputation built over nearly 80 years, our relationship-centric model, strong employee culture, and continued success in executing our key strategic vision.

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

On Slide Number [24] – Total deposits and banking industry

Our client deposits increased by $943MM or 5% in the first half of the year, including DDAs growing by $261MM or 6%. Our client deposit growth outperformed the banking industry by nearly 2x, which grew at a 3% pace, including the impact of brokered deposits.

Our strong client deposit growth enabled us to reduce brokered deposits by $273MM during the first half of the year. Furthermore, our quarterly cost of client deposits decreased by 19bps compared to the fourth quarter. Non-interest-bearing deposits represent a healthy 22% of total deposits.

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

On Slide Number [25] – Total assets and loans & leases

Our assets increased $559MM or 2% in the first semester, surpassing the $27B mark. Our loan-to-deposit ratio continues to be low at 88%. We remain very well capitalized, as evidenced by our Total Risk Based Capital Ratio and Tier 1 Leverage Ratio, which were 15.44% and 10.69% as of June 30th, respectively. Additionally, the unrealized losses on the investment portfolio decreased YTD due to the decline in the 5-year US treasury.

Total loans increased by $730MM or 4% during the first half of the year, as shown on the right-hand side of this slide. We continue being highly selective when it comes to lending, not only from a credit risk and spread perspective, but also from a relationship standpoint by focusing on holistic client relationships.

Our strong credit culture and low-risk appetite led to excellent asset quality. The NPL ratio, for instance, remained low at 74bps of total loans and flat compared to the previous quarter, while our ACL coverage increased by 5bps QoQ.

Please turn to the next slide

On Slide Number [26] – CRE detail

On this slide, we provide details on our CRE portfolio, representing 47% of our overall loan book. Our CRE portfolio has a conservative weighted average LTV of 49%, supported by a strong weighted average debt-service coverage ratio of 1.9x, with full or partial recourse on 62% of the loans. It is also well diversified across all segments.

Our pure play Florida bank strategy resulted in only 14% of the CRE loans being outside of Florida and representing only 6% of our total loans portfolio. The CRE portfolio outside of Florida is also well diversified, with the largest exposure in growth states in the southern region of the US. Additionally, the exposure outside of Florida has a conservative weighted average LTV of 57%.

Our credit risk management framework is comprehensive and specialized. We underwrite deals with a holistic approach, focusing on our risk appetite, relationship banking, and continuous oversight.

Please turn to the next slide

On Slide Number [27] – Income Statement

This slide presents our income statement. I would like to emphasize the positive trend in our net income after taxes, which increased by $10.8MM or 19.6% QoQ, and $54.5MM or 81.6% YoY. This growth was primarily driven by an increase in net interest margin, which expanded by 4bps QoQ and 64bps YoY. For the quarter, ROA excluding goodwill amortization was 1.02%, exceeding 1% for the first time in over two years, and ROE was 10.4%, surpassing 10%.

As we discussed last year, we have implemented several strategic actions to further strengthen our balance sheet and accelerate earnings growth. These results reflect the success of such actions, which are part of our strategic plan. We will go over this in more detail later in the presentation. I would like to point out that we continued expanding our NIM organically by maintaining our discipline on loan spreads and deposit costs as there were no cuts to Fed Funds during the first semester of the year. Additionally, we remain well positioned to take advantage of any potential rate cut in the second half of the year.

Please turn to the next slide

On Slide Number [28] – Net income after taxes QoQ and YoY

On the left side of this slide, you can see our net income increased by $11MM or 20% QoQ, mainly due to our net interest income increasing by $6MM as our margin grew by 4bps or 9bps on a normalized basis. Fee income also grew QoQ by $3MM, and we recorded $2MM less in loan loss provision compared to the previous quarter. The reduction in non-interest expenses was largely attributed to one-timers in Q1'25 and timing differences.

On the right side, we show how our net income improved by $54MM or 82% YoY. This increase was primarily driven by $92MM of additional net interest income as our margin expanded by 64bps YoY. Our non-interest income was also higher by $4MM YoY. This was partially offset by $21MM of additional non-interest expenses, particularly higher personnel expenses, as we have executed our strategic plan of adding talent, primarily in client-facing positions from Central Florida down to South Florida. Moreover, we recorded additional loan loss provision of $4MM YoY, driven by strong loan growth and qualitative factors.

Please turn to the next slide

On Slide Number [29] – Net interest income and net interest margin quarterly trend

---

This slide illustrates the growth of our net interest income and margin for the sixth consecutive quarter. Our net interest income increased by $6MM or 4% QoQ, with our NIM expanding by 4bps or 9bps when normalizing for one-timers as we recognized a $3MM benefit from a loan paying off in the first quarter. This growth was driven by a decline in our cost of funds of 8bps and stable yield on earning assets, which grew 1bp on a normalized basis.

Our NIM has increased 76bps when comparing Q2’25 to Q4’23. This increase was primarily attributed to a 55bps decline in our cost of funds and a 21bps increase in the yield on earning assets.

This NIM expansion is the result of several strategies, which include obtaining strong spreads on new loan originations and renewals, with the commercial spread on both new and renewed loans surpassing 300bps in the first half of the year. It is also the result of our strong deposit growth, including DDAs growing $261MM or 6% YTD, which translated into our wholesale funding ratio reducing from 21% as of December 31st, 2024 to 19% as of June 30th. The reduction in our wholesale funding coupled with our disciplined deposit pricing approach resulted in our cost of funds declining by 19bps when comparing Q2’25 versus Q4’24.

Please turn to the next slide

On Slide Number [30] – Quarterly normalized net income after taxes and ROE

This slide displays our quarterly trend for normalized net income after taxes and ROE. In 2024, we had several non-recurring items, which included our BOLI and investment portfolios repositioning, fees for a top consulting firm, who we have partnered with to implement our 5-year strategic plan, goodwill amortization, among other items. The first half of this year also includes consulting fees to our strategic partner, goodwill amortization, and some other items.

As you can notice, normalized earnings are in an upward trajectory, with the normalized ROE exceeding 10% in 2025.

Please turn to the next slide

On Slide Number [31] – Project Win: Key Objectives

Last year, we launched Project Win, our five-year strategic plan to achieve profitable and diversified growth. The first half of 2025 shows that we are already ahead of target.

Our first objective is to achieve moderate and diversified growth. Deposits are central to our relationship approach as we want to establish ourselves as the leading deposit-gathering bank in Florida. Our client deposits grew by 10% (annualized rate), outpacing the industry's 6%. We also achieved greater loan diversification, increasing C&I loans by 11% YoY.

We continued our path of enhanced profitability by expanding our NIM, increasing our fee income by cross-selling and launching new revenue streams such as capital markets and our treasury distribution desks. We were able to improve our ROE over 10% and expanded our NIM by 64bps YoY. Our efficiency ratio continues to improve and is below 50%.

We also continue to build upon the scalability and digital experience of our platform, optimizing the credit underwriting process, preparing to launch a new Wealth Management platform, and automating manual processes across the bank.

Culture preservation is a cornerstone of our success. We have seen high engagement from all employees as we execute on our strategic plan. The commitment to achieving these targets is palpable.

Finally, we continued to strengthen our three lines of defense to maintain a robust internal control framework as we grow.

In summary, our results reflect the early success in the execution of Project Win. We are excited not only about delivering strong results in the first half of the year, but also in the years to come.

On that note, I will pass it back to the Bci team for final comments. Thank you all for participating this morning.

Thank you, Jose

On Slide Number [32] - Closing Remarks

Before we turn to our outlook and Q&A, let me summarize the key highlights of a strong first half for Bci.

We delivered a Net Income of **$571 million**, a remarkable **27% increase year-over-year**. This powerful result is a direct reflection of our disciplined execution and the solid fundamentals of our business.

We achieved high-quality, balanced growth across the board. We strategically expanded our commercial loan portfolio while increasing total **deposits by over 5%**. This balanced approach reinforces our market share and is firmly underpinned by our prudent risk management and robust financial position.

Our revenue diversification strategy continues to deliver exceptional value. Our International Operations, a key pillar of our growth, performed impressively. Our teams in Peru and Miami delivered sound results, and City National Bank of Florida achieved significant client deposit growth, with Project WIN advancing firmly on track.

Our growth it's sustainable. We are proud that our commitment to long-term value creation was recognized once again, as Merco ESG named Bci Chile's most sustainable company.

And finally, reinforcing all these achievements is our balance sheet. Our robust capital and liquidity positions provide stability and strategic flexibility. This financial strength is clearly demonstrated by our **CET1 ratio of 11.10%**, comfortably above all regulatory requirements.

This was a half-year defined by strong profitability, quality growth, and strategic execution.

Considering this, we've updated our guidance.

On Slide Number [33] - 2025 Guidance Update

Starting with the macroeconomic scenario, we now project a **GDP growth of 2.1%**, **inflation ending the year around 3.8%**, and a **monetary policy rate of 4.25%**.

The updated guidance for our local operations are the following:

- We're adjusting **loan growth to the lower bound of our 5-7% range**. Reflecting a more moderate credit demand environment, consistent with overall macro trends.
- Regarding **Fees,** we have revised to a range of **13-15% increase**, driven by higher results in transactional products and effective cross-selling strategies.
- On **Core Expenses**, we are updating our guidance to an **increase of around 6%.**

Regarding **City National Bank** we revised:

- **Loan growth upward** to a **high single digit range**.
- Consequently, we've raised our full year **net income guidance for CNB** from **U$230 to U$250 million**.

Bringing it all together, we are raising our **consolidated net income guidance**, projecting a year over year growth of **20–22%**, up from our previous estimate of 13-15% range, **marking a clear upward revision and reinforcing the quality of our earnings trajectory.**

Considering this scenario, our medium-term target of **14% Consolidated ROE by 2026**, with **2025 now expected to close the year above 13%.**

On Slide Number [34] - Q&A

Let's now move on to the Q&A section of the Conference Call