Banco Itaú Chile 2Q 2026 Earnings Conference Call

for the period ending June 30, 2026

Banco Itaú Chile (SSE: ITAUCL)

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CORPORATE PARTICIPANTS

André Gailey*, Chief Executive Officer*

Emiliano Muratore, *Chief Financial Officer*

Andrés Pérez, *Chief Economist*

Matías Valenzuela, *Head of Planning and Corporate Strategy*

PRESENTATION

Matías Valenzuela

Head of Planning and Corporate Strategy

Good morning, everyone, and thank you for joining our second-quarter earnings conference call. I would like to note that the voices used in this presentation were generated using artificial intelligence. My name is Matías Valenzuela, Head of Planning and Corporate Strategy at Itaú Chile, and I am joined today by our CEO, André Gailey; our CFO, Emiliano Muratore; and our Chief Economist, Andrés Pérez.

I would also like to remind you that this presentation may include forward-looking statements. Actual results may differ materially from those discussed.

As always, we report under our managerial model, which reflects how we allocate capital, manage risk, and assess performance internally. This framework provides a transparent and consistent view of underlying earnings and aligns management decisions with shareholder value. For additional detail, please refer to our Management Commentary.

With that, I will turn the presentation over to our CEO, André Gailey. Good morning, André.

André Gailey

Chief Executive Officer

Good morning, everyone, and thank you for joining us today.

Let me begin with the key developments of the quarter.

We maintained strong commercial momentum, with growth in both loans and deposits, outpacing the Chilean banking industry. This result underscores the resilience of our franchise, the strength of our client relationships, and our continued progress toward our strategic objectives.

In Chile, improvements across our main revenue lines helped offset the more challenging conditions seen earlier in the year. At the consolidated level, Colombia's higher profitability made a meaningful contribution to our results.

In June, we received approval from the competition authority for the acquisition of Klap, followed by approval from the CMF in July. We expect to begin consolidating the business during the fourth quarter of this year. The acquisition will strengthen our payments and merchant-acquiring capabilities, broaden our presence across the merchant ecosystem, and create new opportunities to deepen client relationships, generate fee income, and leverage transactional data to develop new financial solutions.

We also completed the sale of our Colombian retail banking business to Banco de Bogotá. The divestment advances the strategic repositioning of our Colombian operation and supports a more focused business model centered on the segments where we have stronger competitive advantages and greater potential to generate sustainable returns.

Finally, Extel once again ranked us first for Best Research Team in Chile. Itaú BBA also secured the top position in both Latin American Macro Research and Latin American Research. These recognitions underscore the quality of our teams, the depth of our analytical capabilities, and the value of the insights we provide to clients and investors across the region.

Let me now turn to Colombia and provide more detail on the divestment of our retail banking business.

Before the transaction, our Colombian retail business operated with a market share below 3%. This limited scale constrained our ability to dilute costs, acquire clients efficiently, and generate returns in line with our cost of capital. Even under a reasonable operating scenario, we estimated that the previous business model would generate an RoE of between 5% and 10%, compared with a cost of capital of approximately 15%.

Since announcing the agreement in December 2025, we have executed each stage according to plan. On July 28, we completed a capital increase of approximately US$75 million in our Colombian operation. From a consolidated perspective, this represents an internal reallocation of capital rather than an additional economic cost for the Group.

In July, we also recognized approximately US$158 million in non-recurring expenses associated with the transaction.

Effective August 1, approximately US$2,011 million in assets and US$1,499 million in liabilities were transferred at book value. As a result, we received approximately US$512 million in net cash proceeds, with no economic discount applied to the net assets transferred, while releasing close to US$1,185 million in risk-weighted assets.

For the remainder of 2026, we expect to incur approximately US$18 million in additional non-recurring expenses, mainly related to completing the separation and transition activities.

As part of the separation, Itaú entered into a Transition Services Agreement under which it will temporarily provide certain operational and support services through the end of 2026. This arrangement will ensure business continuity and facilitate an orderly migration following the transfer of the retail portfolio.

At the consolidated level, we expect the overall impact on our capital ratios to be virtually neutral, as the capital released through the asset transfer should offset the associated one-off charges.

The transaction creates value through three main channels. First, it reduces the capital allocated to a business generating returns structurally below our cost of capital. Second, it improves the expected return on the capital that remains invested in Colombia by concentrating resources on businesses where we have stronger capabilities and competitive advantages. Third, it increases our financial flexibility and strengthens the management of capital, liquidity, and balance-sheet risk.

From a balance-sheet perspective, the divestment reduces structural mismatches by better aligning the duration and composition of our assets and liabilities. With the longer-duration retail portfolio transferred, the remaining corporate loan book will have a shorter duration, allowing us to manage liquidity and interest-rate exposure more efficiently.

Following the divestment, our Colombian operation will be focused on corporate banking and treasury. We expect the repositioned franchise to generate a RoE of between 10% and 15% by the end of 2028, supported by a more focused business model, disciplined execution, and more efficient capital allocation.

Under our current profitability assumptions, we estimate an economic payback period of approximately three to four years. Overall, this repositioning should result in a more focused, flexible, and structurally profitable Colombian franchise, with a clearer path toward returns consistent with our cost of capital.

With that, I will hand the floor to Andrés Pérez, who will walk us through the macroeconomic outlook for Chile and Colombia. Good morning, Andrés.

Andrés Pérez

Chief Economist

Good morning, André. Good morning, everyone. On this slide, I will provide a brief overview of Chile's recent economic performance and outlook.

Economic activity remained weak during the second quarter, extending the softer momentum observed at the beginning of the year. The weakness reflected temporary disruptions in specific sectors, together with subdued credit growth, fragile labor demand, and weaker household confidence. Accordingly, our Macro Research team revised its GDP growth forecast to 1.3% for 2026. For 2027, growth is expected to accelerate to 2.8%, supported by a stronger investment cycle, elevated copper prices, and measures aimed at reducing barriers to private investment.

Inflationary pressures increased toward the end of the quarter, with annual inflation reaching 4.3% in June. Recent currency depreciation and higher international oil prices have added to short-term risks, although weak domestic demand, labor-market slack, and anchored inflation expectations should limit the persistence of these pressures. Under this scenario, we expect inflation to end 2026 at 4.1% and converge to the Central Bank's 3% target during 2027.

Against this mixed backdrop, we expect the Central Bank to maintain the Monetary Policy Rate at 4.5% through 2026 and 2027. This level allows the Bank to balance renewed inflation risks against still-weak activity, while retaining a data-dependent approach to future decisions.

On the currency front, we forecast the Chilean peso at approximately Ch$900 per U.S. dollar at the end of 2026 and Ch$880 at the end of 2027. The currency may continue to face pressure from narrow interest-rate differentials with the United States and swings in global risk aversion. Even so, strong copper prices and a sizeable trade surplus provide an important external buffer.

In summary, the Chilean economy continues to face a demanding near-term environment, characterized by weak activity and renewed inflationary pressure. At the same time, stronger investment fundamentals and progress on pro-growth reforms support a more constructive medium-term outlook.

Turning now to Colombia.

Economic activity was stronger than expected during the second quarter, supported by resilient domestic demand, services, and manufacturing. Consumer confidence reached its highest level in a decade, while retail sales, imports, and consumer lending continued to show solid momentum. Consequently, our Macro Research team revised its 2026 GDP growth forecast upward to 2.5%, from 2.3%. For 2027, growth is expected to moderate slightly to 2.3%, reflecting tighter financial conditions and a gradual deceleration in activity during the second half of this year.

Despite the stronger activity, the inflation outlook remains challenging. Annual inflation reached 6.1% in June and is expected to rise further, ending 2026 at approximately 7.5%, mainly due to persistent services inflation and higher food and energy prices associated with El Niño. Inflation is then expected to gradually decline to 5.8% in 2027, remaining above the Central Bank's 3% target.

This backdrop implies that monetary policy will remain restrictive for longer. Following the 75-basis-point increase in June, which brought the policy rate to 12%, we expect BanRep to continue tightening and reach a terminal rate of 13% during 2026, although risks lean toward a lower terminal rate. A gradual easing cycle is expected thereafter, with the policy rate declining to approximately 11.5% by the end of 2027.

For the Colombian peso, we forecast an exchange rate of approximately COP 3,400 per U.S. dollar at the end of both 2026 and 2027. The recent appreciation has been supported by high interest-rate differentials and a decline in the country's risk premium. Even so, fiscal execution remains an important variable to monitor as the incoming administration begins implementing its consolidation strategy.

In summary, Colombia combines stronger-than-expected economic activity with persistent inflationary pressures and restrictive monetary conditions. This environment reinforces the importance of disciplined risk management and supports our strategic focus on more resilient and capital-efficient businesses in the country.

Now, Emiliano Muratore, our CFO, will now continue the presentation. Good morning, Emiliano.

Emiliano Muratore

Chief Financial Officer

Thank you, Andrés, and good morning everyone.

I would like to begin with a few highlights in digital innovation, culture, and market recognition.

Starting with digital innovation, we continued to enhance the client experience through new capabilities. For individual clients, we introduced voice-activated bank transfers in our app, making everyday transactions simpler, faster, and more intuitive. We also launched the new Itaú Empresas app, providing corporate clients with a simpler, faster, and more secure experience, together with enhanced self-service capabilities.

Culture remains a fundamental enabler of our strategy. For the third consecutive year, Itaú Chile was recognized as one of the best places to work for LGBTI+ talent by Equidad CL, Pride Connection, and the Human Rights Campaign. In addition, employee satisfaction reached 85% in June 2026. These achievements reflect a highly engaged and inclusive organization, which is essential for attracting talent, executing our strategy, and consistently delivering a better client experience.

We also advanced our sustainable finance agenda by completing a US$30 million Sustainability-Linked Loan with Caja Los Andes. The transaction reinforces our commitment to supporting clients in achieving their sustainability goals and demonstrates our ability to deliver financial solutions linked to measurable targets.

The market also recognized the strength of our businesses and teams during the quarter. Euromoney named us Chile's Best Investment Bank for DCM, while our asset management subsidiaries received three awards at the 2026 Premios Salmón.

As André noted, Extel ranked us first for Best Research Team in Chile, while Itaú BBA secured the top position in both Latin American Macro Research and Latin American Research. Together, these recognitions highlight the quality of our advisory capabilities, the depth of our market expertise, and the value we provide to clients and investors.

Turning now to loan growth in Chile.

Our loan portfolio expanded 9.6% year-on-year and 2.4% quarter-on-quarter, clearly outperforming the banking industry, which grew 4.3% over the last twelve months. This result was also above our full-year guidance range of 6% to 8%.

Growth continued to be led by our commercial and mortgage portfolios, reflecting the strength of our franchise and disciplined commercial execution. We achieved this while maintaining a selective approach to origination and consistent risk control, despite a still-demanding macroeconomic environment.

Looking at the segment breakdown:

In commercial lending, the portfolio grew 9.5% year-on-year and 2.2% quarter-on-quarter, compared with industry growth of 3% year-on-year. This was the third consecutive quarter in which we outperformed the industry on both a year-on-year and quarter-on-quarter basis, supported by stronger client activity, sustained origination, and deeper relationships across our target segments.

In consumer loans, the portfolio grew 0.5% year-on-year but declined 2.3% quarter-on-quarter. This reflects our continued selectivity in the segment, prioritizing risk-adjusted returns and portfolio quality over volume growth. Even so, new-money origination continued to expand, while the portfolio mix improved as we reduced exposure to refinanced and renegotiated loans.

In mortgages, we maintained our leadership position, with growth of 12.6% year-on-year and 4.3% quarter-on-quarter, significantly above the industry's 5.7% annual expansion. This growth increased our market share by 56 basis points over the last twelve months, reaching 9.1%, and reinforced our position as one of the strongest-performing banks in the segment, supported by our mortgage value proposition and high participation in the FOGAES program.

Turning now to our funding base and assets under management.

On the funding side, deposit growth remained strong. Deposits continue to be a central pillar of our strategy and an important driver of deeper client relationships.

In Chile, demand deposits grew 12.8% year-on-year, significantly outperforming both the banking system, which expanded 7.1%, and our peer group, which grew 6.1%. This positioned us as the leading bank within our peer group in demand deposit growth over both the last three and twelve months, reflecting continued progress in our principality strategy.

Growth was broad-based across client segments. Demand deposits from individuals increased 5.9% year-on-year, above the system's 3% growth, while deposits from companies expanded 16.7%, well above the industry's 9.2%.

Time deposits rose 15.5% year-on-year, compared with 4.3% for the system. This result reflects our disciplined funding strategy and ability to maintain a balanced and diversified deposit mix.

Assets under management increased 12.0% year-on-year, supported by sustained net inflows and favorable commercial activity.

We also continued to diversify our funding sources and expand our access to international markets. During the quarter, we completed our first international public bond issuance under our MTN Program, denominated in Swiss francs. The issuance broadened our global investor base, provided access to a new currency and market, and increased the flexibility and resilience of our funding structure.

The next slide summarizes our main performance indicators for the quarter.

Our consolidated loan portfolio reached Ch$30.8 trillion, up 3.4% quarter-over-quarter and 11.3% compared with the second quarter of 2025. In Chile, loans totaled Ch$25.2 trillion, increasing 2.4% quarter-over-quarter and 9.6% year-over-year, reflecting continued commercial momentum across our portfolios.

Consolidated financial margin with clients reached Ch$335.7 billion, increasing 5.8% quarter-over-quarter, while in Chile it rose 3.5% to Ch$254.3 billion.

Commissions and fees increased 19.1% quarter-over-quarter at the consolidated level and 17.1% in Chile.

Cost of credit remained broadly stable. At the consolidated level, it decreased 0.6% to Ch$75.0 billion, while in Chile it increased slightly by 0.8% to Ch$58.4 billion.

Consolidated recurring net income reached Ch$108.9 billion, increasing 42.1% quarter-over-quarter and 10.3% year-over-year. In Chile, recurring net income rose 25.0% to Ch$89.4 billion.

This drove recurring return on tangible equity up by 3.4 percentage points to 11.4% at the consolidated level and by 2.5 percentage points to 11.6% in Chile, reflecting stronger earnings momentum during the quarter.

Turning to financial margin with clients in Chile, it increased 3.5% quarter-over-quarter to Ch$254.3 billion, although it declined 3.2% year-over-year, resulting in a net financial margin with clients of 3.2% for the period. The decline in the margin rate also reflected the increase in available-for-sale securities during the quarter, which diluted the ratio despite the recovery in nominal client-related revenues.

The quarterly improvement was driven mainly by higher average loan volumes and wider spreads in the Corporate segment. The funding mix also contributed positively, supported by growth in demand deposits, while derivatives management and client FX transactions delivered solid results.

The year-on-year decline was primarily explained by narrower loan spreads and the lower average Monetary Policy Rate. These pressures were partly offset by stronger derivatives and FX activity with clients.

Taken together, the quarter showed a recovery in client-related revenues, supported by stronger commercial activity and a more favorable funding mix. Even so, margins remain below the levels recorded in the same period last year.

Turning to financial margin with the market, the result remained negative at Ch$2.4 billion but improved materially from the Ch$8.9 billion loss recorded in the first quarter.

Throughout the first half of the year, the banking book delivered consistent results, reflecting disciplined management of our fixed-income positions. However, this positive contribution was more than offset by trading performance, which continued to be affected by a volatile market environment.

For the second half of the year, we expect the banking book to remain a stable contributor. Our priority will be to restore profitability in trading while maintaining disciplined risk management.

Turning now to commissions and fees.

Fee income reached Ch$49.6 billion in the second quarter, increasing 17.1% quarter-over-quarter and 3.6% year-over-year. The recovery was broad-based and supported by stronger commercial activity across most of our key businesses.

Insurance brokerage revenues increased 47.5% quarter-over-quarter, driven by higher income from consumer credit-related insurance.

Fees from credit operations and guarantees grew 5.3%, supported by stronger trade finance activity and greater momentum in the commercial segment. Financial advisory and other fees increased 18.4%, reflecting higher transaction activity and improved credit card revenues.

Asset management fees rose 6.4% quarter-over-quarter and 18.7% year-over-year, supported by growth in assets under management.

Commissions therefore represented 16.4% of operating revenues during the quarter, up from 15.2% in the first quarter. This higher contribution supports a more diversified revenue mix and reflects continued progress in deepening client relationships across our businesses.

Turning to cost of credit, it totaled Ch$58.4 billion in the second quarter, remaining broadly stable quarter-over-quarter and declining 11.3% year-over-year. The cost of credit ratio remained at 1.0%, at the lower end of our guidance range.

The quarterly evolution reflected higher provisioning associated with stronger loan growth in Itaú Corporate. This was partially offset by lower provisions related to rating adjustments and changes in collateral, together with solid recoveries from sustained collection efforts.

Asset quality indicators remained controlled. The total NPL ratio closed the quarter at 1.9%, broadly stable and below the level recorded one year ago. Consumer NPLs increased moderately due to higher short-term delinquency, but the portfolio continues to show a structurally improved risk profile, supported by a healthier client mix and lower levels of refinanced and renegotiated loans.

Commercial NPLs continued to improve, while the mortgage delinquency ratio remained stable despite the strong growth of the portfolio.

The NPL coverage ratio increased to 139%, reinforcing the strength of our provisioning position.

Turning now to non-interest expenses.

Non-interest expenses totaled Ch$140.4 billion in the second quarter, increasing 4.3% quarter-over-quarter and 5.0% year-over-year.

Personnel expenses increased 3.2% quarter over quarter, mainly due to higher severance costs associated with headcount reductions, performance bonuses, and inflation adjustments. Year-over-year, the increase primarily reflected higher expenses related to our Long-Term Incentive Program, driven by the higher average share price during the period.

Administrative expenses rose 6.1% quarter-over-quarter, driven by higher advisory and consulting expenses, IT and telecommunications costs, and operational losses. Year-over-year, the more moderate increase of 1.6% mainly reflected higher marketing expenses, operational losses, and IT-related services.

Revenue growth outpaced the increase in expenses during the quarter, driving a 168-basis-point sequential improvement in our efficiency ratio to 46.6%.

We remain focused on disciplined cost management and structural efficiency, while continuing to invest selectively in technology and the capabilities needed to support our growth strategy.

Turning to Colombia, our operation delivered a significant improvement in the second quarter.

On a constant-currency basis, total financial margin reached Ch$104.4 billion, up from Ch$85.9 billion in the previous quarter. The result was supported by financial margin with clients of Ch$86.5 billion and a strong Ch$18.9 billion contribution from financial margin with the market.

Commissions and fees rose to Ch$11.1 billion, supported by stronger advisory activity during the quarter.

Higher revenues and disciplined cost management drove the efficiency ratio down to 53.5%, its lowest quarterly level in recent periods and a significant improvement from 64.4% in the first quarter.

This translated into recurring net income of Ch$20.4 billion, up from Ch$5.1 billion in the previous quarter. Recurring ROE reached 10.6%, reflecting a significant improvement in the profitability of our Colombian operation.

Turning now to capital on slide 16.

Our capital position remains strong, supported by disciplined capital management and consistent earnings generation.

As of June, our CET1 ratio stood at 11.5%, following the payment in April of dividends equivalent to 60% of 2025 net income. Even after the distribution, our capital ratios remained within the Bank's risk appetite.

Our CET1 ratio also remained above the 11.2% median of our peers, leaving sufficient capacity to support sustainable business growth and execute our strategic priorities.

In July, the CMF issued a second draft regulation for public consultation, proposing changes to the methodology for measuring market risk-weighted assets. Based on the regulator's estimates, these changes could reduce market RWAs across the Chilean banking system by up to 36%.

While the ultimate impact will depend on the final regulation and each bank's portfolio composition, the proposal could improve capital efficiency across the Chilean banking system.

Turning now to the performance of Itaú Chile's stock.

Over the last twelve months, our shares delivered a cumulative return of 63.4%, outperforming both the 52.9% weighted average return of our peers and the 34.6% return of the IPSA.

The share price increased from Ch$12,900 at the end of July 2025 to Ch$21,000 as of July 31, 2026. Over the same period, our price-to-tangible-book-value multiple expanded from approximately 0.8 times to 1.2 times, reflecting growing market recognition of our progress in profitability, capital discipline, and strategic execution.

We also broadened our sell-side coverage, with Bank of America initiating research coverage of our shares. The addition should further increase the visibility of our investment proposition, deepen engagement with investors, and support the liquidity of our shares.

On the final slide, let's review our performance against our 2026 guidance for Chile.

Loans grew 9.6% year-over-year as of June, above our 6% to 8% guidance range and reflecting sustained commercial momentum across our priority portfolios.

The average financial margin with clients stood at 3.2%, slightly below our guidance range of 3.3% to 3.5%, mainly reflecting the lower interest-rate environment and pressure on lending spreads during the first half of the year. The sequential improvement observed in the second quarter, together with a more favorable outlook for spreads, supports better prospects for the second half.

Commissions and fees grew 3.3% year-to-date, remaining below our full-year guidance of 12% to 14%. However, the 17.1% quarterly recovery reflects stronger commercial activity and improved momentum across our main fee-generating businesses. Looking ahead, we have a robust pipeline for the second half of the year, although execution will depend largely on market conditions and transaction timing.

Cost of credit remained well controlled at 1.0%, in line with guidance and supported by sound asset quality and disciplined risk management.

Non-interest expenses increased 2.8% year-to-date, above our guidance of approximately 2%, mainly reflecting specific personnel and administrative items. Looking ahead, we expect the expense base to remain well controlled through year-end, with full-year growth ending in line with our guidance.

Our managerial effective tax rate stood at 14.9%, broadly in line with our guidance of approximately 15%.

Our managerial tax guidance excludes any potential effects from the proposed reduction in the corporate income tax rate, including the resulting remeasurement of deferred tax assets. If the legislation is enacted under the terms currently proposed, we estimate a non-recurring impact of approximately Ch$30 billion to Ch$40 billion.

Finally, RoTE reached 10.4%, below our 12% to 13% guidance range. Although first-half profitability was affected by the challenging market environment and pressure on financial margin, the recovery in revenues and earnings during the second quarter provides positive momentum as we enter the second half of the year.

To conclude, the second quarter delivered solid business growth, a meaningful recovery in earnings, and continued progress across our strategic priorities. We enter the second half of the year with a stronger franchise, a sound capital and funding position, and confidence in our ability to continue generating sustainable value for our clients, employees, and shareholders.

This concludes today’s presentation. Thank you for your attention and continued trust in Itaú Chile. We will now be happy to take your questions.