



Scotiabank

## **SCOTIABANK CHILE AND SUBSIDIARIES**

Interim Consolidated Financial Statements  
as at March 31, 2023 and 2022 and December 31, 2022

## SCOTIABANK CHILE AND SUBSIDIARIES

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Ch\$	Amounts expressed in Chilean pesos
MCh\$	Amounts expressed in millions of Chilean pesos
UF	Amounts expressed in (Chilean inflation-adjusted units)
US\$	Amounts expressed in United States dollars
CAD\$	Amounts expressed in Canadian dollars
COP\$	Amounts expressed in Colombian pesos
GBP\$	Amounts expressed in Pound Sterling
EUR\$	Amounts expressed in Euros
CHF\$	Amounts expressed in Swiss francs
JPY\$	Amounts expressed in Japanese yens
CNY\$	Amounts expressed in Chinese renminbis
ThUS\$	Amounts expressed in thousands of United States dollars
MUS\$	Amounts expressed in millions of United States dollars



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## SCOTIABANK CHILE AND SUBSIDIARIES

Interim Consolidated Statements of Financial Position

As at March 31, 2023 and December 31, 2022

	Notes	3/31/2023 MCh\$	12/31/2022 MCh\$
<b>ASSETS</b>			
Cash and deposits in banks	7	903,616	1,268,178
Transactions pending settlement	7	475,721	565,421
Financial assets held for trading at fair value through profit or loss			
Derivative instruments	8	6,370,990	6,813,293
Financial debt securities	8	181,126	419,339
Other	8	82,321	95,439
Financial assets not held for trading mandatorily measured at fair value through profit or loss	9	-	-
Financial assets designated at fair value through profit or loss	10	-	-
Financial assets at fair value through other comprehensive income			
Financial debt securities	11	3,181,863	2,360,643
Other	11	-	-
Derivative instruments for accounting hedge	12	357,290	395,111
Financial assets at amortized cost			
Rights under resale agreements and securities lending agreements	13	114,017	216,976
Financial debt securities	13	-	-
Loans and advances to banks	13	239,721	66,830
Loans and accounts receivable from customers - Commercial Loans	13	14,797,755	15,421,175
Loans and accounts receivable from customers - Mortgage Loans	13	13,715,134	13,544,491
Loans and accounts receivable from customers - Consumer Loans	13	3,588,078	3,606,586
Investments in companies	14	27,850	26,093
Intangible Assets	15	241,150	240,400
Property and equipment	16	88,912	90,636
Right-of-use assets under lease contracts	17	172,811	174,082
Current taxes	18	87,671	53,478
Deferred tax assets	18	342,799	330,907
Other assets	19	739,306	756,372
Non-current assets and disposal groups held for sale	20	16,461	15,175
<b>TOTAL ASSETS</b>		<b>45,724,592</b>	<b>46,460,625</b>

## SCOTIABANK CHILE AND SUBSIDIARIES

Interim Consolidated Statements of Financial Position

As at March 31, 2023 and December 31, 2022

	Notes	3/31/2023 MCh\$	12/31/2022 MCh\$
<b>LIABILITIES</b>			
Transactions pending settlement	7	419,109	510,643
Financial liabilities held for trading at fair value through profit or loss			
Derivative instruments	21	5,728,103	6,213,012
Other	21	-	-
Financial liabilities designated at fair value through profit or loss	10	-	-
Derivative instruments for accounting hedge	12	1,599,139	1,536,880
Financial liabilities at amortized cost			
Deposits and other on-demand liabilities	22	4,946,042	5,076,459
Term and other on-demand deposits	22	13,902,249	13,972,388
Liabilities under repurchase agreements and securities lending	22	123,102	205,943
Bank borrowings	22	5,186,289	5,342,212
Debt financial instruments issued	22	7,912,398	7,707,165
Other financial liabilities	22	123,826	120,225
Lease liabilities	17	159,623	160,376
Regulatory capital financial instruments issued	23	1,007,297	987,943
Provisions for contingencies	24	54,466	49,891
Provisions for dividends, interest payments and repricing of issued regulatory capital financial instruments	25	21,504	146,260
Special allowances for credit losses	26	191,762	191,256
Current taxes	18	2,862	1,724
Deferred taxes liabilities	18	530	573
Other liabilities	27	1,164,433	1,050,357
Liabilities included in disposal groups held for sale	20	-	-
<b>TOTAL LIABILITIES</b>		<b>42,542,734</b>	<b>43,273,307</b>
<b>EQUITY</b>			
Capital	28	1,368,421	1,368,421
Reserves	28	381,405	381,405
Accumulated other comprehensive income			
Items that will not be reclassified to profit or loss	28	2,572	2,588
Items that can be reclassified to profit or loss	28	(190,145)	(142,226)
Retained earnings from previous years	28	1,436,903	1,095,630
Profit for the period	28	71,681	487,533
Less: Provisions for dividends, payment of interest and repricing of issued regulatory capital financial instruments	28	(21,504)	(146,260)
<b>Attributable to the owners of the Bank :</b>	28	<b>3,049,333</b>	<b>3,047,091</b>
<b>Non-controlling interest</b>	28	<b>132,525</b>	<b>140,227</b>
<b>TOTAL EQUITY</b>		<b>3,181,858</b>	<b>3,187,318</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>45,724,592</b>	<b>46,460,625</b>

## SCOTIABANK CHILE AND SUBSIDIARIES

Interim Consolidated Statements of Income  
for the periods ended March 31, 2023 and 2022

	Notes	3/31/2023 MCh\$	3/31/2022 MCh\$
Interest income		615,726	338,288
Interest expense		(395,846)	(155,742)
<b>Net interest income</b>	30	<b>219,880</b>	<b>182,546</b>
Indexation income		183,077	236,144
Indexation expense		(110,402)	(149,289)
<b>Net indexation income</b>	31	<b>72,675</b>	<b>86,855</b>
Fee and commission income	32	70,477	69,440
Fee and commission expense	32	(24,523)	(21,351)
<b>Net fee and commission income</b>	32	<b>45,954</b>	<b>48,089</b>
<i>Net financial result for :</i>			
Financial assets and liabilities held for trading	33	(59,765)	(55,990)
Financial assets not held for trading mandatorily measured at fair value through profit or loss	33	-	-
Financial assets and liabilities designated at fair value through profit or loss	33	-	-
Gain or loss on derecognition of financial assets and liabilities at amortized cost and financial assets at fair value through other comprehensive income	33	807	391
Foreign currency translation differences, indexation and accounting hedge of foreign currencies	33	66,492	51,359
Reclassifications of financial assets due to change in business model	33	-	-
Other financial result	33	(997)	1,198
<b>Net financial result</b>	33	<b>6,537</b>	<b>(3,042)</b>
Equity in net income of investees	34	1,759	2,096
Gain or loss from non-current assets and disposal groups not qualifying as discontinued operations	35	546	303
Other operating income	36	7,520	8,968
<b>TOTAL OPERATING INCOME</b>		<b>354,871</b>	<b>325,815</b>
Expenses for employee benefit obligations	37	(77,745)	(64,373)
Administrative expenses	38	(59,997)	(53,733)
Depreciation and amortization	39	(16,520)	(14,671)
Impairment of non-financial assets	40	(33)	-
Other operating expenses	36	(8,985)	(8,158)
<b>TOTAL OPERATING EXPENSES</b>		<b>(163,280)</b>	<b>(140,935)</b>
<b>OPERATING INCOME BEFORE CREDIT LOSSES</b>		<b>191,591</b>	<b>184,880</b>

## SCOTIABANK CHILE AND SUBSIDIARIES

Interim Consolidated Statements of Income  
for the periods ended March 31, 2023 and 2022

	Notes	3/31/2023 MCh\$	3/31/2022 MCh\$
<i>Credit loss expenses for :</i>			
Provisions for credit losses on loans and advances to banks and loans and accounts receivable from customers	41	(117,166)	(62,662)
Special allowances for credit losses	41	(1,102)	(266)
Recovery of written-off loans	41	14,885	17,775
Impairment for credit risk on other financial assets at amortized cost and financial assets at fair value through other comprehensive income	41	(306)	13
<b>Credit loss expense</b>	41	<u>(103,689)</u>	<u>(45,140)</u>
<b>OPERATING INCOME</b>		<b><u>87,902</u></b>	<b><u>139,740</u></b>
<b>Profit or loss from continuing operations before taxes</b>		<b>87,902</b>	<b>139,740</b>
Income tax expense	18	<u>(14,088)</u>	<u>(19,946)</u>
<b>Profit or loss from continuing operations after taxes</b>		<b><u>73,814</u></b>	<b><u>119,794</u></b>
<b>Profit or loss from discontinued operations before taxes</b>	42	-	-
Taxes from discontinued operations	18	-	-
<b>Income from discontinued operations after taxes</b>	42	<u>-</u>	<u>-</u>
<b>CONSOLIDATED PROFIT FOR THE PERIOD</b>		<b><u>73,814</u></b>	<b><u>119,794</u></b>
Attributable to :			
Owners of the Bank	28	71,681	113,274
Non-controlling interest		2,133	6,520
Earnings per share attributable to equity owners :			
Basic and diluted earnings	28	\$ 5,85	\$ 9,25



## SCOTIABANK CHILE AND SUBSIDIARIES

Interim Consolidated Statements of Other Comprehensive Income  
for the periods ended March 31, 2023 and 2022

	3/31/2023 MCh\$	3/31/2022 MCh\$
<b>CONSOLIDATED PROFIT FOR THE PERIOD</b>	<b>73,814</b>	<b>119,794</b>
<b>Other comprehensive income for the period from :</b>		
<b>ITEMS THAT WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS</b>		
Re measurements of the net defined benefit liability (asset) and actuarial results for other employee benefit plans	(22)	8
Changes in the fair value of equity instruments designated at fair value through other comprehensive income	-	(38)
Changes in the fair value of financial liabilities designated at fair value through profit or loss attributable to changes in the credit risk of the financial liability	-	-
Other	-	-
<b>OTHER COMPREHENSIVE INCOME THAT WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS BEFORE TAX</b>	<b>(22)</b>	<b>(30)</b>
Income tax on other comprehensive income that will not be reclassified to profit or loss	6	(2)
<b>TOTAL OTHER COMPREHENSIVE INCOME THAT WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS AFTER TAX</b>	<b>(16)</b>	<b>(32)</b>
<b>ITEMS THAT CAN BE RECLASSIFIED TO PROFIT OR LOSS</b>		
Changes in the fair value of financial assets at fair value through other comprehensive income	21,868	(28,424)
Translation differences for foreign entities	-	-
Accounting hedges of net investments in foreign entities	-	-
Cash Flow hedge accounting	(87,327)	(156,854)
Undesignated items of hedging accounting instruments	-	-
Other	(62)	-
<b>OTHER COMPREHENSIVE INCOME THAT CAN BE RECLASSIFIED TO PROFIT OR LOSS BEFORE TAXES</b>	<b>(65,521)</b>	<b>(185,278)</b>
Income tax on other comprehensive income that can be reclassified to profit or loss	17,600	50,009
<b>TOTAL OTHER COMPREHENSIVE INCOME THAT CAN BE RECLASSIFIED TO PROFIT OR LOSS AFTER TAXES</b>	<b>(47,921)</b>	<b>(135,269)</b>
<b>OTHER TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>(47,937)</b>	<b>(135,301)</b>
<b>CONSOLIDATED COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>25,877</b>	<b>(15,507)</b>
Attributable to :		
Owners of the Bank	23,746	(22,025)
Non-controlling interest	2,131	6,518

## SCOTIABANK CHILE AND SUBSIDIARIES

Interim Consolidated Statements of Cash Flows  
for the periods ended March 31, 2023 and 2022

	Notes	3/31/2023 MCh\$	3/31/2022 MCh\$
<b>A) CASH FLOWS FROM OPERATING ACTIVITIES :</b>			
<b>CONSOLIDATED INCOME BEFORE TAXES FOR THE PERIOD</b>		87,902	139,740
<b>Debit (credit) to profit or loss not representing movements in cash flows:</b>			
Income tax expense	18	(31,935)	(15,638)
Changes in deferred tax assets and liabilities	18	17,847	(4,308)
Depreciation and amortization	39	16,520	14,671
Impairment of assets	40-41	339	(13)
Allowances for credit losses	41	118,268	62,928
Net income from assets received in lieu of payment or awarded in legal auction	35	(311)	(410)
Net gain (loss) from non-current assets held for sale	35	(373)	8
Net gain (loss) from disposal groups held for sale	35	-	-
Net interest income	30	(219,880)	(182,546)
Net indexation income	31	(72,675)	(86,855)
Net fee and commission income	32	(45,954)	(48,088)
Equity share of profit (loss) from investments in related companies	34	(1,759)	(2,096)
Effect of fair value adjustment on derivative instruments		137,951	318,741
Other debits (credits) to profit or loss not representing movements on cash flows		31,138	31,174
<b>Changes due to increase /decrease of assets and liabilities affecting the operating flow :</b>			
(Increase) decrease in financial debt securities		115,497	194,157
(Increase) decrease in loans and advances to banks		(175,117)	(336,788)
(Increase) decrease under resale agreements and securities lending agreements		1,793	(1,289)
(Increase) decrease in loans and advances to customers		720,273	55,268
Increase (decrease) in other assets		17,496	156,794
Increase (decrease) in non-current assets and disposal groups held for sale		(1,272)	(574)
Net change in financial derivative contracts / financial derivative contracts for hedge		(80,477)	168,480
(Decrease) increase in deposits and other on-demand liabilities		(130,408)	(808,824)
(Decrease) increase in liabilities under repurchase agreements and securities lending		(85,536)	(174,115)
(Decrease) increase in term and other on-demand deposits		(51,831)	594,079
(Decrease) increase in other liabilities		124,362	4,832
Interest received		574,346	352,366
Interest paid		(383,821)	(141,166)
Indexation received		72,693	(40,134)
Indexation paid		(44,777)	(16,850)
Fees and commissions received	32	70,477	69,439
Fees and commissions paid	32	(24,523)	(21,351)
Taxes and fines paid	38	(7)	(18)
Collection of remaining balance of taxes from previous years		-	-
<b>Total net cash flows generated from (used in) operating activities</b>		<b>756,246</b>	<b>281,614</b>

## SCOTIABANK CHILE AND SUBSIDIARIES

Interim Consolidated Statements of Cash Flows  
for the periods ended March 31, 2023 and 2022

	Notes	3/31/2023 MCh\$	3/31/2022 MCh\$
<b>B) CASH FLOWS FROM INVESTING ACTIVITIES :</b>			
Acquisitions of investments in companies	14	-	-
Disposals of investments in companies	14	-	3
Dividends received from investments in companies	34	2	5
Acquisitions of Property and equipment	16	(2,105)	(1,720)
Disposals of Property and equipment		938	690
Acquisitions of intangible assets	15	(10,511)	(9,832)
Disposals of intangible assets		-	-
Disposal of assets received in lieu of payment or awarded		3,822	2,550
Net change in investments securities		188,721	130,317
<b>Total net cash flows generated from (used in) investing activities</b>		<b>180,867</b>	<b>122,013</b>
<b>C) CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>Attributable to the interest of the owners:</b>			
Proceeds from issuance of letter of credit		-	-
Redemption and payment of interest / principal on letters of credit		-	-
Issuance of current bonds		328,168	263,950
Redemption and payment of interest / principal on current bonds		(262,057)	(158,002)
Issuance of mortgage bonds		-	-
Redemption and payment of interest / principal on mortgage bonds		-	-
Payment of interest/principal on lease contracts	17	(3,842)	(3,688)
Subordinated bonds issuance		-	-
Payment of interest and principal on subordinated bonds	23	(2,578)	(2,288)
Issuance of bonds with no fixed maturity date		-	-
Redemption and payment of interest of bonds with no fixed maturity date		-	-
Issuance of preference shares		-	-
Redemption of preference shares and payment of preference shares dividends		-	-
Increase in paid-in capital by issuance of ordinary shares		-	-
Payment of ordinary shares dividends	28	(146,260)	(169,754)
Net change in bank borrowings		(147,623)	(107,589)
Net change in debt financial instruments issued		(377,749)	(540,910)
Net change in regulatory capital financial instruments issued		93,795	23,738
Net change in other financial liabilities		473	(5,412)
<b>Attributable to non-controlling interest:</b>			
Payment of dividends an/or withdrawals of paid-in capital made with respect to subsidiaries related to non-controlling interest		(9,833)	(16,640)
<b>Total net cash flows generated from (used in) financing activities</b>		<b>(527,506)</b>	<b>(716,595)</b>
<b>D) INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS FOR THE PERIOD</b>		<b>409,607</b>	<b>(312,968)</b>
<b>EFFECT OF EXCHANGE RATE FLUCTUATIONS ON CASH HELD</b>		<b>(17,156)</b>	<b>(47,713)</b>
<b>INITIAL BALANCE OF CASH AND CASH EQUIVALENTS</b>		<b>2,241,570</b>	<b>2,057,629</b>
<b>FINAL BALANCE OF CASH AND CASH EQUIVALENTS</b>		<b>2,634,021</b>	<b>1,696,948</b>

The Interim Consolidated Statements of Cash Flows as at March 31, 2023 and 2022 were prepared under the indirect method, determining the variation between the balances as at such dates.

## SCOTIABANK CHILE AND SUBSIDIARIES

Interim Consolidated Statements of Changes In Equity  
for the periods ended March 31, 2023 and 2022

### Source of changes in equity (MCh\$)

	Equity attributable to owners				Non-controlling interest	Total equity
	Capital	Reserves	Accumulated other comprehensive income	Retained earning from previous years and profit for the period		
<b>Opening balances as at January 1, 2023</b>	<b>1,368,421</b>	<b>381,405</b>	<b>(139,638)</b>	<b>1,436,903</b>	<b>140,227</b>	<b>3,187,318</b>
Payment of ordinary shares dividends	-	-	-	(146,260)	(9,833)	(156,093)
Provision for payment of ordinary shares dividends	-	-	-	124,756	-	124,756
Subtotal: Transactions with the owners for the period	1,368,421	381,405	(139,638)	1,415,399	130,394	3,155,981
Profit for the period	-	-	-	71,681	2,133	73,814
Other comprehensive income (loss) for the period	-	-	(47,935)	-	(2)	(47,937)
Subtotal: Comprehensive income (loss) for the period	-	-	(47,935)	71,681	2,131	25,877
<b>Closing balances as at March 31, 2023</b>	<b>1,368,421</b>	<b>381,405</b>	<b>(187,573)</b>	<b>1,487,080</b>	<b>132,525</b>	<b>3,181,858</b>
<b>Opening balances as at January 1, 2022</b>	<b>1,368,421</b>	<b>373,966</b>	<b>(206,599)</b>	<b>1,137,959</b>	<b>127,420</b>	<b>2,801,167</b>
Effects of CNC application for banks accumulated 2022	-	8,300	-	157	2,038	10,495
Payment of ordinary shares dividends	-	-	-	(169,754)	(16,640)	(186,394)
Provision for payment of ordinary shares dividends	-	-	-	93,286	-	93,286
Subtotal: Transactions with the owners in the period	1,368,421	382,266	(206,599)	1,061,648	112,818	2,718,554
Profit for the period	-	-	-	113,274	6,520	119,794
Other comprehensive income (loss) for the period	-	-	(135,299)	-	(2)	(135,301)
Subtotal: Comprehensive income (loss) for the period	-	-	(135,299)	113,274	6,518	(15,507)
<b>Closing balances as at March 31, 2022</b>	<b>1,368,421</b>	<b>382,266</b>	<b>(341,898)</b>	<b>1,174,922</b>	<b>119,336</b>	<b>2,703,047</b>

## SCOTIABANK CHILE AND SUBSIDIARIES

Notes to the Interim Consolidated Financial Statements

As at March 31, 2023 and 2022 and December 31, 2022

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### **Note 1 General information**

Scotiabank Chile (hereinafter the "Bank") is the Parent of a group of entities, constituted in Chile as a closely-held corporation. Its original incorporation was authorized via Supreme Decree issued by the Ministry of Finance No. 1389 dated March 29, 1944. The Bank is primarily involved in the brokerage of money and financial instrument such as personal property, commercial paper or any other credit instrument. As consolidated group, the Bank has subsidiaries supplementing its line of business (Note 2(b)), in accordance with General Banking Law and subject to the oversight of the Financial Market Commission (hereinafter the "CMF").

The current ownership structure is composed of Nova Scotia Inversiones Limitada (99.80%) and non-controlling interests (0.20%). Nova Scotia Inversiones Limitada is the Bank's exclusive controlling shareholder.

The Bank's registered address is located at Avenida Costanera Sur No. 2710, Torre A, Las Condes, Santiago and its website is [www.scotiabank.cl](http://www.scotiabank.cl).



**SCOTIABANK CHILE AND SUBSIDIARIES**

Notes to the Interim Consolidated Financial Statements  
As at March 31, 2023 and 2022 and December 31, 2022

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**Note 2 Significant accounting policies****(a) Basis of preparation**

The Interim Consolidated Financial Statements, which comprise the Interim Consolidated Statements of Financial Position, Interim Consolidated Statements of Income, Interim Consolidated Statements of Other Comprehensive Income, Interim Consolidated Statements of Changes in Equity and Interim Consolidated Statements of Cash Flows of the Bank and its subsidiaries, have been prepared in accordance with accounting criteria issued by the CMF, and in relation to all issues not addressed in them and as long as they are not opposed to its instructions, must apply the generally accepted accounting principles, which relate to the accounting principles issued by the Colegio de Contadores de Chile A.G., which agree with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

Should any discrepancy exist between accounting principles generally accepted in Chile and the accounting standards issued by the CMF, the latter shall prevail.

In accordance with the second paragraph of Article 16 of the General Banking Law, financial institutions must publish interim statements of financial position as at March 31, June 30 and September 30 of each year.

The Interim Consolidated Financial Statements as at March 31, 2023 and their explanatory notes were prepared in accordance with the provisions of Chapter C-2 of the Compendium of Accounting Standards for Banks (CNC) issued by the CMF.

Accordingly, the Bank prepared the Interim Consolidated Financial Statements presenting comparative information only for the cumulative periods as at March 31, 2023 and December 31, 2022 for the Interim Consolidated Statements of Financial Position, and in addition, the cumulative periods as at March 31, 2023 and 2022 for the Interim Consolidated Statements of Income, Interim Consolidated Statements of Other Comprehensive Income, Interim Consolidated Statements of Cash Flows and Interim Consolidated Statements of Changes in Equity.

These Interim Consolidated Financial Statements have been prepared with the intention of updating the last Annual Financial Statements issued. Accordingly, emphasis is placed on new activities, facts and circumstances and, accordingly, information previously prepared is not duplicated. The user of the interim financial information should have available the most recent Annual Financial Statements for a better interpretation of the information.

**(b) Basis of consolidation**

The financial statements of Scotiabank Chile S.A. have been consolidated with those of its subsidiaries in accordance with International Financial Reporting Standard (IFRS) 10 "Consolidated Financial Statements." These comprise the preparation of the separate financial statements of the Bank and the companies included in the consolidation, and include the adjustments and reclassifications required for the consistent application of the accounting policies and measurement criteria applied by the Bank.

## SCOTIABANK CHILE AND SUBSIDIARIES

Notes to the Interim Consolidated Financial Statements  
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The Interim Consolidated Financial Statements have been prepared using consistent accounting policies for similar transactions and other events in equivalent circumstances. Significant intercompany transactions and balances (assets and liabilities, equity, revenue, expenses and cash flows) generated from operations performed between the Bank and its subsidiaries and between such subsidiaries have been eliminated on consolidation, in addition to recognize non-controlling interest related to third party ownership percentage in the subsidiaries of which the Bank is not the owners wither directly or indirectly and is shown separately in the Bank's equity and profit or loss.

### i) Subsidiaries

"Subsidiaries" are considered to be entities over which the Bank has the ability to exercise control. This ability is generally, but not only, reflected by owning directly or indirectly at least 50% of the voting shares of associates, or even if this percentage is lower or null, if the Bank has been granted such control by an agreement with the shareholders of the subsidiaries. An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Thus, an investor controls an investee if and only if the investor has all the following:

- Power over the investee when it has interest that provide it with the ability to direct the subsidiary's significant activities;
- Exposure, or rights, to variable returns from its involvement with the subsidiary; and
- The ability to use its power over the investee to affect the amount of the investor's returns.

The subsidiaries over which the Bank has the ability to exercise control and, accordingly, are included in the consolidation of these Interim Consolidated Financial Statements are detailed as follows:

Company	Direct March 2023 %	Indirect March 2023 %	Direct December 2022 %	Indirect December 2022 %
Scotia Administradora General de Fondos Chile S.A.	99,33	0,67	99,33	0,67
Scotia Corredora de Seguros Chile Limitada	99,90	0,10	99,90	0,10
Centro de Recuperación y Cobranza Limitada	99,90	0,10	99,90	0,10
Bandesarrollo Sociedad de Leasing Inmobiliario S.A.	99,91	-	99,91	-
CAT Administradora de Tarjetas S.A.	51,00	-	51,00	-
CAT Corredores de Seguros y Servicios S.A.	51,00	-	51,00	-
Servicios Integrales S.A.	51,00	-	51,00	-
Administradora y Procesos S.A.	51,00	-	51,00	-
Scotia Corredora de Bolsa Chile Limitada	99,19	0,80	99,19	0,80
Scotia Asesorías Financieras Limitada	98,74	-	98,74	-
Scotia Azul Sociedad de Leasing Inmobiliario S.A.	97,49	-	97,49	-

**SCOTIABANK CHILE AND SUBSIDIARIES**

Notes to the Interim Consolidated Financial Statements

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**ii) Non-controlling interests**

Non-controlling interest represents the portion of losses and gains and of net assets which the Bank does not control directly or indirectly. It is presented separately in the Interim Consolidated Statements of Income, the Interim Consolidated Statements of Other Comprehensive Income, the Interim Consolidated Statements of Changes in Equity and the Interim Consolidated Statements of Financial Position within Equity.

**iii) Loss of control**

When the Bank loses control of a subsidiary, it derecognizes the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity. Any resulting gain or loss is recognized in profit or loss. If the Bank retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost.

**(c) Basis of measurement**

The Interim Consolidated Financial Statements have been prepared on the historical cost basis, except for the following:

- Financial assets held for trading at fair value through profit or loss.
- Financial assets not held for trading mandatorily measured at fair value through profit or loss.
- Financial assets designated at fair value through profit or loss.
- Financial assets at fair value through other comprehensive income.
- Financial Derivative Contracts and Financial Derivative Contracts for Accounting Hedge.

**(d) Functional and presentation currency**

The Bank and its Subsidiaries have defined the Chilean peso as their functional currency, as its deposit, placement and investment transactions are mainly expressed in such currency. These Interim Consolidated Financial Statements are presented in Chilean pesos. All the information presented in Chilean pesos has been rounded to the nearest million.

**(e) Foreign currency transactions**

Transactions in currencies other than the functional currency are considered transactions in foreign currencies and are initially translated into the respective exchange rate of such currency at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate as at the date of the Consolidated Statements of Financial Position. Differences arising from fluctuations in the exchange rate between the registration and the next closing date are recorded with debit or credit to profit or loss.

Assets and liabilities in foreign currency US dollar are recognized at their equivalent amount in Chilean pesos, calculated at the accounting representation exchange rate of Ch\$794.42 per US\$1 as at March 31, 2023 (Ch\$784.30 as at March 31, 2022 and Ch\$850.20 as at December 31, 2022).

**SCOTIABANK CHILE AND SUBSIDIARIES**

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The gain of MCh\$66,492 as at March 31, 2023, related to "Foreign currency translation differences, indexation and accounting hedge of foreign currencies" (MCh\$51,359 as at March 31, 2022), shown in the Interim Consolidated Statements of Income, includes the recognition of the effects of exchange rate fluctuations on assets and liabilities denominated in foreign currency or adjusted for foreign exchange rates, and the net gain or loss from derivatives in accounting hedges for foreign currency risk of the Bank and its subsidiaries.

**(f) Business segments**

The Bank provides segment financial information to identify and disclose in the notes to the Interim Consolidated Financial Statements the nature and financial effects arising from its business activities and the economic environments in which it operates, in accordance with IFRS 8 "Operating Segments." Such standard requires that the Bank provides information on the different types of business activities in which it is involved and assists the users of Financial Statements to obtain:

- Better understanding of return.
- Better assessment of future cash flow projections.
- Better judgment on the company as a whole.

The Bank's operating segments are determined based on identifiable components providing products or services related to the business. These business segments deliver products and services subject to risks and yields different from those of other segments and their operating results are reviewed by Management for operating administration and decision-making purposes. Management has decided that there are five reportable segments: "Retail", "Wholesale", "CAT", "Treasury" and "Others", the details of which are included in Note 6 .

**(g) Transactions with related parties**

Disclosures on significant related parties are detailed in Note 43, in accordance with IAS 24 "Information to be disclosed about related parties", indicating the relationship with each related party involved, as well as the transaction description and related balances. All of this is performed for an adequate understanding of the potential effects of such relation on the Interim Consolidated Financial Statements.

Intragroup balances and transactions between related parties, are eliminated in the process of preparing the Bank's Interim Consolidated Financial Statements.

**(h) Interim Consolidated Statements of Changes In Equity**

The Statements of Changes in Equity included in these Interim Consolidated Financial Statements include movements in Equity occurred between January 1 and March 31, 2023 and 2022.

The Interim Consolidated Statements of Changes in Equity include all movements in net equity, including those arising from changes in the accounting policies.

**SCOTIABANK CHILE AND SUBSIDIARIES**

Notes to the Interim Consolidated Financial Statements

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**(i) Interim Consolidated Statements of Other Comprehensive Income**

This section includes changes in equity by disclosing income and expenses of the Bank and its subsidiaries resulting from the performance of its activities during the period, distinguishing those recorded as profit in the profit and loss account for the year and other income and expenses directly recorded in net equity.

Accordingly, this statement includes:

- The consolidated profit or loss for the period.
- Items that will not be reclassified to profit or loss.
- Income tax on other comprehensive income that will not be reclassified to profit or loss.
- Items that can be reclassified to profit or loss.
- Income tax on other comprehensive income that can be reclassified to profit or loss.

**(j) Financial assets and financial liabilities****1. Recognition**

Initially, the Bank recognizes loans and advances to customers, financial assets held for trading at fair value through profit or loss, financial assets at fair value through other comprehensive income, financial liabilities at amortized cost on the date they were originated. Regular purchases and sales of financial assets are recognized on the trade date; i.e., the date at which the Bank commits to purchase or sell the asset.

A financial asset or financial liability which is not recognized at fair value through profit or loss is initially measured at fair value plus transactions costs that are directly attributable to its acquisition or issue. Items measured at fair value through profit or loss, are initially measured at fair value, recognizing in profit or loss the associated transaction costs.

**2. Classification**

Accounting policies associated with each classification are addressed in letters:

- Financial assets held for trading at fair value through profit or loss (letter (l)).
- Financial assets at fair value through other comprehensive income (letter (m)).
- Financial derivative contracts and financial derivative contracts for accounting hedge (letter (n)).
- Financial assets at amortized cost (letter (o)).
- Special allowances for credit losses (letter (aa)).

At initial recognition, the bank classifies its financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss.

- i) The entity's business model to manage financial assets.
- ii) The characteristics of the contractual cash flows from the financial asset.



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A financial asset should be measured at fair value through profit or loss unless the financial asset is measured at amortized cost or at fair value through other comprehensive income. However, the Bank may make an irrevocable election at initial recognition to present subsequent changes in fair value in other comprehensive income for specific investments in equity instruments that would otherwise be measured at fair value through profit or loss.

The Bank classifies financial liabilities as subsequently measured at amortized cost except for financial liabilities at fair value through profit or loss. These liabilities, including derivatives that are liabilities, are subsequently measured at fair value.

**3. Derecognition**

The Bank derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial asset that is created or retained by the Bank is recognized as a separate asset or liability. On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset transferred) and the sum of the consideration received (including any new asset obtained less any new liability assumed) plus any cumulative gain and loss that has been recognized in other comprehensive income is recognized in profit and loss.

The Bank derecognizes from the Interim Consolidated Statement of Financial Position a financial liability, or a portion of it, when its contractual obligations are discharged or canceled or expire.

**4. Offsetting**

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Bank has a legal right to set off the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted by the accounting standards, or for gains and losses arising from a group of similar transactions such as in the Bank's trading activity.

**5. Measurement at amortized cost**

Amortized cost is understood as the acquisition cost in which the financial asset or liability was initially measured, minus the capital repayments that may be made, more or minus, as the accumulated amortization is applicable, using the effective interest method, of the difference between the initial amount and the repayment amount at maturity. For financial assets, minus any value reduction of the impairment amount which had been recognized, either directly or as an increase in the asset amount or through a complementary account of its amount.

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**6. Fair value measurement**

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

When available, the Bank measures the fair value of an instrument using quoted prices in an active market for that instrument. A market is regarded as active if quoted prices are easily and regularly available and represent actual and regularly occurring market transactions on an arm's length basis.

If the market for a financial instrument is not active, the Bank establishes fair value using a valuation technique. Valuation techniques include using recent arm's length transactions between knowledgeable, willing parties (if available), reference to the current fair value of other instruments that are substantially similar, discounted cash flow analyses and option pricing models.

The chosen valuation technique makes a maximum use of market inputs, relies as little as possible on estimates specific to the Bank, incorporating all factors that market participants would consider in setting a price, and is consistent with accepted economic methodologies for pricing financial instruments. Inputs to valuation techniques reasonably represent market expectations and measures of the risk-return factors inherent in the financial instrument.

Periodically, the Bank calibrates valuation techniques and tests them for validity using prices from observable recent market transactions of the same instrument or based on other available observable market data.

The Bank establishes a fair value hierarchy, which segregates the inputs and/or assumptions of the valuation techniques used in measuring the fair value of financial instruments.

**7. Identification and measurement of impairment**

The Bank assesses at each closing date of the Interim Consolidated Statements of Financial Position, whether there is objective evidence that financial assets are not carried at fair value through profit or loss are impaired. These financial assets are impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset, and that the loss event has an impact that can be estimated reliably on the future cash flows of the asset.

Objective evidence that financial assets are impaired includes default or delinquency by a debtor, indications that a debtor or issuer will enter bankruptcy, the disappearance of an active market for a security, or other observable data relating to a group of assets such as adverse changes in the payment status of borrowers or issuers in the Bank, or economic conditions that correlate with defaults in the Bank's and its subsidiaries' assets. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is also objective evidence of impairment.

## SCOTIABANK CHILE AND SUBSIDIARIES

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For financial assets "Loans and advances to banks" and "Loans and advances to customers", impairment is applied in accordance with Chapter B-1 "Provisions for credit risk" of the CNC for Banks, which are described in Note 2 letter (aa).

For financial assets at fair value through other comprehensive income, debt financial instruments at amortized cost and Rights under resale agreements and securities lending agreements, impairment determined by a model of expected credit losses according to IFRS 9: This impairment model measures credit loss allowances using a three-stage approach based on the extent of credit deterioration since origination:

- **Stage 1:** Where there has not been a significant increase in credit risk since initial recognition of a financial instrument, an amount equal to 12 months expected credit loss is recorded. The expected credit loss is computed using a probability of default estimated for the next 12 months. If the financial instrument has a remaining term of less than a year, probability of default is computed using the remaining term to maturity.
- **Stage 2:** When financial instrument experiences a significant increase in credit risk subsequent to origination but is not considered to be in default, it is included in this Stage. This requires the computation of expected credit loss based on the probability of default over the remaining estimated life of the financial instrument.
- **Stage 3:** Financial instruments classified in the default category are included in this phase. The provision for credit losses is made based on the expected credit losses for the life of the instrument.

The measurement of expected credit loss is estimated using inputs like probability of default, exposure at default, and loss given default. Details of these parameters are as follows:

- **Probability of default:** Is an estimate of the likelihood of default over a given time horizon. A default may only happen at certain time over the remaining estimated life if the facility has not been previously derecognized and is still in the portfolio.
- **Exposure at default:** The exposure at default is an estimate of the exposure at a future default date, considering expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.
- **Loss given default:** The loss given default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realization of any collateral. It is usually expressed as percentage of the exposure at default.

The Bank has a model that allows characterizing the risk profile of a customer, assigning an internal rating to each debtor. To determine impairment, the rating is applied to the valuation of each instrument in accordance with the model defined by the Market Risk unit.

Impairment losses on financial assets at fair value through other comprehensive income are recognized in "Impairment of financial assets at fair value through other comprehensive income" in the Interim Consolidated Statements of Income.

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Impairment losses on debt financial instruments at amortized cost and Rights under resale agreements and securities lending agreements are recognized in "Credit-impaired financial assets at amortized cost" in the Interim Consolidated Statements of Income.

**(k) Cash and deposits in banks**

For purposes of the Interim Consolidated Statements of Cash Flows, the Bank considers the sum of cash in banks and on hand, net debit and credit balances of operations pending settlement as well as those investments in fixed-income mutual funds, debt financial instruments, and investments sold under repurchase agreements with high liquidity are readily convertible to known amounts of cash from the initial investment date and have low risk of change in value, with maturities of 90 days or less from the acquisition date to be cash and cash equivalents.

The Bank uses the indirect method for the preparation of the Interim Consolidated Statements of Cash Flows, where cash flows are determined from the Bank's profit or loss for the period and then incorporates non-cash transactions, as well as income and expenses associated with cash flows from operating, financing and investing activities.

For the preparation of the Interim Consolidated Statements of Cash Flows, the Bank considers the following concepts:

**i) Cash flow**

Cash and cash equivalents inflows and outflows; i.e., highly-liquid short-term investments with low risk of changes in value, such as: deposits with Banco Central de Chile, deposits in domestic banks and deposits in foreign banks.

**ii) Operating activities**

Operating activities are the principal revenue-producing activities of the Bank and other activities that are not investing or financing activities.

**iii) Investing activities**

Investing activities are the acquisition and disposal of long-term assets and other investments not included in cash and cash equivalents.

**iv) Financing activities**

Financing activities are activities that result in changes in the amount and composition of the contributed equity and of liabilities that are not part of operating or investing activities.

**(l) Financial assets held for trading at fair value through profit or loss**

Financial assets held for trading at fair value through profit or loss relate to financial assets acquired for the purpose of generating profits from price fluctuations at short-term or through margins from their brokerage or at amounts that are included in a portfolio for short-term gain taking.

**SCOTIABANK CHILE AND SUBSIDIARIES**

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These securities are measured at their fair value in accordance with market prices at the reporting date. Gains or losses resulting from their adjustment to fair value, as well as gains and losses from trading activities are included within the caption "Net financial result" in the Interim Consolidated Statements of Income.

**(m) Financial assets at fair value through other comprehensive income**

A financial asset is measured at fair value through other comprehensive income if it meets both of the following conditions:

- a) the financial asset is held within a business model the purpose of which is achieved by obtaining contractual cash flows and disposing of financial assets; and
- b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Interest and indexation on financial assets at fair value through other comprehensive income are included in "Interest and indexation income" in the Interim Consolidated Statements of Income for the period.

**(n) Financial derivative contracts and financial derivative contracts for accounting hedge**

Financial derivatives that include foreign currency, UF, interest rate forwards, currency and interest rate swaps, currency and interest rate options and other derivatives are initially recognized in the Interim Consolidated Statement of Financial Position at their trading value (cost) and subsequently measured at fair value. Fair value is obtained from market quotes, discounted cash flow models and measurement models for options, as appropriate. Financial derivatives are stated as an asset when their fair value is positive and as a liability when it is negative, within the caption "Derivative instruments."

Certain derivatives embedded in other financial instruments are treated as separate derivatives when their characteristics and risk are not closely related to those of the host contract and not measured at fair value with the related unrealized gains or losses included in profit or loss. As at March 31, 2023 and 2022, the Bank records no separable embedded derivatives.

Financial derivative contracts are classified as derivative instruments for trading and are disclosed under the caption "Financial assets held for trading at fair value through profit or loss."

Changes in the fair value of financial derivative contracts held for trading are included in "Financial gain (loss) from financial assets held for trading at fair value through profit or loss" in the Interim Consolidated Statements of Income.



**SCOTIABANK CHILE AND SUBSIDIARIES**

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In this regard, hedge accounting derivatives, are designated as fair value hedges for existing assets or liabilities and firm commitments, or for cash flow hedges for future assets, liabilities or highly probable forecasted transactions, under compliance of each of the following conditions:

- at the inception of the transaction, the hedging relationship is formally documented, indicating the risk management objectives and strategies intended with such transaction;
- the hedge is expected to be highly effective;
- the effectiveness of the hedge can be measured reliably; and
- the hedge is highly effective in relation to the risk being hedged continuously throughout the entire hedging relationship.

Certain derivative transactions that do not qualify for being accounted for as hedging derivatives are treated and reported as trading derivatives, even though they provide effective hedge for the management of risk positions.

When a derivative hedges the exposure to changes in the fair value of an existing asset or liability, such asset or liability is recorded at its fair value with respect to the specific risk hedged. Gains or losses from measuring the fair value of both the hedged item and the hedging derivative are recognized with an effect on profit or loss for the period. The fair value measurement adjustment of the hedged item is presented in the Interim Consolidated Statements of Financial Position of the same caption including such item.

If the hedged item in a fair value hedge is a firm commitment, the changes in the fair value of the firm commitment attributable to the hedged risk are recognized as an asset or liability with an effect on profit or loss for the period. Gains or losses from the changes in the fair value of the hedging derivative are recognized in profit or loss for the period. When an asset is acquired or a liability assumed as a result of the commitment, the initial recognition of the asset acquired or liability assumed is adjusted to include the accumulated effect of the measurement at fair value of the firm commitment that was recognized in the Interim Consolidated Statements of Financial Position.

When a derivative hedges the exposure to changes in cash flows of existing assets or liabilities, or highly probable forecasted transactions, the effective portion of changes in the fair value with respect to the risk hedged is recognized in Equity. Any ineffective portion is directly recognized in profit or loss for the period.

Amounts recognized directly in Equity are subsequently recorded in profit or loss in the same periods in which the hedged assets or liabilities affect profit or loss.

For a fair value hedge of interest rates in a portfolio, and the hedged item is an amount of money rather than separately identified assets or liabilities, gains or losses from measuring the fair value of both the hedged portfolio and the hedging derivative, are recognized through profit or loss for the period. However, the gain or loss from measuring the fair value the hedged portfolio is recorded in the Interim Consolidated Statements of Financial Position under the caption "Other assets" or "Other liabilities", depending on the position of the hedged portfolio at a given date.

Financial derivative contracts are subject to offsetting, i.e., they are presented in the Interim Consolidated Financial Statements at their net value only when subsidiaries have both, the legally enforceable right to offset the amounts recognized in such instruments, and the intention to settle the net amount, or realize the asset and pay the liability simultaneously.

**SCOTIABANK CHILE AND SUBSIDIARIES**

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**(o) Financial assets at amortized cost**

A financial asset is measured at amortized cost if it meets both of the following conditions:

- a) It is held within a business model whose objective is to hold financial assets to collect contractual cash flows.
- b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These captions are composed of non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and that the Bank does not intent to sell immediately or in the near term.

Operations included in these captions are initially measured at fair value, including the related incremental transaction costs, and subsequently measured at amortized cost using the effective interest method, except when the Bank defines certain loans as hedged items, which are measured at fair value through profit or loss as described in letter (n).

**i) Rights under resale agreements and securities lending agreements**

Transactions under agreements to resell are performed as investments. Financial instruments are acquired under these agreements and included as assets that are measured in accordance with the interest rate in the agreement.

In addition, through its subsidiary Scotia Corredora de Bolsa Chile Ltda., the Bank performs simultaneous transactions granting term financing to the buyer (through the delivery of shares as collateral), in exchange for an interest rate agreed upon in accordance with the contract.

**ii) Loans and advances to banks**

This caption includes balances of transactions with domestic and foreign banks, including the Banco Central de Chile and foreign Central Banks.

**iii) Loans and advances to customers**

This caption comprises balances related to transactions conducted in the commercial, mortgage and consumption portfolios with individuals other than banks, corresponding to credits, loans and other financing, financing lease agreements, financing operations and accounts receivable resulting from operations inherent to the banking business.

**Factoring transactions**

Factoring transactions are measured considering amounts disbursed by the Bank when receiving invoices or other commercial instruments representing the credit that the assignor provides to the Bank. The price difference between the disbursed amounts and the actual face value of credits is recorded in the Interim Consolidated Statements of Income as interest income through the effective interest method, during the financing period. When the transfer of these instruments is performed with no recourse by the assignor, the Bank assumes the insolvency risks of those obliged to pay.

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***Lease operations***

Finance lease operations correspond to leases that transfer substantially all risks and rewards to the lessee of the owner's leased asset.

When the Bank and its subsidiaries act as the lessor of an asset, the aggregate present values of the lease payments they will receive from the lessee plus the guaranteed residual value, usually, the price of the exercise of the lessee's purchase option at the expiration of the contract, are recognized as third party financing, and accordingly, included in the caption "Loans and advances to customers" in the Interim Consolidated Statements of Financial Position.

For finance leases when the Bank acts as a lessee, it recognizes the cost of leased assets in the Interim Consolidated Statements of Financial Position, according to the nature of the leased asset, and simultaneously, the sum of the present value of minimum lease payments it will make plus the purchase option, are recorded as a financial liability. Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liabilities. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of liabilities. Assets are amortized using similar criteria to that applied to property and equipment for own use.

***iv) Write-off of loans and advances***

Impaired loans are written-off when deemed to be uncollectible or when reasonable time has passed without obtaining recovery. For this purpose, the outstanding balance of the loan recorded within assets is written-off as a debit to the accrued allowances for credit losses.

Subsequent payments obtained for transactions written-off will be credited to profit or loss in the line item "Recovery of written off loans" in the caption "Credit loss expense" in the Interim Consolidated Statements of Income (see Note 41 b)).

Write-offs of loans and accounts receivable, other than leasing operations, must be performed if the following circumstances, depending on which occurs first:

- a) on the basis of information available the Bank reaches the conclusion that it will not obtain any flows from the loan recorded in assets.
- b) when a debt owed to the Bank without an enforcement order reaches 90 days past due since being recorded in assets.
- c) upon expiration of the statute of limitations for actions to demand collection through an executive judgment or at the time of rejection or abandonment of the execution of the title by enforceable judicial resolution.
- d) When the time of delay of a transaction reaches the term limit for write-off as set forth below:

Type of loans	Term
Secured or unsecured consumer loans	6 months
Other unsecured transactions	24 months
Secured commercial loans	36 months
Mortgage loans	48 months

The term corresponds to the time elapsed from the date on which the payment of all or part of the obligation that is in arrears became due.

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Assets related to financial lease transactions must be written off under the following circumstances, whichever occurs first:

- a) the Bank reaches the conclusion that there is no likelihood of recovery of rentals and that the value of the asset cannot be considered for contract recovery purposes, whether because it is no longer in the possession of the lessor, due to its condition, as a result of expenses involved in its recovery, transfer and maintenance for technological obsolescence or because there is no information about its current location and condition.
- b) upon completion of the prescription period for the collection procedures or at the moment of the rejection or abandonment of the execution of the contract through legal judgment.
- c) when the period in which a contract has been maintained in delinquency reaches the term indicated below.

Type of contract	Term
Consumer Leasing	6 months
Other non-real estate leasing operations	12 months
Real estate Leasing (commercial or housing )	36 months

The period corresponds to the time elapsed from the date on which the payment past due amounts became payable.

### v) *Renegotiations of transactions written-off*

Any renegotiation of a loan written-off will not give rise to revenue as long as the transaction continues to be impaired, and the actual payments received will be treated as recoveries of loans written-off.

Consequently, the renegotiated loan will be re-entered as an asset if it ceases to be impaired and the criteria defined by the Bank are complied with, also recognizing the income from the activation as recovery of loans written-off. The same criterion is used in the event that a loan is granted to repay a loan written-off.

## (p) Investments in companies

### i) Companies in which the Bank has significant influence

Associates are those entities over which the Bank has significant influence, but not control or joint control. In general, this ability relates to interest equal or higher than 20% of voting rights and is measured using the equity method of accounting, unless the Bank may clearly demonstrate there is no such influence. Other elements to determine a significant influence on an entity are the Bank's representation in the entity's Board of Directors and existence of material transactions. These investments are measured through the equity method of accounting.

In accordance with the equity method, investments are initially recorded at cost, and then increased or decreased in order to reflect the Bank's proportional equity in the profit or loss of the investee and other changes recognized in its equity. Goodwill arising from the acquisition of a company is included in the carrying amount of the investment netted against any accumulated impairment loss.

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**ii) Joint ventures**

“Joint ventures” are those businesses which are jointly controlled by two or more unrelated entities. This is evidenced by contractual agreements where two or more entities (“venturers”) have an interest in entities (“multi-group”) or perform transactions or hold assets so that any strategic financial or operating decision affecting them requires the unanimous consent by all the venturers. At the date of these Interim Consolidated Financial Statements, the Bank assessed and determined it is not involved in any joint venture.

**iii) Shares or interests in other companies**

Entities which are not significantly controlled or influenced by the Bank are recorded in this line item. It includes the minority permanent investments in domestic or foreign companies, recorded at their acquisition cost and subsequently at fair value through Other Comprehensive Income and recording the related impairment adjustments, where applicable.

**(q) Intangible assets**

Intangible assets are identified as non-monetary assets (separate from other assets) with no physical substance arising as a result of a legal transaction or developed internally by the consolidated entities. These are assets whose cost can be measured reliably and for which the consolidated entities believe it is probable that future economic benefits will be generated.

Intangible assets are recognized initially at its acquisition or production cost and subsequently measured at cost less accumulated amortization and the accumulated amount of impairment losses.

**i) Software or computer software**

IT software acquired by the Bank and its subsidiaries are accounted at cost less accumulated amortization of impairment value loss.

The subsequent expense in program assets is capitalized solely when the economic benefits in the specific asset to which they relate increase. All other expenses are recorded as expenditures as incurred.

Amortization is recognized in profit or loss under "Depreciation and amortization" in the Interim Consolidated Statements of Income on a straight-line basis over the estimated useful life of IT software from the date on which they are available for use. In general, estimated useful lives of IT software have been established between 5 and 10 years.

**ii) Other identifiable intangible assets**

Corresponds to intangible assets identified in which the asset cost can be measured reliably and it is likely to generate future economic benefits. Amortization is recognized in profit or loss under "Depreciation and amortization" in the Interim Consolidated Statements of Income on a straight-line basis over the estimated useful life of identifiable intangible assets. The estimated useful life of these intangible assets is up to 3 years.



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### iii) Intangible assets from business combinations

Relates to intangible assets (other than goodwill) arising from business combinations, which are initially recorded at their fair value. Upon initial recognition, these intangible assets are measured at their cost less accumulated amortization and accumulated impairment losses.

Amortization is recognized in profit or loss under "Depreciation and amortization" in the Interim Consolidated Statements of Income on a straight-line basis over the estimated useful life of intangible assets generated in business combinations. The estimated useful life of these intangible assets does not exceed 20 years.

### (r) Property and equipment

Items of property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that have been directly attributed to the acquisition of the asset and any other costs directly attributable to the process of bringing the asset to a usable condition.

Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of the assets, including the related debits to profit or loss within the caption 'Depreciation and amortization' in the Interim Consolidated Statements of Income.

Maintenance and repair costs are debited to profit or loss. The cost of improvements is capitalized when the useful life of assets or their capacity increases significantly.

The estimated useful life of the Bank's items of property and equipment are the following:

Asset Group	Useful life
Buildings	80 years
Furniture, machinery, vehicles and other property and	Between 2 and 10 years
Computer equipment	Between 3 and 10 years
Facilities, improvements in own properties	Between 3 and 10 years

The useful life assigned to leasehold improvements directly depends on the term of the property's lease contract.

### (s) Right-of-use lease assets and lease contract liabilities

#### i) Right-of-use assets under lease contracts

The Bank and its subsidiaries have lease contracts related to certain assets to meet the normal performance of its operating activities. When in such contract, it acts as lessee, the Bank should recognize in its Consolidated Financial Statements a right-of-use asset, representing the right to use the underlying asset specified in the lease contract.

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The Bank and its subsidiaries may elect not to recognize a right-of-use asset and a lease liability in the following two cases:

- short-term leases (less than 12 months); and
- leases for which the underlying asset is of low value.

If the Bank or its subsidiaries elect not to recognize a right-of-use asset or lease liabilities, they shall recognize the lease payments associated with those leases as an expense in the Consolidated Statements of Income on a straight-line basis over the lease term or another systematic basis (another systematic basis will be applied if that basis is more representative of the pattern of the lessee's benefit).

At the commencement date, the Bank shall measure the right-of-use asset at cost, which includes:

- a) the amount of the initial measurement of the lease liability;
- b) lease payments made at or before the commencement date, less any lease incentives received;
- c) any initial direct costs incurred by the lessee; and
- d) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

The lessee may incur the obligation for those costs either at the commencement date or as a consequence of having used the underlying asset during a particular period.

A lessee shall recognize the costs described in letter d) above as part of the cost of the right-of-use asset when it incurs an obligation for those costs.

After the date of initial recognition, the Bank measures the right-of-use asset applying a cost model less accumulated depreciation/amortization and accumulated impairment; adjusted for any remeasurement of the lease liability.

The Bank and its subsidiaries apply the straight-line method to depreciate the right-of-use asset from the commencement date to the earlier of the end of the lease term Management has estimated for its use.

***ii) Lease liabilities***

In connection with the recognition of a right-of-use asset in the financial statements, the Bank shall recognize as a counterpart a lease liability related to the financial obligation assumed of paying the underlying lease asset.

At the commencement date, the Bank and its subsidiaries measure the lease liability at the present value of the lease payments that are not paid at that date. The lease payments shall be discounted using the interest rate implicit in the lease, If that rate can be readily determined. If that rate cannot be readily determined, the Bank uses its incremental borrowing rate.

A lease liability is remeasured when there is a change in future lease payments resulting from a change in an index or a rate.

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**iii) Sales with subsequent lease**

A sales transaction with subsequent lease implies the sale of an asset and the subsequent lease of the same asset. In this case, the Bank and its subsidiaries measure the right-of-use asset arising from the sale and leaseback transaction commensurate to the previous carrying amount of the asset, which relates to the right-of-use maintained recognizing a gain or a loss related to the rights transferred to the lessee.

**(t) Current tax and deferred taxes**

The determination of income tax expense is performed in accordance with IAS 12 "Income Taxes" and the Income Tax Law. Income tax expense comprises current tax and deferred taxes.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the date of the Interim Consolidated Statements of Financial Position, and any adjustment to income tax payable in respect of previous years.

The Bank and its subsidiaries recognize, where appropriate, deferred tax assets and liabilities resulting from temporary differences between the financial statement carrying value and tax basis of assets and liabilities (temporary differences). Deferred tax assets and liabilities are measured at the tax rates that are expected to be applied to the temporary differences related to the year in which they reverse, based on the laws that have been enacted or substantively enacted at the date of the Interim Consolidated Statements of Financial Position.

Deferred tax expense is recognized except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

A deferred tax asset is recognized only to the extent that is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each date of the Interim Consolidated Statements of Financial Position and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Income tax expense, for an interim period, is based on an estimated average annual effective tax rate, consistent with the assessment of the annual tax burden.

**(u) Non-current assets and disposal groups held for sale.****i) Non-current assets for sale and disposal groups held for sale**

Non-current assets expected to be recovered principally from sale rather than continuing use are classified as held for sale.

Subsequent to being classified as held for sale, these assets are measured at the lower of their carrying value and fair value less costs to sell.

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In order to classify these assets as "Non-current assets held for sale and discontinued operations", in accordance with IFRS 5, the Bank should ensure it complies with the following requirements:

- it must be available in its current conditions for immediate sale and its sale must be highly probable.
- for the sale to be highly probable, an appropriate management level must be committed with a plan to sell an asset (or a disposal group), and a program to find a buyer must have started and operate actively.
- Likewise, the sale must be expected to meet the conditions for recognition as a sale completed within one year from the date of classification.

Impairment losses in the initial classification as non-current assets held for sale and subsequent losses are recognized in profit or loss in the caption "Gain or loss from non-current assets and disposal groups not qualifying as discontinued operations."

**ii) Assets received in lieu of payment or awarded**

Assets received in lieu of payment or awarded in legal auction of loans and trade receivables are initially recorded, in the case of assets received in lieu of payment at the price agreed by the parties, or for those cases where there is no agreement between the parties, at the amount for which the Bank is awarded such assets in a court-ordered public auction.

Subsequently, such assets are measured at the lower of the initial carrying amount or net realizable value, which corresponds to its fair value (liquidity value determined through an independent appraisal) less the related costs to sell. Differences between both amounts are recognized as "Gain or loss from non-current assets and disposal groups not qualifying as discontinued operations." in the Interim Consolidated Statements of Income. Assets received in lieu of payment or awarded in a legal auction are classified in the caption "Non-current assets and disposal groups held for sale" and are presented net of provisions.

In general, the Bank believes assets received in lieu of payment or awarded in legal auction will be sold within one year from their date of award. Assets not sold during such term are written-off as per the instructions issued by the CMF. This is subject to possible transitional provisions issued by the regulator that establish new terms on this matter.

**(v) Financial liabilities held for trading at fair value through profit or loss**

This item mainly comprises financial derivative contracts with negative valuation and which are not part of a specific accounting hedging relationship. They are measured at fair value and the gains or losses are recorded in "Gain or loss from financial assets and liabilities held for trading" in the Consolidated Statements of Income.

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**(w) Financial liabilities at amortized cost**

Financial liabilities are initially measured at fair value plus directly attributable transaction costs, and subsequently measured at their amortized cost using the effective interest method. The main captions considered in this classification are as follows:

- Deposits and other on-demand liabilities.
- Term and on-demand deposits.
- Obligations under repurchase agreements and securities lending(1).
- Bank borrowings.
- Debt securities issued.
- Other financial liabilities.

(1) Agreements to repurchase operations are performed as a mean for financing purposes. Investment repurchase obligation is classified within liabilities, which is measured in accordance with the interest rate in the agreement.

**(x) Regulatory capital financial instruments issued**

These instruments are another source of financing for the Bank. This category includes subordinated bonds, bonds with no fixed maturity and preference shares.

On initial recognition, these instruments are recorded at fair value less transaction costs directly attributable to their issuance. The financial cost for the application of the effective interest method corresponds to transaction costs, including issuance costs and interests.

Transaction costs for bonds with no fixed maturity date and preference shares may be deferred for up to 5 years from the date of issuance and will be prorated and recorded in the Interim Consolidated Statements of Income.

They are subsequently measured at amortized cost using the effective interest method. Bonds with no fixed maturity should also consider the effects of a possible amendment of the issuance conditions and/or the amount paid for a possible partial redemption of the principal after 5 years of issuance, the differences of which between the carrying amount and the payment made should be recorded in the Interim Consolidated Statements of Income.

For preference shares, subsequent to their initial recognition, they should be measured at their initial fair value, less any remaining balance of transaction costs that have not been expensed, also considering the effects of a possible amendment of the issuance conditions and/or the amount paid for a possible partial redemption of principal owed after 5 years of issue, the differences of which between the carrying amount and the payment made should be recorded in the Interim Consolidated Statements of Income.

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**(y) Provisions and contingent liabilities**

Provisions are liabilities of uncertain timing or amount. A provision is recognized in the Interim Consolidated Statements of Financial Position when the following requirements are copulatively complied with:

- a) as a result of a past event, the Bank has a present legal or constructive obligation;
- b) it is probable that at the interim reporting date an outflow of economic benefits will be required from the Bank or its subsidiaries to settle the obligation; and
- c) the amount of such resources can be estimated reliably.

A contingent asset or liability is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Bank.

Provisions, which are calculated considering the best information available on the consequences of the event that gave rise to them are re-estimated on each closing date, are used to comply with specific obligations for which they were originally recognized. These are reversed when such obligations decrease or cease to exist.

Provisions are classified according to the following obligations covered:

- Provisions for contingencies (includes employee benefit obligations, restructuring plans, lawsuits and litigation, loyalty and incentive programs for customers, operational risk and other contingencies).
- Provisions for minimum dividends, interest payments and repricing of regulatory capital financial instruments issued.
- Special allowances for credit losses (including loss risk for contingent loans, country risk, additional allowances for loans and others).

**(z) Provisions for minimum dividends**

In Article 79 in Chile's Law of Public Companies it is established that, unless different from the adopted in the meeting and by the issued shares unanimously, public companies will have to distribute annually as dividend in cash to its shareholders, proportionally of its shares or the proportion established by the by-laws at least the 30% of liquid gains of each year, except when accumulated losses coming from previous year are to be absorbed.

Minimum dividends are accounted for net of the portion of the provisional dividends that has been approved during the course of the year and are registered in the caption "Provisions for dividends, payment of interest and repricing of issued regulatory capital financial instruments" with a debit to the account "Provisions for minimum dividends" in Equity.

**(aa) Special allowances for credit losses**

The Bank has established allowances for potential credit losses from loans and advances to customers, in accordance with the instructions issued by the CMF and its credit risk rating and evaluation models approved by the Board of Directors.



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In order to determine its provision for credit risk, the Bank uses models or methodologies based on the individual and collective analyses of debtors to make provisions for loans and receivables from customers, which are defined below.

## Allowances for loans by individual assessment

The individual analysis of debtors is applied to customers, natural persons or legal entities which, due to their size, complexity or exposure level, must be known comprehensively, requiring the assignment of a credit rating for each debtor.

All the customers of the Corporate, Real Estate, Large Companies or Wholesale segments will be considered to be business portfolio assessed individually. It will also consider the debtors with operations different to those mentioned above recording annual sales higher than or equal to MCh\$1,000 or business debt obligations higher than or equal to MCh\$500. In addition, all customers who are part of a business group, record commercial loans and whose total indebtedness, excluding mortgage loans, reaches an amount equal to or higher than UF20,000, will be included as individual customers. Finally, all the debtors that have recorded in their loans cross-border transactions will be included as individual customers.

To make the allowances, the Bank classifies its debtors and transactions related to loans and contingent loans in the related categories, with the prior allocation to one of the following three portfolio categories: Normal, substandard and in default as established in the Compendium of Accounting Standards for Banks (CNC) issued by the CMF. Based on the debtor rating, the Bank assigns probability of default and loss on default percentages, which result in the expected loss percentage:

Type of Portfolio	Debtor category	Probability of default (%)	Loss given default (%)	Expected loss (%)
Normal Portfolio	A1	0.04	90.0	0.03600
	A2	0.10	82.5	0.08250
	A3	0.25	87.5	0.21875
	A4	2.00	87.5	1.75000
	A5	4.75	90.0	4.27500
	A6	10.00	90.0	9.00000
Substandard Portfolio	B1	15.00	92.5	13.87500
	B2	22.00	92.5	20.35000
	B3	33.00	97.5	32.17500
	B4	45.00	97.5	43.87500

Type of Portfolio	Risk grade	Range of expected loss	Provision(%)
In default	C1	Up to 3%	2
	C2	More than 3% up to 20%	10
	C3	More than 20% up to 30%	25
	C4	More than 30% up to 50%	40
	C5	More than 50% up to 80%	65
	C6	More than 80%	90

## SCOTIABANK CHILE AND SUBSIDIARIES

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### **Allowances for loans associated with collective assessment:**

The collective assessment is used for residential mortgage and consumer loan exposures, in addition to commercial exposures related to student loans and exposures to borrowers that simultaneously meet the following conditions: i) The Bank has an aggregate exposure (gross amount of provisions) to a single counterparty of less than UF20,000 (excluding mortgage loans). For off-balance sheet items, the gross amount is calculated by applying the credit conversion factors. In addition, "to the same counterparty" denotes one or more entities that may be considered as a single beneficiary.

For the determination of the aggregate exposure, the Bank must consider the exposure of the corporate group and ii) each aggregate exposure to the same counterparty does not exceed 0.2% of the total associated portfolio. To avoid circular computation, the criterion will be checked only once, for the remaining commercial credit exposures the models based on the individual analysis of the debtors must be applied.

The Bank uses a model for commercial exposures under MCh\$500 to determine an allowance based on the concept of expected loss of a loan.

The Bank has internal models for its collective portfolios, as well as standard methods for collective business portfolios and mortgage loans.

Allowances for consumption loans are calculated based on the estimated expected loss for each product/debtor, which is made up of three elements: probability of default (PD), loss given default (LGD) and exposure or debt. PD is defined as the probability that a customer will fail to meet their loan obligations, whereas the loss given default is the rate of loss that a customer may have in the event of not paying their obligations. In general, the formula for calculating the provision is given by:

$$EL = PD * LGD * Exposure$$

Where:

- EL: Expected loss of product/debtor.
- PD: is the probability of default of an individual.
- LGD: Loss given default.
- Exposure: is the account debt.

The expected loss of the Chilean Government is applied to the guaranteed percentage of the FOGAPE, FOGAIN and CORFO reprogramming loan operations and other types of guarantees are also used, such as reciprocal guarantee companies (RGC) or for school infrastructure.

Depending on the age of a customer, the customer's PD can be estimated by a model for new customers or a model for behavior or old customers. The new customer models collect demographic and financial behavior features of the customer, while the behavior models seek information on the internal behavior of the Bank or its subsidiary, depending on the model, and of the financial institutions. In other words, new customer models look for customer features and behavior models focus on the customer's internal credit behavior. To determine the PD and the LGD, we seek to group customers with similar features, which allows us to determine that the groups are homogeneous within them and heterogeneous among them.

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### Additional allowances for loans:

In conformity with the standards issued by the CMF, the Bank has made additional provisions on its loan portfolio to hedge against the risk of unpredictable adverse economic fluctuations that may affect the macroeconomic environment or the situation in a specific economic sector.

Because of the current behavior of the portfolios and the expected forecasts for 2023, additional allowances were redistributed maintaining the same stock, for the purpose of maintaining adequate coverage in those portfolios where similar behaviors to those noted before the pandemic are not yet observed.

### Allowances for contingent loans

Contingent loans are all those operations or commitments in which the Bank assumes credit losses by having an obligation with a third party upon occurrence of a future event, to make a payment or disbursement that shall be recovered from its customers, as in the case of readily available revolving credit facilities, readily available revolving credit facilities with immediate payment, loans for higher education under Law No.20027 (CAE), letters of credit for goods movement transactions, commitments to purchase debt in local currency abroad, transactions related to contingent events, guarantees and sureties, other irrevocable credit commitments and other contingent loans.

Contingent loans are not recorded as assets. However, in order to hedge the credit risk, an allowance for potential losses is accrued and recorded within 'Expense for credit losses' as an 'Expense for special allowances for credit losses' in the Interim Consolidated Statements of Income.

To estimate allowances for contingent loans as indicated in Chapter B-1 and Chapter B-3 of the CNC for Banks issued by the CMF, the amount of the exposure to be considered will be equivalent to the following percentages of contingent loans:

Type of contingent exposure	FCC
Unrestricted revolving credit facilities with immediate payment	10%
Contingent loans linked to CAE	15%
Letters of credit for goods movement transactions	20%
Other readily available revolving credit facilities	40%
Local currency debt purchase commitments abroad	50%
Transactions related to contingent events	50%
Co-debtors and guarantees	100%
Other loan commitments	100%
Other contingent loans	100%

However, when operations are conducted with customers with loans in default, as stated in Chapter B-1 of the CNC for Banks issued by the CMF, the exposure will always be equivalent to 100% of their contingent loans.

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**(ab) Financial guarantees**

Financial guarantees are contracts that require the issuer to make specific payments to repay the holder for the loss incurred on specific obligor default according to the conditions of a debt instrument.

Liabilities related to financial guarantees are initially recognized at fair value, and initial fair value is amortized through the life of the financial guarantee. The guaranteed liability is recorded at the higher of the amortized amount or the present value of any expected payment (when a payment under the guarantee becomes probable). Financial guarantees are included in "Other liabilities" in the Interim Consolidated Statements of Financial Position.

**(ac) Use of judgments and estimates**

The preparation of the Interim Consolidated Financial Statements requires Management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, revenue and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis by the Bank's Senior Management in order to quantify some assets, liabilities, revenues, expenses and uncertainties. Adjustments to accounting estimates are recognized in the period in which the estimate is revised and any future periods affected.

Particularly, the information about the most significant areas of estimation of uncertainty and critical judgments in the applying accounting policies that have most significant effect on amounts recognized in the Interim Consolidated Financial Statements, are described in the following notes:

- Notes 8, 11 and 12 : Measurement of financial instruments.
- Notes 13, 26, and 41 : Allowances for credit risk.
- Notes 15, 16, and 17 : Useful life and impairment of intangible assets, property and equipment and right-of-use assets.
- Note 18 : Deferred taxes.
- Notes 24, 25, and 26 : Provisions, contingencies and commitments.

**(ad) Interest and indexation income and expenses**

Interest income and expenses are recognized in the Interim Consolidated Statements of Income on an accrual basis using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability (or, where appropriate, in a shorter period) to the net carrying amount of the financial asset or liability. When calculating the effective interest rate, the Bank estimates future cash flows considering all contractual terms of the financial instrument, but not future credit losses.

The calculation of the effective interest rate includes transaction costs, premiums, discounts, as well as all fees and commissions and other concepts paid or received that are directly attributable to the acquisition or issue of a financial asset or liability.

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Adjustments mainly relate to the indexation associated with changes in the value of Unidad de Fomento (UF), which amounted to Ch\$35,575.48 as at March 31, 2023 (Ch\$31,727.74 as at December 31, 2022).

The Bank suspends the recognition of interest and indexation income on an accrual basis for loans when the loan or one of its installments is 90 days overdue. This implies that, from the date on which it is due to be suspended and until these loans are no longer impaired, the related assets will not be increased with interest and indexation in the Interim Consolidated Statements of Financial Position and no income for these items will be recognized in the Interim Consolidated Statements of Income, unless they are effectively received.

**(ae) Fee and commission income and expenses**

Financial fees and commissions and transaction costs directly associated with the generation of certain financial assets and liabilities, are a part of the initial valuation of such financial assets and liabilities for the determination of the effective interest rate.

Fee and commission income and expenses not related to the generation of financial assets and liabilities are recognized on an accrual basis.

In general, unearned income and prepayments related to commissions for future services to be provided or received are transferred on a straight-line basis to profit or loss over the period that contractually covers those payments and collections.

Fee and commission income and expenses are recognized as the related services are provided.

**(af) Expenses for employee benefit obligations. Employee benefits and accrued vacation cost**

Short-term benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

In addition, the obligations for long-term employee benefits and employment contract termination benefits agreed in the several collective bargaining agreements in force between Scotiabank Chile and its employees through the labor unions, incorporate clauses for the payment of incentives related to seniority bonuses, severance indemnity payments for voluntary retirement and caps other than those established in the Labor Code, established ad-hoc in the several agreements. In order to receive such benefits the employee must meet a set of clearly-established requirements.

The expenses detailed in the previous paragraph are calculated using actuarial methods and assumptions, which are based on management's best estimate and are reviewed and approved annually. They include variables such as personnel turnover rate, expected salary growth, mortality rate, disability, retirement age, beginning of working age, average age of beneficiary personnel and the probability of using this benefit, discounted at the current rate for long-term operations (the rate of in UF at 20 years of Bonds issued by the Banco Central de Chile is used).

Gains and losses arising from changes in actuarial variables for employment contract termination benefits are recognized in the Interim Consolidated Statements of Other Comprehensive Income.

The effect of the provisions for such benefits are recognized in the caption "Provisions for contingencies" in the Interim Consolidated Statements of Financial Position.

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**(ag) Impairment of non-financial assets**

The carrying amounts of the Bank's non-financial assets, excluding deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognized if the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognized in the Interim Consolidated Statements of Income.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, had no impairment loss been recognized.

**(ah) Basic and diluted earnings per share**

Basic earnings per share are calculated by dividing the net profit or loss attributable to the Bank by the number of ordinary shares outstanding during the period.

The calculation of diluted earnings per share has been based on the profit attributable to the Bank divided by the weighted-average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares.

At the date of these Interim Consolidated Financial Statements, the Bank and its subsidiaries do not have any instruments that generate dilutive effects on Equity.

**(ai) Seasonality**

Because of the nature of the activities Scotiabank Chile and its subsidiaries perform, transactions are not cyclical or seasonal. Accordingly, no specific explanatory notes on this matter are included.



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## Note 3 New accounting pronouncements issued and adopted, or issued but not yet adopted

### i) Adoption of new standards and amendments introduced by the CMF

**Circular No.2330, January 13, 2023:** Incorporates the new Chapter 21-14 to the Updated Compilation of Standards (RAN) for Banks, which contains the provisions related to the performance of the internal liquidity adequacy assessment process (ILAAP) and the general requirements and conditions considered by the CMF for the assessment of the adequacy of the liquidity position of banks.

### ii) New pronouncements introduced by the IASB

#### Current accounting pronouncements

The following amended accounting pronouncements are mandatory for periods beginning on January 1, 2023:

New IFRS	Mandatory application date
IFRS 17 Insurance Contracts	Annual periods beginning on or after January 1, 2023.
Amendments to IFRS	Mandatory application date
Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS practice Statement 2 Making Materiality Judgements)	Annual periods beginning on or after January 1, 2023.
Definition of Accounting Estimates (Amendments to IAS 8)	Annual periods beginning on or after January 1, 2023. Early adoption is permitted
Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)	Annual periods beginning on or after January 1, 2023.

#### IFRS 17 Insurance Contracts

Issued on May 18, 2017, this Standard requires that insurance obligations are measured at current compliance values and provides a more consistent approach for presenting and measuring all insurance contracts. Such requirements are designed to provide a consistent principle-based accounting treatment.

In March 2020, the IASB decided to defer the effective date of IFRS 17 to January 1, 2023. Early adoption is permitted if IFRS 9 and IFRS 15 have been adopted. The Board also decided to extend the temporary exemption to IFRS 9 granted to insurers who meet specified criteria, through January 1, 2023.

The Bank's Management assessed the impact of the adoption of this Standard and determined there are no effects on its Interim Consolidated Financial Statements.

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**Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements)**

In October 2018, the Board refined the definition of materiality so that it is easier to understand and apply. Such definition is aligned with the entire IFRS framework including the Conceptual framework. Changes to the definition of materiality complement the non-binding Statement of Practice 2 Making Materiality Judgments issued by the Board in 2017, which outlines a four-step procedure that can be used to assist in making materiality judgments in the preparation of financial statements.

In February 2021, the Board issued amendments to IAS 1 "Presentation of Financial Statements" and an update to Statement of Practice 2.

The amendments include the following:

- Require companies to disclose their material accounting policies rather than significant accounting policies;
- Clarify that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and therefore need not be disclosed;
- Clarify that not all accounting policies that relate to material transactions, other events or conditions are themselves material to the Company's financial statements.

Amendments to Practical Statement 2 include two additional examples of the application of materiality in accounting policy disclosures.

The Bank's Management assessed the impact of the adoption of this Standard and determined there are no effects on its Interim Consolidated Financial Statements.

**Definition of Accounting Estimates (Amendments to IAS 8)**

In February 2021, the Board issued amendments to IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors", to clarify how companies should distinguish between changes in accounting policies and changes in accounting estimates, with the main focus on the definition and clarification of accounting estimates.

Amendments clarify the relationship between accounting policies and accounting estimates, specifying that a company develops an accounting estimate to achieve the objective defined previously in an accounting policy.

The Bank's Management assessed the impact of the adoption of this Standard and determined there are no effects on its Interim Consolidated Financial Statements.

**Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)**

In May 2021, the Board issued amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction", to clarify how companies should account for deferred tax in certain types of transactions where an asset and a liability are recognized, such as leases and decommissioning obligations.

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Amendments reduce the scope of the exemption on initial recognition so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognize a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning obligation.

The Bank's Management assessed the impact of the adoption of this Standard and determined there are no effects on its Interim Consolidated Financial Statements.

### Accounting pronouncements issued but not yet effective

The following accounting pronouncements have been issued and are not yet effective.

Amendments to IFRS	Mandatory application date
Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)	Annual periods beginning on or after January 1, 2024. Early adoption is permitted.
Sales or Contributions of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)	Effective date deferred indefinitely.
Lease liabilities in a sale with leaseback (Amendments to IFRS 16)	Annual periods beginning on or after January 1, 2024. Early adoption is permitted.
Non-current liabilities with covenants (amendments to IAS 1)	Annual periods beginning on or after January 1, 2024.

### Classification of Liabilities as Current or Non-current (Amendments to IAS 1)

The IASB amended IAS 1 "Presentation of Financial Statements" to foster consistent application and clarify the requirements to determine whether a liability is current or non-current. As a result of such amendment, entities are required to review their loan contracts to determine whether their classification will change.

The amendments include the following:

- Right to defer settlement must have substance: under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement of the liability for, at least, twelve months after the end of the reporting period. As part of its amendments, the IASB has removed the requirement for a right to be unconditional and instead, now requires that a right to defer settlement must have substance and exist at the end of the reporting period.
- Classification of revolving credit facilities may change: entities classify a liability as non-current if they have a right to defer its settlement for at least twelve months after the end of the reporting period. The IASB has now clarified that a right to defer exists only if the company complies with conditions specified in the loan agreement at the end of the reporting period, even if the lender does not test compliance until a later date.

## SCOTIABANK CHILE AND SUBSIDIARIES

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- Liabilities with equity cancellation features: the amendments state that the cancellation of a liability includes the transfer of the entity's own equity instruments to the other party. The amendment clarifies the way in which entities classify a liability that includes a conversion option of the other party, which could be recognized as equity or as a liability separately from the liability component provided for in IAS 32 "Financial Instruments: Presentation.

The amendment is effective retrospectively for annual periods beginning on or after January 1, 2024. Early adoption is permitted. However, companies will consider including disclosures in conformity with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" in their next annual financial statements.

The Bank's Management is assessing the impact of adopting these amendments.

### **Sale or Contribution of Assets Between and Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28).**

On September 11, 2014, the IASB issued this amendment that requires that when transferring subsidiaries to an associate or joint venture, the total gain should be recognized when assets transferred meet the definition of "business" under IFRS 3 "Business Combinations." This amendment establishes strong pressure on the definition of a "business" for recognition in profit or loss. Also, it introduces new and unforeseen recognition for transactions that partially consider maintenance in assets that are not businesses.

The effective application of this amendment has been deferred indefinitely.

### **Lease Liability on a Sale and Leaseback (Amendments to IFRS 16)**

In September 2022, the Board issued amendments to IFRS 16 "Leases – Lease liability on a Sale and Leaseback", which sets out the requirements for how an entity should account for a sale and leaseback after the date of the transaction.

While IFRS 16 includes requirements on how to account for a sale and leaseback at the date the transaction takes place, the standard does not specify how the subsequent measurement of this transaction would be. The amendments issued by the Board are additional to the requirements established in IFRS 16 for leaseback sales, which support the consistent application of the standard.

The Bank's Management is assessing the impact of adopting these amendments.

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**Non-current Liabilities with Covenants**

The International Accounting Standards Board issued in October 2022 the amendment to IAS 1 Presentation of Financial Statements, in which it indicates that only covenants that a company must meet on or before the reporting date affect the classification of a liability as current or non-current.

Covenants with which the Company must comply after the reporting date (i.e., future covenants) do not affect the classification of a liability at that date. However, when non-current liabilities are subject to covenants, companies will now be required to disclose information to help users understand the risk that those liabilities may become repayable within 12 months after the reporting date.

The Bank's Management is assessing the impact of adopting this amendment.

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### Note 4 Changes in accounting policies

Through Circular No. 2243 dated December 20, 2019, supplemented by Circular No. 2295 dated October 7, 2021, the CMF issued the new version of the Compendium of Accounting Standards for Banks (CNC) effective beginning on January 1, 2022.

Changes in the new compendium mainly relate to amendments introduced by the IASB, allowing better presentation and disclosure of financial information, unifying formats, providing more detail on relevant information and adapting to Basel III.

#### Description of impacts as at January 1, 2022:

##### a) Suspension of revenue recognition on an accrual basis

This corresponds to the application of chapter B-2 of the new CNC for Banks, which defines that banks must cease to recognize revenue on an accrual basis when the loan or one of its installments is 90 days past due.

The suspension of revenue recognition on an accrual basis implies that, from the date on which it is due to be suspended and until these loans are no longer impaired, the related assets will not be increased with interest and indexation or commissions in the Statement of Financial Position and no income for these items will be recognized in the Statement of Income, unless they are effectively received.

The impact of this amendment where the Bank recognized a net credit to loans of MCh\$3,082 is detailed as follows:

Concept- First application adjustment	Loans MCh\$	Provision MCh\$	Net effect MCh\$
Commercial loans	(2,428)	(1,297)	(3,725)
Consumer loans	(549)	239	(310)
Mortgage loans	824	129	953
<b>Total</b>	<b>(2,153)</b>	<b>(929)</b>	<b>(3,082)</b>

##### b) Renegotiations of transactions written-off

The new version of the CNC for Banks establishes the obligation to return to assets those renegotiated loans that are no longer impaired, recognizing the related recovery for the capitalization of such loans.

The impact of this amendment is as follows:

Concept- First application adjustment	Loans MCh\$	Provision MCh\$	Net effect MCh\$
Commercial loans	1,019	167	852
Consumer loans	2,035	23	2,012
Mortgage loans	1,152	3	1,149
<b>Total</b>	<b>4,206</b>	<b>193</b>	<b>4,013</b>

# SCOTIABANK CHILE AND SUBSIDIARIES

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## c) Special allowances for credit losses

Corresponds to the update of Chapter B-3 of the new CNC for Banks, which incorporates the concept of "unrestricted revolving credit facilities with immediate payment", which has a credit risk exposure of 10%. This amendment implied a release of provisions of MCh\$12,306.

The impact of this amendment is as follows:

Concept - First time application	Line of Credit MCh\$	Credit Cards MCh\$	Amount MCh\$
Commercial	944	304	1,248
Consumer	303	10,755	11,058
<b>Total</b>	<b>1,247</b>	<b>11,059</b>	<b>12,306</b>

## d) Deferred tax assets

Associated with the first-time application adjustments described above, effects were generated in the determination of deferred taxes.

The debit for deferred tax assets consists of:

Concept - First time application	Amount MCh\$
Deferred tax asset - suspension of accrual	435
Deferred tax assets - special provisions for credit risk	52
<b>Total deferred tax assets</b>	<b>487</b>

The credit for deferred tax liabilities consists of:

Concept - First time application	Amount MCh\$
Deferred tax liability - special provisions for credit risk	1,414
Deferred tax liability - renegotiations of written-off operations	1,136
Deferred tax liability - suspension of accrual	1,540
<b>Total deferred tax liability</b>	<b>4,090</b>

## e) Minority interest

As a result of the application of the new CNC for Banks to the Financial Statements Consolidation process, the following adjustments were made to the caption "Minority Interest":

Concept - First time application	Amount MCh\$
Minority interest - CAT Administradora de Tarjetas S.A.	2,041
Minority interest - Scotia Azul Sociedad de Leasing Inmobiliario S.A.	(3)
<b>Net Effect of Minority Interest</b>	<b>2,038</b>



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## f) Reconciliation of the net effect on equity of the application of the new CNC for Banks

In accordance with the provisions of Chapter E, paragraph 1 of the new CNC for Banks, the impacts of the transition to the new generally accepted principles and the criteria established by the CMF at the transition date must be recorded in the equity item "Non-earning reserves" on January 1, 2022.

According to paragraph 2 of Chapter E of the new CNC for Banks, the implementation of IFRS 9, regarding classification and impairment of financial instruments shall be applied retrospectively. In the pro forma financial statements as at January 1, 2021 and December 31, 2021, the Bank determined impairment to the captions "Rights under resale agreements and securities lending agreements" and "Financial assets at fair value through other comprehensive income."

Because Chapter E, paragraph 3 establishes the option to apply prospectively the change of criteria for the suspension of recognition of interest and indexation income on an accrual basis and considering the implementation in December 2021 of the standards on Regulatory Capital (Basel III), the Bank decided to record the impacts associated mainly with the loan portfolio beginning on January 1, 2022.

The following is a summary of the effects on the equity account "Other Non-earnings Reserves":

Equity reconciliation - First application adjustment	2022 MCh\$	2021 MCh\$	Total adjustments MCh\$
Impairment of financial investments	(157)	(716)	(873)
Commercial loans - suspension of accrual	(3,725)	-	(3,725)
Consumer loans - suspension of accrual	(310)	-	(310)
Mortgage Loans- suspension of accrual	953	-	953
Commercial loans - renegotiations of written-off operations	852	-	852
Consumer loans - renegotiations of written-off operations	2,012	-	2,012
Mortgage loans - renegotiations of written-off operations	1,149	-	1,149
Special provisions for credit risk	12,306	-	12,306
Deferred tax assets	487	-	487
Deferred tax liabilities	(4,090)	-	(4,090)
Minority interest - CAT Administradora de Tarjetas S. A.	(2,041)	-	(2,041)
Minority interest - Scotia Azul Sociedad de Leasing Inmobiliario S.A.	3	-	3
<b>Net effect not from earnings (equity)</b>	<b>7,439</b>	<b>(716)</b>	<b>6,723</b>

## Other changes in accounting policies

During the three-month period ended March 31, 2023, there have been no significant changes in accounting policies that affect the interpretation of these Interim Consolidated Financial Statements.

## SCOTIABANK CHILE AND SUBSIDIARIES

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### Note 5 Significant events

On January 26, 2023, in accordance with the provisions of Articles 9 and 10 of Law No. 18045, on the Securities Market, and Chapter 18-10 of the Updated Compilation of Standards issued by the CMF, it is hereby communicated as essential information, that as a result of the reduction of the Bank's Board of Directors to 7 regular directors and 1 alternate director, which was authorized by Resolution No. 7921, issued on December 1, 2022, at the Ordinary Board of Directors' Meeting held on this date, the Board of Directors of Scotiabank Chile took office in its new structure by the directors Salvador Said Somavía, Raquel Costa, Emilio Deik Morrison, Karen Ergas Segal, Gonzalo Said Handal, Fernanda Vicente Mendoza and Francisco Matte Risopatrón; and by the alternate director Thayde Olarte. The meeting also agreed to appoint Mr. Salvador Said Somavía as Chairman of the Board and Chairman of the Bank and Mr. Emilio Deik Morrison as Vice-Chairman.

On March 30, 2023, in accordance with the provisions of Articles 9 and 10 of Law No. 18045 on the Securities Market and Chapter No. 18-10 of the Updated Compilation of Standards issued by the CMF, the Bank communicates as an essential event that on the aforementioned date, the shareholders of Scotiabank Chile at the Ordinary Shareholders' Meeting adopted, among other agreements, to distribute 30% of the profit obtained during 2022; i.e., MCh\$146,260, equivalent to a dividend of Ch\$11.94457 per share, and allocate the remainder to the retained earnings reserve fund for undistributed earnings.

### Note 6 Business segments

Scotiabank Chile is a universal bank offering a great variety of products and financial services to various kinds of customers, ranging from major corporations and financial institutions to low/medium income individuals, which are classified in different segments referred to their business characteristics.

Scotiabank creates value in a sustainable manner, giving customers the opportunity to choose their world through a range of financial products and services for our diverse segments.

In conformity with IFRS 8 "Operating Segments", the Bank has added the operating segments with similar economic characteristics considering the aggregation criteria indicated in such standard. The Bank performs its business activities by lines of business, which have been defined based on the target customers. Scotiabank Chile targets the following market segments which are defined as Retail (Individuals and SMEs), Wholesale, CAT, Treasury and Others. A business segment comprises customers to whom a differentiated product offering is directed according to their commercial characteristics, measured on a similar basis in terms of performance.

Information included in this note is not necessarily comparable to that of other financial institutions as it is based on the internal system of management information according to the segments set up independently by the Bank. Each business segment reflects its gross operating income, supporting expenses and net provisions for risk along with their related assets and liabilities. Taxes are managed at the corporate level and are not allocated by business segment.

As the Bank's business is based in Chile, it is not relevant to present information for Geographical Segments.

## SCOTIABANK CHILE AND SUBSIDIARIES

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The following are the business segments established by the Bank:

### 1. Retail

**Personal Banking:** This segment addresses individual customers whose income is over US\$200. The main products offered by the Bank in this segment include consumer loans, overdraft credit line, credit cards, and mortgage loans. In addition, the Bank has liability products for this tranche, and offers chequing accounts and diverse saving products such as term deposits, agreements, mutual funds and short-term investments. In addition, the Bank provides this segment of customers with a variety of financial services such as foreign currency exchange, shares sales, insurance products, and self-service in branch offices where customers can directly perform a series of transactions in their own account.

**SME banking:** As Corporate Banking, we have focused our efforts on attracting and linking corporate clients and individuals with business activities, belonging to different economic sectors such as services, commerce, transportation and agriculture, and where annual sales do not exceed MUS\$4. Our value proposition is based on providing financial services of excellence through asset and liability products, such as commercial loans, lease contracts, factoring transactions, current account plans, insurance, investment products, foreign trade and cash management.

### 2. Wholesale banking

This business segment includes enterprise customers with annual sales over MUS\$4 and corporate customers with annual sales over MUS\$150. The main products offered by the Bank to this segment include working capital financing, foreign trade loans, lease operations, factoring transactions and structured finance (syndicated loans, project financing, etc.). These customers also use liability products such as domestic and foreign currency chequing accounts, term deposits and mutual funds.

Additionally, the Bank provides a wide range of non-credit services such as collection, bill payment, insurance products, salary payment administration, quotation and procurement, electronic invoicing and a wide range of treasury products such as foreign currency exchange, derivative products, foreign currency or interest rate risk hedging and short-term investments.

### 3. CAT

This segment groups credit cards and consumer loans offered within the framework of the binding partnership agreement entered into with Cencosud S.A., by way of which the bank acquired 51% of the shares of CAT Administradora de Tarjetas S.A. ("CAT") and of CAT Corredores de Seguros y Servicios S.A., with the purpose of the joint and exclusive performance of the financial retail business of Cencosud in Chile.

### 4. Treasury

This segment performs the global functions of interest rate risk management, structural exchange rate position, inflation position and liquidity risk management. The latter, through the performance of issues and uses. In addition to the management of the available-for-sale investment portfolio. Likewise, the Bank's own resources, the capital endowment made to each unit and the cost of financing the investments made are also managed.

The segment includes revenue associated with the management of the investment portfolio and gains or losses from the management of interest rate and inflation risks.

# SCOTIABANK CHILE AND SUBSIDIARIES

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## 5. Other

This segment includes all items that bear no connection with customer segments and other minor income and expenses not related to any of the above-mentioned lines of business.

The following table shows the consolidated income of Scotiabank Chile, for each of the abovementioned segments:

	As at March 31, 2023					
	Retail MCh\$	Wholesale MCh\$	CAT MCh\$	Treasury MCh\$	Other MCh\$	Total MCh\$
Net interest income	131,217	77,228	67,361	(56,084)	158	219,880
Other income	28,021	45,966	23,032	37,739	(1,526)	133,232
Equity in net income of investees	-	-	-	-	1,759	1,759
<b>Total operating income</b>	<b>159,238</b>	<b>123,194</b>	<b>90,393</b>	<b>(18,345)</b>	<b>391</b>	<b>354,871</b>
Operating expenses	(80,659)	(33,319)	(32,317)	(2,428)	1,963	(146,760)
Depreciation and amortization	(8,969)	(2,690)	(2,879)	(228)	(1,754)	(16,520)
Credit losses expense	(47,661)	(4,389)	(50,688)	-	(951)	(103,689)
<b>Segment operating profit (loss)</b>	<b>21,949</b>	<b>82,796</b>	<b>4,509</b>	<b>(21,001)</b>	<b>(351)</b>	<b>87,902</b>
Income tax expense						(14,088)
<b>Profit (loss) for the period</b>						<b>73,814</b>

### Spot Volumes

Assets (loans)	18,528,288	11,796,194	1,687,973	-	88,513	<b>32,100,968</b>
Liabilities (Core and Term deposits)	6,322,584	6,053,924	-	5,879,344	592,439	<b>18,848,291</b>

	As at March 31, 2022					
	Retail MCh\$	Wholesale MCh\$	CAT MCh\$	Treasury MCh\$	Other MCh\$	Total MCh\$
Net interest income	108,359	54,740	46,235	(28,515)	1,727	182,546
Other income	35,500	16,813	21,157	68,291	(588)	141,173
Equity in net income of investees	-	-	-	-	2,096	2,096
<b>Total operating income</b>	<b>143,859</b>	<b>71,553</b>	<b>67,392</b>	<b>39,776</b>	<b>3,235</b>	<b>325,815</b>
Operating expenses	(68,162)	(26,371)	(26,576)	(1,956)	(3,199)	(126,264)
Depreciation and amortization	(7,888)	(2,201)	(2,671)	(134)	(1,777)	(14,671)
Credit losses expense	(23,649)	1,992	(22,934)	-	(549)	(45,140)
<b>Segment operating profit (loss)</b>	<b>44,160</b>	<b>44,973</b>	<b>15,211</b>	<b>37,686</b>	<b>(2,290)</b>	<b>139,740</b>
Income tax expense						(19,946)
<b>Profit (loss) for the period</b>						<b>119,794</b>

### Spot Volumes

Assets (loans)	16,865,148	11,063,504	1,338,098	-	156,864	<b>29,423,614</b>
Liabilities (Core and Term deposits)	5,960,723	4,731,475	-	4,688,344	1,144,082	<b>16,524,624</b>

For decision-making purposes, senior management is provided with information on net interest income and provisions to assess the performance of the segments and allocate resources to them.

# SCOTIABANK CHILE AND SUBSIDIARIES

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## Note 7 Cash and cash equivalents

The detail of cash and cash equivalents is as follows:

	3/31/2023 MCh\$	12/31/2022 MCh\$
Cash and deposits in banks		
Cash	303,325	293,138
Deposits in Banco Central de Chile (i)	231,370	341,007
Deposits in foreign Central Banks	-	-
Deposits in domestic Banks	3,094	5,968
Deposits in foreign Banks	365,827	628,065
Subtotal - Cash and deposits in Banks	<b>903,616</b>	<b>1,268,178</b>
Net trading operations pending settlement (ii)	56,612	54,778
Other cash equivalents (iii)	1,673,793	918,614
<b>Total cash and cash equivalents</b>	<b>2,634,021</b>	<b>2,241,570</b>

- (i) The level of funds in cash and in Banco Central de Chile corresponds to reserve regulations that the Bank has to keep as an average in monthly periods.
- (ii) Trading operations pending settlement correspond to transactions that have been traded but yet are pending settlement which will increase or decrease the funds maintained in the Banco Central de Chile or in banks in foreign countries, normally within a period ranging between 12 and 24 working hours, and are detailed as follows:

	3/31/2023 MCh\$	12/31/2022 MCh\$
<b>Assets</b>		
Notes in charge of other banks (exchange)	31,049	34,652
Transfer of funds pending receipt	444,672	530,769
<b>Subtotal assets</b>	<b>475,721</b>	<b>565,421</b>
<b>Liabilities</b>		
Transfer of funds pending delivery	(419,109)	(510,643)
<b>Subtotal liabilities</b>	<b>(419,109)</b>	<b>(510,643)</b>
<b>Net trading operations pending settlement</b>	<b>56,612</b>	<b>54,778</b>

- (iii) Refers to financial instruments that meet the criteria to be considered as "cash equivalents" as defined by IAS 7, i.e., to qualify as "cash equivalents" investments in debt financial instruments must be short-term with an original maturity of 90 days or less from the date of acquisition, be highly-liquid, readily convertible to known amounts of cash from the date of initial investment, and that the financial instruments are exposed to an insignificant risk of changes in value.

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**Note 8 Financial assets held for trading at fair value through profit or loss**

a) The detail of financial assets held for trading at fair value through profit or loss is as follows:

	3/31/2023 MCh\$	12/31/2022 MCh\$
Derivative instruments		
Forwards	1,182,498	1,227,883
Swaps	5,187,961	5,585,410
Call options	531	-
Put options	-	-
Forwards	-	-
Other	-	-
Financial debt securities		
Government and Banco Central de Chile	60,261	214,863
Other debt financial instruments issued in Chile	112,970	196,121
Debt financial instruments issued abroad	7,895	8,355
Other debt financial instruments		
Investments in mutual funds	74,029	90,175
Equity instruments	8,292	5,264
Loans originated and acquired by the entity	-	-
Other	-	-
<b>Total</b>	<b>6,634,437</b>	<b>7,328,071</b>

b) The detail of financial derivative instruments is as follows:

As at March 31, 2023		Notional amounts of contracts with final maturity (1)						Fair Value
Product	On-demand	Up to 1 month	More than 1 up to 3 months	More than 3 up to 12 months	More than 1 up to 3 years	More than 3 up to 5 years	More than 5 years	Assets
	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$
<b>Forward</b>								
Future arbitration	-	275,680	527,062	640,231	280,505	51,913	-	39,233
Paper forward	-	-	-	-	-	-	-	-
Exchange insurance	-	9,667,766	8,086,037	10,248,794	2,047,818	781,024	546,212	944,860
Inflation insurance	-	925,218	1,497,718	5,131,099	3,387,669	975,509	4,286,341	198,405
<b>Subtotal forward</b>	<b>-</b>	<b>10,868,664</b>	<b>10,110,817</b>	<b>16,020,124</b>	<b>5,715,992</b>	<b>1,808,446</b>	<b>4,832,553</b>	<b>1,182,498</b>
<b>Options</b>								
Call option	-	4,386	-	7,951	-	-	-	531
Put option	-	-	-	-	-	-	-	-
<b>Subtotal options</b>	<b>-</b>	<b>4,386</b>	<b>-</b>	<b>7,951</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>531</b>
<b>Swap</b>								
Cross currency swap	3,139	972,192	1,538,031	8,290,557	14,003,321	7,894,700	13,105,267	3,005,962
Rate swap	-	6,173,488	11,235,197	24,385,542	26,376,940	15,466,943	19,276,239	2,181,999
<b>Subtotal swap</b>	<b>3,139</b>	<b>7,145,680</b>	<b>12,773,228</b>	<b>32,676,099</b>	<b>40,380,261</b>	<b>23,361,643</b>	<b>32,381,506</b>	<b>5,187,961</b>
<b>Total</b>	<b>3,139</b>	<b>18,018,730</b>	<b>22,884,045</b>	<b>48,704,174</b>	<b>46,096,253</b>	<b>25,170,089</b>	<b>37,214,059</b>	<b>6,370,990</b>

# SCOTIABANK CHILE AND SUBSIDIARIES

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Product	Notional amounts of contracts with final maturity (1)							Fair Value
	On-demand	Up to 1 month	More than 1 up to 3 months	More than 3 up to 12 months	More than 1 up to 3 years	More than 3 up to 5 years	More than 5 years	
	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	
<b>Forward</b>								
Future arbitration	-	387,348	464,712	521,998	308,790	68,222	-	58,264
Paper forward	-	20,685	-	-	-	-	-	62
Exchange insurance	-	8,327,025	7,213,782	8,452,776	2,623,041	786,049	639,437	900,232
Inflation insurance	-	791,312	3,606,313	4,127,076	3,599,745	1,265,890	4,349,518	269,325
<b>Subtotal forward</b>	-	<b>9,526,370</b>	<b>11,284,807</b>	<b>13,101,850</b>	<b>6,531,576</b>	<b>2,120,161</b>	<b>4,988,955</b>	<b>1,227,883</b>
<b>Options</b>								
Call option	-	-	-	-	-	-	-	-
Put option	-	-	-	-	-	-	-	-
<b>Subtotal options</b>	-	-	-	-	-	-	-	-
<b>Swap</b>								
Cross currency swap	-	1,236,105	2,858,651	7,744,920	14,383,830	9,888,402	14,405,853	3,180,295
Rate swap	-	4,679,594	12,152,237	22,050,888	20,937,549	14,918,159	19,677,894	2,405,115
<b>Subtotal swap</b>	-	<b>5,915,699</b>	<b>15,010,888</b>	<b>29,795,808</b>	<b>35,321,379</b>	<b>24,806,561</b>	<b>34,083,747</b>	<b>5,585,410</b>
<b>Total</b>	-	<b>15,442,069</b>	<b>26,295,695</b>	<b>42,897,658</b>	<b>41,852,955</b>	<b>26,926,722</b>	<b>39,072,702</b>	<b>6,813,293</b>

1) The amounts of the maturities were determined based on the notional values of the financial instruments.

## c) The detail of debt financial instruments and other financial instruments is as follows:

As at March 31, 2023	Notional amount of contracts with final maturity (1)							Fair Value
	On-demand	Up to 1 month	More than 1 up to 3 months	More than 3 up to 12 months	More than 1 up to 3 years	More than 3 up to 5 years	More than 5 years	
	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	
<b>Debt financial instruments</b>								
Debt financial instruments issued by Banco Central de Chile	80	16,238	-	-	-	-	-	16,317
Bonds or promissory notes issued by the Treasury	-	-	19,875	5	14,677	75	9,639	43,944
Other Treasury debt financial instruments	-	-	-	-	-	-	-	-
<b>Government and Banco Central de Chile:</b>	<b>80</b>	<b>16,238</b>	<b>19,875</b>	<b>5</b>	<b>14,677</b>	<b>75</b>	<b>9,639</b>	<b>60,261</b>
Debt financial instruments issued by other domestic banks	-	-	15,697	88,796	3,548	-	328	108,369
Domestic corporate bonds and commercial paper	-	-	-	-	-	2,644	2,241	4,601
Other debt financial instruments issued in Chile	-	-	-	-	-	-	-	-
<b>Other debt financial instruments issued in Chile</b>	<b>-</b>	<b>-</b>	<b>15,697</b>	<b>88,796</b>	<b>3,548</b>	<b>2,644</b>	<b>2,569</b>	<b>112,970</b>
Debt financial instruments issued by foreign Central Bank	-	-	-	-	-	-	-	-
Debt financial instruments of foreign governments and fiscal entities abroad	-	-	-	7,944	-	-	-	7,895
Debt financial instruments of other foreign banks	-	-	-	-	-	-	-	-
Bond and commercial paper of companies abroad	-	-	-	-	-	-	-	-
Other debt financial instruments issued abroad	-	-	-	-	-	-	-	-
<b>Debt financial instruments issued abroad</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,944</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,895</b>
<b>Other financial instruments</b>								
Investments in mutual funds	71,742	2,287	-	-	-	-	-	74,029
Equity instruments	8,292	-	-	-	-	-	-	8,292
Loans originated and acquired by the entity	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
<b>Investments in mutual funds</b>	<b>80,034</b>	<b>2,287</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>82,321</b>
<b>Total</b>	<b>80,114</b>	<b>18,525</b>	<b>35,572</b>	<b>96,745</b>	<b>18,225</b>	<b>2,719</b>	<b>12,208</b>	<b>263,447</b>



# SCOTIABANK CHILE AND SUBSIDIARIES

## Notes to the Interim Consolidated Financial Statements

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As at December 31, 2022	Notional amount of contracts with final maturity (1)							Fair Value
	On-demand	Up to 1 month	More than 1 up to 3 months	More than 3 up to 12 months	More than 1 up to 3 years	More than 3 up to 5 years	More than 5 years	
	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$
<b>Debt financial instruments</b>								
Debt financial instruments issued by Banco Central de Chile	-	265	100	-	195	-	-	560
Bonds or promissory notes issued by the Treasury	-	-	123,061	31,927	11,675	30,433	18,722	214,303
Other Treasury debt financial instruments	-	-	-	-	-	-	-	-
<b>Government and Banco Central de Chile:</b>	-	265	123,161	31,927	11,870	30,433	18,722	214,863
Debt financial instruments issued by other domestic banks	-	2,791	19,615	136,582	32,311	-	330	191,629
Domestic corporate bonds and commercial paper	-	-	-	-	-	-	4,780	4,492
Other debt financial instruments issued in Chile	-	-	-	-	-	-	-	-
<b>Other debt financial instruments issued in Chile</b>	-	2,791	19,615	136,582	32,311	-	5,110	196,121
Debt financial instruments issued by foreign Central Bank	-	-	-	-	-	-	-	-
Debt financial instruments of foreign governments and fiscal entities abroad	-	-	-	8,502	-	-	-	8,355
Debt financial instruments of other foreign banks	-	-	-	-	-	-	-	-
Bond and commercial paper of companies abroad	-	-	-	-	-	-	-	-
Other debt financial instruments issued abroad	-	-	-	-	-	-	-	-
<b>Debt financial instruments issued abroad</b>	-	-	-	8,502	-	-	-	8,355
<b>Other financial instruments</b>								
Investments in mutual funds	86,674	3,501	-	-	-	-	-	90,175
Equity instruments	5,264	-	-	-	-	-	-	5,264
Loans originated and acquired by the entity	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
<b>Investments in mutual funds</b>	91,938	3,501	-	-	-	-	-	95,439
<b>Total</b>	<b>91,938</b>	<b>6,557</b>	<b>142,776</b>	<b>177,011</b>	<b>44,181</b>	<b>30,433</b>	<b>23,832</b>	<b>514,778</b>

(1) The amounts of the maturities were determined based on the notional values of the financial instruments

As at March 31, 2023 and December 31, 2022, the caption "Debt financial securities of Government and Banco Central de Chile" includes no transactions of securities sold under repurchase agreement to financial institutions or customers.

As at March 31, 2023 and December 31, 2022, under the caption "Other debt financial instruments issued in Chile", there are no instruments sold under repurchase agreements to customers and financial institutions.

## Note 9 Financial assets not held for trading mandatorily measured at fair value through profit or loss

As at March 31, 2023 and December 31, 2022, the Bank has no such operations.

## Note 10 Financial assets and financial liabilities designated at fair value through profit or loss

As at March 31, 2023 and December 31, 2022, the Bank has no such operations.

## Note 11 Financial assets at fair value through other comprehensive income

a) The detail of financial assets at fair value through other comprehensive income is as follows:

	3/31/2023	12/31/2022
	MCh\$	MCh\$
Debt financial instruments	3,181,863	2,360,643
Other	-	-
<b>Total</b>	<b>3,181,863</b>	<b>2,360,643</b>

**SCOTIABANK CHILE AND SUBSIDIARIES**

Notes to the Interim Consolidated Financial Statements  
As at March 31, 2023 and 2022 and December 31, 2022

**b) The detail of debt financial instruments and other financial instruments is as follows:**

As at March 31, 2023	Nominal amounts							Fair Value
	On-demand	Up to 1 month	More than 1 up to 3 months	More than 3 months up to 1 year	More than 1 up to 3 years	More than 3 up to 5 years	More than 5 years	
	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	
<b>Debt financial instruments</b>								
Debt financial instruments issued by Banco Central de Chile	-	1,487,140	-	113,000	-	-	-	1,591,037
Bonds or promissory notes issued by the Treasury	-	-	-	-	182,788	657,372	812,689	1,579,301
Other Treasury debt financial instruments	-	-	2	12	353	1,035	10,123	11,525
<b>Government and Banco Central de Chile:</b>	<b>-</b>	<b>1,487,140</b>	<b>2</b>	<b>113,012</b>	<b>183,141</b>	<b>658,407</b>	<b>822,812</b>	<b>3,181,863</b>
Debt financial instruments issued by other domestic banks	-	-	-	-	-	-	-	-
Domestic corporate bonds and commercial paper	-	-	-	-	-	-	-	-
Other debt financial instruments issued in Chile	-	-	-	-	-	-	-	-
<b>Other debt financial instruments issued in Chile</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Debt financial instruments issued by foreign central banks	-	-	-	-	-	-	-	-
Debt financial instruments of foreign governments and fiscal entities abroad	-	-	-	-	-	-	-	-
Debt financial instruments of other banks abroad	-	-	-	-	-	-	-	-
Bond and commercial paper of companies abroad	-	-	-	-	-	-	-	-
Other debt financial instruments issued abroad	-	-	-	-	-	-	-	-
<b>Debt financial instruments issued abroad</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Other financial instrument</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>-</b>	<b>1,487,140</b>	<b>2</b>	<b>113,012</b>	<b>183,141</b>	<b>658,407</b>	<b>822,812</b>	<b>3,181,863</b>

# SCOTIABANK CHILE AND SUBSIDIARIES

Notes to the Interim Consolidated Financial Statements

As at March 31, 2023 and 2022 and December 31, 2022

As at December 31, 2022	Nominal amounts							Fair Value
	On-demand	Up to 1 month	More than 1 up to 3 months	More than 3 months up to 1 year	More than 1 up to 3 years	More than 3 up to 5 years	More than 5 years	
	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	
<b>Debt financial instruments</b>								
Debt financial instruments issued by Banco Central de Chile	-	195,500	300,000	122,000	-	4,585	-	614,465
Bonds or promissory notes issued by the Treasury	-	-	-	-	336,360	635,155	849,816	1,734,379
Other Treasury debt financial instruments	-	-	2	13	355	1,125	10,304	11,799
<b>Government and Banco Central de Chile:</b>	<b>-</b>	<b>195,500</b>	<b>300,002</b>	<b>122,013</b>	<b>336,715</b>	<b>640,865</b>	<b>860,120</b>	<b>2,360,643</b>
Debt financial instruments issued by other domestic banks	-	-	-	-	-	-	-	-
Domestic corporate bonds and commercial paper	-	-	-	-	-	-	-	-
Other debt financial instruments issued in Chile	-	-	-	-	-	-	-	-
<b>Other debt financial instruments issued in Chile</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Debt financial instruments issued by foreign central banks	-	-	-	-	-	-	-	-
Debt financial instruments of foreign governments and fiscal entities abroad	-	-	-	-	-	-	-	-
Debt financial instruments of other banks abroad	-	-	-	-	-	-	-	-
Bond and commercial paper of companies abroad	-	-	-	-	-	-	-	-
Other debt financial instruments issued abroad	-	-	-	-	-	-	-	-
<b>Debt financial instruments issued abroad</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Other financial instrument</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>-</b>	<b>195,500</b>	<b>300,002</b>	<b>122,013</b>	<b>336,715</b>	<b>640,865</b>	<b>860,120</b>	<b>2,360,643</b>

As at March 31, 2023, under the caption "Debt financial instruments of Government and Banco Central de Chile", there are instruments sold with a repurchase agreement to clients and financial institutions for MCh\$10,502, with an average maturity of 3 days (MCh\$25,007, with an average maturity of 3 days as at December 31, 2022).

As at March 31, 2023, there are instruments purchased with a repurchase agreement from customers and financial institutions for MCh\$13,426. As at December 31, 2022, there are no such operations.

As at March 31, 2023, the Financial assets at fair value through other comprehensive income portfolio includes a net unrealized loss of MCh\$142,003 (MCh\$165,795 as at December 31, 2022) recorded as valuation adjustments in equity and a net realized gain of MCh\$820 (MCh\$375 as at March 31, 2022) recorded in the caption "Gain or loss from derecognition of financial assets and liabilities at amortized cost and financial assets at fair value through other comprehensive income."

# SCOTIABANK CHILE AND SUBSIDIARIES

Notes to the Interim Consolidated Financial Statements

As at March 31, 2023 and 2022 and December 31, 2022

- c) The reconciliation of changes in fair value and the related allowance for expected credit losses by stage for debt financial instruments measured at fair value through other comprehensive income is as follows:

As at March 31, 2023	Stage 1		Stage 2		Stage 3		Total	
	Fair Value	Expected Credit Losses	Fair Value	Expected Credit Losses	Fair Value	Expected Credit Losses	Fair Value	Expected Credit Losses
	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$
<b>As at January 1, 2023</b>	2,360,643	(919)	-	-	-	-	2,360,643	(919)
Net changes (purchase / sale ) for the period	802,376	(303)	-	-	-	-	802,376	(303)
Change in fair value	23,903	-	-	-	-	-	23,903	-
Transfers to stage 1	-	-	-	-	-	-	-	-
Transfers to stage 2	-	-	-	-	-	-	-	-
Transfers to stage 3	-	-	-	-	-	-	-	-
Impact of transfers in Expected Credit Losses	-	-	-	-	-	-	-	-
Reductions due to discounts	(112)	-	-	-	-	-	(112)	-
Accrued interest	461	-	-	-	-	-	461	-
Remeasures of Expected Credit Losses at year-end	-	-	-	-	-	-	-	-
Changes in assumptions	-	-	-	-	-	-	-	-
Exchange rate adjustments	(5,408)	-	-	-	-	-	(5,408)	-
<b>Balance as at March 31, 2023</b>	<b>3,181,863</b>	<b>(1,222)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,181,863</b>	<b>(1,222)</b>

As at December 31, 2022	Stage 1		Stage 2		Stage 3		Total	
	Fair Value	Expected Credit Losses	Fair Value	Expected Credit Losses	Fair Value	Expected Credit Losses	Fair Value	Expected Credit Losses
	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$
<b>As at January 1, 2022</b>	1,950,500	(872)	-	-	-	-	1,950,500	(872)
Net changes (purchase / sale ) for the period	361,948	(47)	-	-	-	-	361,948	(47)
Change in fair value	22,201	-	-	-	-	-	22,201	-
Transfers to stage 1	-	-	-	-	-	-	-	-
Transfers to stage 2	-	-	-	-	-	-	-	-
Transfers to stage 3	-	-	-	-	-	-	-	-
Impact of transfers in Expected Credit Losses	-	-	-	-	-	-	-	-
Reductions due to discounts	228	-	-	-	-	-	228	-
Accrued interest	8,671	-	-	-	-	-	8,671	-
Remeasures of Expected Credit Losses at year-end	-	-	-	-	-	-	-	-
Changes in assumptions	-	-	-	-	-	-	-	-
Exchange rate adjustments	17,095	-	-	-	-	-	17,095	-
<b>Balance as at December 31, 2022</b>	<b>2,360,643</b>	<b>(919)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,360,643</b>	<b>(919)</b>

**SCOTIABANK CHILE AND SUBSIDIARIES**

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As at March 31, 2023 and 2022 and December 31, 2022

d) The table below shows the fair values of debt financial instruments detailing unrealized gains and losses.

As at March 31, 2023	Amortized cost MCh\$	Fair value MCh\$	Unrealized gains/(losses), gross MCh\$
<b>Government and Banco Central de Chile</b>			
Debt financial instruments issued by Banco Central de Chile	1,590,765	1,591,037	272
Bonds and promissory notes issued by the Treasury	1,721,677	1,579,301	(142,376)
Other treasury debt financial instruments	11,424	11,525	101
<b>Other debt financial instruments issued in Chile</b>	-	-	-
Debt financial instruments issued by other domestic banks	-	-	-
Domestic corporate bonds and commercial paper	-	-	-
Other debt financial instruments issued in Chile	-	-	-
<b>Debt financial instruments issued abroad</b>	-	-	-
<b>Total</b>	<b>3,323,866</b>	<b>3,181,863</b>	<b>(142,003)</b>

As at December 31, 2022	Amortized cost MCh\$	Fair value MCh\$	Unrealized gains/(losses), gross MCh\$
<b>Government and Banco Central de Chile</b>			
Debt financial instruments issued by Banco Central de Chile	614,936	614,465	(471)
Bonds and promissory notes issued by the Treasury	1,899,915	1,734,379	(165,536)
Other treasury debt financial instruments	11,587	11,799	212
<b>Other debt financial instruments issued in Chile</b>	-	-	-
Debt financial instruments issued by other domestic banks	-	-	-
Domestic corporate bonds and commercial paper	-	-	-
Other debt financial instruments issued in Chile	-	-	-
<b>Debt financial instruments issued abroad</b>	-	-	-
<b>Total</b>	<b>2,526,438</b>	<b>2,360,643</b>	<b>(165,795)</b>

**SCOTIABANK CHILE AND SUBSIDIARIES**

Notes to the Interim Consolidated Financial Statements

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**Note 12 Derivative instruments for accounting hedge**

a) Balances by type of hedge are detailed as follows:

	3/31/2023		12/31/2022	
	Asset (in favor)	Liability (against)	Asset (in favor)	Liability (against)
	MCh\$	MCh\$	MCh\$	MCh\$
Designated derivatives in fair value hedging relationships	103,744	(29,658)	81,407	(41,951)
Designated derivatives in cash flow hedging relationships	253,546	(1,569,481)	313,704	(1,494,929)
<b>Total derivatives designated in hedging relationships</b>	<b>357,290</b>	<b>(1,599,139)</b>	<b>395,111</b>	<b>(1,536,880)</b>

b) The derivative instrument portfolio for accounting hedge purposes is detailed as follows:

As at March 31, 2023		Notional amount of contracts with final maturity						Carrying amount	
Product	On-demand	Up to 1 month	More than 1 up to 3 months	More than 3 up to 12 months	More than 1 up to 3 years	More than 3 up to 5 years	More than 5 years	Assets	Liabilities
	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$
<b>Fair value hedging derivatives</b>									
Future arbitration	-	-	-	-	-	-	-	-	-
Inflation insurance	-	-	-	-	-	-	-	-	-
Call option	-	-	-	-	-	-	-	-	-
Put option	-	-	-	-	-	-	-	-	-
Cross currency swap	-	-	-	-	228,039	175,565	572,332	102,096	(29,658)
Rate Swap	-	-	-	-	-	12,850	69,000	1,648	-
<b>Subtotal</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>228,039</b>	<b>188,415</b>	<b>641,332</b>	<b>103,744</b>	<b>(29,658)</b>
<b>Cash flow hedge derivatives</b>									
Future arbitration	-	-	-	-	-	-	-	-	-
Inflation insurance	-	-	-	355,755	17,788	-	-	1,120	(2,882)
Call option	-	-	-	-	-	-	-	-	-
Put option	-	-	-	-	-	-	-	-	-
Cross currency swap	-	-	-	790,502	1,820,877	2,489,407	2,109,313	252,196	(1,547,543)
Rate Swap	-	-	-	-	-	-	18,950	230	(19,056)
<b>Subtotal</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,146,257</b>	<b>1,838,665</b>	<b>2,489,407</b>	<b>2,128,263</b>	<b>253,546</b>	<b>(1,569,481)</b>
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,146,257</b>	<b>2,066,704</b>	<b>2,677,822</b>	<b>2,769,595</b>	<b>357,290</b>	<b>(1,599,139)</b>

As at December 31, 2022		Notional amount of contracts with final maturity						Carrying amount	
Product	On-demand	Up to 1 month	More than 1 up to 3 months	More than 3 up to 12 months	More than 1 up to 3 years	More than 3 up to 5 years	More than 5 years	Assets	Liabilities
	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$
<b>Fair value hedging derivatives</b>									
Future arbitration	-	-	-	-	-	-	-	-	-
Inflation insurance	-	-	-	-	-	-	-	-	-
Call option	-	-	-	-	-	-	-	-	-
Put option	-	-	-	-	-	-	-	-	-
Cross currency swap	-	-	44,591	-	228,039	155,051	554,402	77,340	(23,388)
Rate Swap	-	182,429	651,864	-	-	12,850	69,000	4,067	(18,563)
<b>Subtotal</b>	<b>-</b>	<b>182,429</b>	<b>696,455</b>	<b>-</b>	<b>228,039</b>	<b>167,901</b>	<b>623,402</b>	<b>81,407</b>	<b>(41,951)</b>
<b>Cash flow hedge derivatives</b>									
Future arbitration	-	-	-	-	-	-	-	-	-
Inflation insurance	-	70,199	167,426	291,328	63,179	-	-	2,541	(17,959)
Call option	-	-	-	-	-	-	-	-	-
Put option	-	-	-	-	-	-	-	-	-
Cross currency swap	-	89,649	542,799	691,563	1,815,117	2,090,182	2,026,776	311,163	(1,446,898)
Rate Swap	-	-	51,012	-	-	403,780	87,556	-	(30,072)
<b>Subtotal</b>	<b>-</b>	<b>159,848</b>	<b>761,237</b>	<b>982,891</b>	<b>1,878,296</b>	<b>2,493,962</b>	<b>2,114,332</b>	<b>313,704</b>	<b>(1,494,929)</b>
<b>Total</b>	<b>-</b>	<b>342,277</b>	<b>1,457,692</b>	<b>982,891</b>	<b>2,106,335</b>	<b>2,661,863</b>	<b>2,737,734</b>	<b>395,111</b>	<b>(1,536,880)</b>

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- c) The detail of the carrying amounts of items under fair value hedges, separated by maturity, is as follows:

As at March 31, 2023	Book Value							Total
	On-demand	Up to 1 month	More than 1 up to 3 months	More than 3 up to 12 months	More than 1 up to 3 years	More than 3 up to 5 years	More than 5 years	
	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$
<b>Hedged item</b>								
Government instruments and Banco Central de Chile	-	-	-	-	-	-	-	-
Other instruments issued in Chile	-	-	-	-	-	-	-	-
Other instruments issued abroad	-	-	-	-	-	-	-	-
Consumption	-	-	-	-	-	-	-	-
Mortgage	-	-	-	-	-	-	-	-
Commercial	-	-	-	-	-	-	-	-
Term deposit	-	-	-	-	-	-	-	-
Current bonds	-	-	-	10,841	118,365	84,556	623,986	837,748
Subordinated bonds	-	-	-	-	-	-	-	-
Mortgage bonds	-	-	-	-	-	-	-	-
Promissory notes	-	-	-	59,322	192,181	-	-	251,503
<b>Total</b>	-	-	-	<b>70,163</b>	<b>310,546</b>	<b>84,556</b>	<b>623,986</b>	<b>1,089,251</b>

As at December 31, 2022	Book Value							Total
	On-demand	Up to 1 month	More than 1 up to 3 months	More than 3 up to 12 months	More than 1 up to 3 years	More than 3 up to 5 years	More than 5 years	
	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$
<b>Hedged item</b>								
Government instruments and Banco Central de Chile	-	-	-	-	-	-	-	-
Other instruments issued in Chile	-	-	-	-	-	-	-	-
Other instruments issued abroad	-	-	-	-	-	-	-	-
Consumption	-	-	-	-	-	-	-	-
Mortgage	-	-	-	-	-	-	-	-
Commercial	-	-	-	-	-	-	-	-
Term deposit	-	140,856	790,836	-	-	-	-	931,692
Current bonds	-	-	4,604	-	16,534	136,685	660,124	817,947
Subordinated bonds	-	-	-	-	-	-	-	-
Mortgage bonds	-	-	-	-	-	-	-	-
Promissory notes	-	-	-	-	403,243	-	-	403,243
<b>Total</b>	-	<b>140,856</b>	<b>795,440</b>	-	<b>419,777</b>	<b>136,685</b>	<b>660,124</b>	<b>2,152,882</b>



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**d) Accounting hedge derivatives**

As derivative instruments are important tools to manage the exchange rate, interest rate and liquidity risks of the Bank's activities, its designation as hedge accounting allows the recognition, under certain circumstances, of the offsetting effects of economic hedges, which reduce the volatility that may arise in profit or loss and cash flows, as through such hedges the gains and losses of the derivative and hedged item are recognized and offset during the same accounting period.

Balances by risk management are presented below.

As at March 31, 2023	Nominal amount of the hedging instrument  MCh\$	Carrying amount of the hedging instrument  Assets MCh\$                      Liabilities MCh\$	
<b>Cash flow hedges:</b>			
<b>Interest rate risk</b>			
Rate Swap	18,950	230	(19,056)
Cross currency swap	-	-	-
<b>Exchange rate risk</b>			
Cross currency swap	1,170,834	252,196	(1,445)
<b>Inflation risk</b>			
Inflation insurances	373,543	1,120	(2,882)
Cross currency swap	6,039,265	-	(1,546,098)
<b>Subtotal</b>	<b>7,602,592</b>	<b>253,546</b>	<b>(1,569,481)</b>
<b>Fair value hedges:</b>			
<b>Interest rate risk</b>			
Rate swap	81,850	1,648	-
<b>Inflation risk</b>			
Cross currency swap	975,936	102,096	(29,658)
<b>Subtotal</b>	<b>1,057,786</b>	<b>103,744</b>	<b>(29,658)</b>
<b>Total</b>	<b>8,660,378</b>	<b>357,290</b>	<b>(1,599,139)</b>

As at December 31, 2022	Nominal amount of the hedging instrument MCh\$	Carrying amount of the hedging instrument	
		Assets MCh\$	Liabilities MCh\$
<b>Cash flow hedges:</b>			
<b>Interest rate risk</b>			
Rate Swap	542,348	-	(30,072)
Cross currency swap	-	-	-
<b>Exchange rate risk</b>			
Cross currency swap	1,343,404	134,282	(39,001)
<b>Inflation risk</b>			
Inflation insurances	592,132	2,541	(17,959)
Cross currency swap	5,912,682	176,881	(1,407,897)
<b>Subtotal</b>	<b>8,390,566</b>	<b>313,704</b>	<b>(1,494,929)</b>
<b>Fair value hedges:</b>			
<b>Interest rate risk</b>			
Rate Swap	916,143	4,067	(18,563)
<b>Inflation risk</b>			
Cross currency swap	982,083	77,340	(23,388)
<b>Subtotal</b>	<b>1,898,226</b>	<b>81,407</b>	<b>(41,951)</b>
<b>Total</b>	<b>10,288,792</b>	<b>395,111</b>	<b>(1,536,880)</b>

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**d.1) Fair value accounting hedge derivatives**

For fair value hedges, changes in fair value of hedge instruments are offset in the Consolidated Statements of Income through fair value of the hedged item attributable to the hedged risk. The Bank uses fair value hedges primarily to translate fixed rate financial instruments to floating rate financial instruments. Hedged items include commercial loans granted at fixed rate in foreign currency and term deposits issued at a fixed rate in pesos.

Additionally, the Bank uses fair value hedges to hedge the effect of inflation of debt instruments held for the sale of the Chilean General Treasury bonds in UF (BTU). Also, to hedge against the effect of the inflation of Bonds issued by the Bank in UF.

Hedging instruments include cross-currency interest rate swaps (CC and IRS).

**d.2) Cash flow accounting hedge derivatives**

For cash flow hedges, the changes in fair value of the hedging instruments are recorded in equity, to the extent that it is effective, until the corresponding gains or losses associated with the hedged item are recognized in profit or loss. The Bank uses cash flow hedges primarily to hedge the fluctuations in cash flows related to floating rate financial instruments, foreign currency and highly probable projected income. Hedged items include mortgage loans in UF, term deposits at floating rate in Chilean pesos, floating rate foreign currency foreign bank borrowings, available-for-sale securities in Euro, and commercial loans granted at floating rate in foreign currency. Hedging instruments include forward contracts and cross-currency interest rate swaps (CC and IRS).

As at March 31, 2023, the Bank has recorded a loss from net of tax of MCh\$88,569 (MCh\$24,816 as at December 31, 2022) in other comprehensive income for the adjustment of cash flow hedging instruments.

As at March 31, 2023, the Bank recorded a gain from cash flow hedging derivatives of MCh\$18,684 (MCh\$241,229 as at March 31, 2022).

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Cash flows of hedged items are expected to occur and impact the gain or loss from cash flow accounting hedges as detailed below.

As at March 31, 2023	On-demand	Up to 1 month	More than 1 up to 3 months	More than 3 up to 12 months	More than 1 up to 3 years	More than 3 up to 5 years	More than 5 years	Total
	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$
Hedged Item - Assets	-	11,640	45,476	122,567	360,636	520,880	508,282	1,569,481
Hedged Item - Liabilities	-	-	(3,958)	(44,968)	(64,623)	(70,905)	(69,092)	(253,546)
<b>Net cash flows</b>	<b>-</b>	<b>11,640</b>	<b>41,518</b>	<b>77,599</b>	<b>296,013</b>	<b>449,975</b>	<b>439,190</b>	<b>1,315,935</b>

As at December 31, 2022	On-demand	Up to 1 month	More than 1 up to 3 months	More than 3 up to 12 months	More than 1 up to 3 years	More than 3 up to 5 years	More than 5 years	Total
	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$
Hedged Item - Assets	-	17,789	70,732	92,357	318,945	537,008	458,098	1,494,929
Hedged Item - Liabilities	-	-	(3,076)	(52,033)	(82,174)	(104,390)	(72,031)	(313,704)
<b>Net cash flows</b>	<b>-</b>	<b>17,789</b>	<b>67,656</b>	<b>40,324</b>	<b>236,771</b>	<b>432,618</b>	<b>386,067</b>	<b>1,181,225</b>

**i) Cash flows forecast for interest rate risk:**

As at March 31, 2023	On-demand	Up to 1 month	More than 1 up to 3 months	More than 3 up to 12 months	More than 1 up to 3 years	More than 3 up to 5 years	More than 5 years	Total
	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$
<b>Hedged item</b>								
Inflows	-	-	-	-	-	18,778	19,334	38,112
Outflows	-	-	-	-	-	(230)	-	(230)
<b>Net flows</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>18,548</b>	<b>19,334</b>	<b>37,882</b>
<b>Hedging instruments</b>								
Inflows	-	-	-	-	-	230	-	230
Outflows	-	-	-	-	-	(18,778)	(19,334)	(38,112)
<b>Net flows</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(18,548)</b>	<b>(19,334)</b>	<b>(37,882)</b>

As at December 31, 2022	On-demand	Up to 1 month	More than 1 up to 3 months	More than 3 up to 12 months	More than 1 up to 3 years	More than 3 up to 5 years	More than 5 years	Total
	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$
<b>Hedged item</b>								
Inflows	-	-	2,857	-	-	25,772	1,443	30,072
Outflows	-	-	-	-	-	-	-	-
<b>Net flows</b>	<b>-</b>	<b>-</b>	<b>2,857</b>	<b>-</b>	<b>-</b>	<b>25,772</b>	<b>1,443</b>	<b>30,072</b>
<b>Hedging instruments</b>								
Inflows	-	-	-	-	-	-	-	-
Outflows	-	-	(2,857)	-	-	(25,772)	(1,443)	(30,072)
<b>Net flows</b>	<b>-</b>	<b>-</b>	<b>(2,857)</b>	<b>-</b>	<b>-</b>	<b>(25,772)</b>	<b>(1,443)</b>	<b>(30,072)</b>

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## ii) Cash flows forecast for inflation risk:

As at March 31, 2023	On-demand	Up to 1 month	More than 1 up to 3 months	More than 3 up to 12 months	More than 1 up to 3 years	More than 3 up to 5 years	More than 5 years	Total
	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$
<b>Hedged item</b>								
Inflows	-	11,640	45,476	122,567	360,636	466,586	470,291	1,477,196
Outflows	-	-	(3,958)	(16,369)	(40,699)	(35,983)	(55,559)	(152,568)
<b>Net flows</b>	-	11,640	41,518	106,198	319,937	430,603	414,732	1,324,628
<b>Hedging instruments</b>								
Inflows	-	-	3,958	16,369	40,699	35,983	55,559	152,568
Outflows	-	(11,640)	(45,476)	(122,567)	(360,636)	(466,586)	(470,291)	(1,477,196)
<b>Net flows</b>	-	(11,640)	(41,518)	(106,198)	(319,937)	(430,603)	(414,732)	(1,324,628)

  

As at December 31, 2022	On-demand	Up to 1 month	More than 1 up to 3 months	More than 3 up to 12 months	More than 1 up to 3 years	More than 3 up to 5 years	More than 5 years	Total
	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$
<b>Hedged item</b>								
Inflows	-	17,789	67,875	92,357	318,945	489,290	439,599	1,425,855
Outflows	-	-	(661)	(12,081)	(45,604)	(63,104)	(57,970)	(179,420)
<b>Net flows</b>	-	17,789	67,214	80,276	273,341	426,186	381,629	1,246,435
<b>Hedging instruments</b>								
Inflows	-	-	661	12,081	45,604	63,104	57,970	179,420
Outflows	-	(17,789)	(67,875)	(92,357)	(318,945)	(489,290)	(439,599)	(1,425,855)
<b>Net flows</b>	-	(17,789)	(67,214)	(80,276)	(273,341)	(426,186)	(381,629)	(1,246,435)

## iii) Cash flows forecast for exchange rate risk:

As at March 31, 2023	On-demand	Up to 1 month	More than 1 up to 3 months	More than 3 up to 12 months	More than 1 up to 3 years	More than 3 up to 5 years	More than 5 years	Total
	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$
<b>Hedged item</b>								
Inflows	-	-	-	-	-	35,516	18,657	54,173
Outflows	-	-	-	(28,599)	(23,924)	(34,692)	(13,533)	(100,748)
<b>Net flows</b>	-	-	-	(28,599)	(23,924)	824	5,124	(46,575)
<b>Hedging instruments</b>								
Inflows	-	-	-	28,599	23,924	34,692	13,533	100,748
Outflows	-	-	-	-	-	(35,516)	(18,657)	(54,173)
<b>Net flows</b>	-	-	-	28,599	23,924	(824)	(5,124)	46,575

  

As at December 31, 2022	On-demand	Up to 1 month	More than 1 up to 3 months	More than 3 up to 12 months	More than 1 up to 3 years	More than 3 up to 5 years	More than 5 years	Total
	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$
<b>Hedged item</b>								
Inflows	-	-	-	-	-	21,945	17,055	39,000
Outflows	-	-	(2,415)	(39,952)	(36,570)	(41,285)	(14,060)	(134,282)
<b>Net flows</b>	-	-	(2,415)	(39,952)	(36,570)	(19,340)	2,995	(95,282)
<b>Hedging instruments</b>								
Inflows	-	-	2,415	39,952	36,570	41,285	14,060	134,282
Outflows	-	-	-	-	-	(21,945)	(17,055)	(39,000)
<b>Net flows</b>	-	-	2,415	39,952	36,570	19,340	(2,995)	95,282

## Ineffectiveness of accounting hedges

The amounts recorded as ineffectiveness by type of hedge, recorded in the Consolidated Statements of Income, are presented below.

	3/31/2023 MCh\$	3/31/2022 MCh\$
<u>Fair value hedges</u>		
Gain (loss) recorded on the hedged items	(18,659)	(4,752)
Gain (loss) recorded on hedging instruments	12,412	5,104
<b>Ineffectiveness</b>	<b>(6,247)</b>	<b>352</b>
<u>Cash flow hedges</u>		
<b>Ineffectiveness</b>	<b>(997)</b>	<b>1,198</b>

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The ineffectiveness and the reclassified amount of the cash flow hedge reserve to the statement of income for the period, by type of risk management, are presented below.

As at March 31, 2023	Hedge ineffectiveness recognized in the result for the period MCh\$	Amount reclassified from the cash flow hedge reserve to profit for the period MCh\$
Interest rate risk	72	11,651
Exchange rate risk	(265)	55,909
Inflation rate risk	(804)	(48,876)
<b>Total</b>	<b>(997)</b>	<b>18,684</b>

As at March 31, 2022	Hedge ineffectiveness recognized in the result for the period MCh\$	Amount reclassified from the cash flow hedge reserve to profit for the period MCh\$
Interest rate risk	(128)	13,192
Exchange rate risk	(63)	112,014
Inflation rate risk	1,389	116,023
<b>Total</b>	<b>1,198</b>	<b>241,229</b>

**Note 13 Financial assets at amortized cost**

Financial assets at amortized cost are detailed as follows:

	3/31/2023 MCh\$	12/31/2022 MCh\$
Rights under resale agreements and securities lending agreements	114,017	216,976
Debt financial instruments	-	-
Loans and advances to banks	239,721	66,830
Loans and advances to customers	32,100,967	32,572,252
<b>Total</b>	<b>32,454,705</b>	<b>32,856,058</b>

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## a) Rights under resale agreements and securities lending agreements

The detail is as follows:

	3/31/2023 MCh\$	12/31/2022 MCh\$
Operations with domestic banks	-	-
Operations with foreign banks	-	-
Operations with other domestic entities		
Repurchase contracts	114,029	215,559
Securities lending rights	-	1,426
Transactions with other entities abroad	-	-
Impairment in the accumulated value of financial assets at amortized cost		
- Rights from resale agreements and securities lending		
Financial assets without a significant increase in credit risk since initial recognition (stage 1)	(12)	(9)
Financial assets with a significant increase in credit risk since initial recognition , but without credit impairment (stage 2)	-	-
Financial assets with credit impairment (stage 3)	-	-
<b>Total</b>	<b>114,017</b>	<b>216,976</b>

As at March 31, 2023	On-demand MCh\$	Up to 1 month MCh\$	More than 1 up to 3 months MCh\$	More than 3 up to 12 months MCh\$	More than 1 up to 3 years MCh\$	More than 3 up to 5 years MCh\$	More than 5 year MCh\$	Total MCh\$
Operations with domestic banks	-	-	-	-	-	-	-	-
Operations with foreign banks	-	-	-	-	-	-	-	-
Operations with other domestic entities								
Repurchase contracts	-	111,981	1,670	378	-	-	-	114,029
Securities lending rights	-	-	-	-	-	-	-	-
Transactions with other entities abroad	-	-	-	-	-	-	-	-
Accumulated impairment of financial assets at amortized cost - Rights from resale agreements and securities lending								
Financial assets without a significant increase in credit risk since initial recognition (stage 1)	-	(12)	-	-	-	-	-	(12)
Financial assets with a significant increase in credit risk since initial recognition , but without credit impairment (stage 2)	-	-	-	-	-	-	-	-
Financial assets with credit impairment (stage 3)	-	-	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>111,969</b>	<b>1,670</b>	<b>378</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>114,017</b>

As at December 31, 2022	On-demand MCh\$	Up to 1 month MCh\$	More than 1 up to 3 months MCh\$	More than 3 up to 12 months MCh\$	More than 1 up to 3 years MCh\$	More than 3 up to 5 years MCh\$	More than 5 year MCh\$	Total MCh\$
Operations with domestic banks	-	-	-	-	-	-	-	-
Operations with foreign banks	-	-	-	-	-	-	-	-
Operations with other domestic entities								
Repurchase contracts	-	208,561	6,998	-	-	-	-	215,559
Securities lending rights	-	1,426	-	-	-	-	-	1,426
Transactions with other entities abroad	-	-	-	-	-	-	-	-
Accumulated impairment of financial assets at amortized cost - Rights from resale agreements and securities lending								
Financial assets without a significant increase in credit risk since initial recognition (stage 1)	-	(9)	-	-	-	-	-	(9)
Financial assets with a significant increase in credit risk since initial recognition , but without credit impairment (stage 2)	-	-	-	-	-	-	-	-
Financial assets with credit impairment (stage 3)	-	-	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>209,978</b>	<b>6,998</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>216,976</b>

# SCOTIABANK CHILE AND SUBSIDIARIES

Notes to the Interim Consolidated Financial Statements

As at March 31, 2023 and 2022 and December 31, 2022

The reconciliation of the changes in the caption "Rights under resale agreements and securities lending agreements" is presented below:

	Stage 1		Stage 2		Stage 3		Total	
	Book Value	Expected Credit Losses	Book Value	Expected Credit Losses	Book Value	Expected Credit Losses	Book Value	Expected Credit Losses
	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$
<b>Balance as at January 1, 2023</b>	216,985	(9)	-	-	-	-	216,985	(9)
New assets originated or purchased	1,975,144	(12)	-	-	-	-	1,975,144	(12)
Payments and written-off assets	(2,081,450)	9	-	-	-	-	(2,081,450)	9
Transfers to stage 1	-	-	-	-	-	-	-	-
Transfers to stage 2	-	-	-	-	-	-	-	-
Transfers to stage 3	-	-	-	-	-	-	-	-
Impact on ECL of transfers	-	-	-	-	-	-	-	-
Rebates on discounts	-	-	-	-	-	-	-	-
Accrued interest	3,350	-	-	-	-	-	3,350	-
Year-end remeasurements Expected Credit Losses	-	-	-	-	-	-	-	-
Changes in assumptions	-	-	-	-	-	-	-	-
Exchange rate adjustments	-	-	-	-	-	-	-	-
<b>Balance as at March 31, 2023</b>	<b>114,029</b>	<b>(12)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>114,029</b>	<b>(12)</b>

	Stage 1		Stage 2		Stage 3		Total	
	Book Value	Expected Credit Losses	Book Value	Expected Credit Losses	Book Value	Expected Credit Losses	Book Value	Expected Credit Losses
	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$
<b>Balance as at January 1, 2022</b>	120,796	(5)	-	-	-	-	120,796	(5)
New assets originated or purchased	9,028,570	(11)	-	-	-	-	9,028,570	(11)
Payments and written-off assets	(8,947,973)	7	-	-	-	-	(8,947,973)	7
Transfers to stage 1	-	-	-	-	-	-	-	-
Transfers to stage 2	-	-	-	-	-	-	-	-
Transfers to stage 3	-	-	-	-	-	-	-	-
Impact on ECL of transfers	-	-	-	-	-	-	-	-
Rebates on discounts	-	-	-	-	-	-	-	-
Accrued interest	15,592	-	-	-	-	-	15,592	-
Year-end remeasurements Expected Credit Losses	-	-	-	-	-	-	-	-
Changes in assumptions	-	-	-	-	-	-	-	-
Exchange rate adjustments	-	-	-	-	-	-	-	-
<b>Balance as at December 31, 2022</b>	<b>216,985</b>	<b>(9)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>216,985</b>	<b>(9)</b>

## b) Financial debt securities

As at March 31, 2023 and December 31, 2022, the Bank has no debt financial instruments at amortized cost.



# SCOTIABANK CHILE AND SUBSIDIARIES

Notes to the Interim Consolidated Financial Statements

As at March 31, 2023 and 2022 and December 31, 2022

## c) Detail of "Loans and advances to banks" and "Loans and advances to customers "

### i) Loans and advances to banks

Loans and advances to banks As at March 31, 2023 (In MCh\$)	Financial assets before provisions				Allowances constituted				Net financial asset
	Regular Portfolio	Substandard Portfolio	Default Portfolio	Total	Regular Portfolio	Substandard Portfolio	Default Portfolio	Total	
	Individual evaluation	Individual evaluation	Individual evaluation		Individual evaluation	Individual evaluation	Individual evaluation		
Domestic Banks	-	-	-	-	-	-	-	-	-
Liquidity interbank loans	-	-	-	-	-	-	-	-	-
Commercial interbank loans	-	-	-	-	-	-	-	-	-
Overdrafts on checking accounts	-	-	-	-	-	-	-	-	-
Foreign trade loans Chilean exports	-	-	-	-	-	-	-	-	-
Foreign trade loans Chilean imports	-	-	-	-	-	-	-	-	-
Foreign trade loans between third countries	-	-	-	-	-	-	-	-	-
Non-transferable deposits in local banks	-	-	-	-	-	-	-	-	-
Other debts with local banks	-	-	-	-	-	-	-	-	-
Foreign Banks	39,616	-	-	39,616	(17)	-	-	(17)	39,599
Liquidity interbank loans	-	-	-	-	-	-	-	-	-
Commercial interbank loans	-	-	-	-	-	-	-	-	-
Overdrafts on checking accounts	-	-	-	-	-	-	-	-	-
Foreign trade loans Chilean exports	39,616	-	-	39,616	(17)	-	-	(17)	39,599
Foreign trade loans Chilean imports	-	-	-	-	-	-	-	-	-
Foreign trade loans between third countries	-	-	-	-	-	-	-	-	-
Deposits in checking accounts in foreign banks due to derivative operations	-	-	-	-	-	-	-	-	-
Other non-transferable deposits in foreign banks	-	-	-	-	-	-	-	-	-
Other loans with foreign banks	-	-	-	-	-	-	-	-	-
Subtotal local and foreign banks	39,616	-	-	39,616	(17)	-	-	(17)	39,599
Banco Central de Chile	200,122	-	-	200,122	-	-	-	-	200,122
Checking accounts deposits for derivative transactions with a central counterparty	-	-	-	-	-	-	-	-	-
Other deposits not available	-	-	-	-	-	-	-	-	-
Other loans	200,122	-	-	200,122	-	-	-	-	200,122
Central Banks abroad	-	-	-	-	-	-	-	-	-
Deposits in checking accounts in foreign banks due to derivative operations	-	-	-	-	-	-	-	-	-
Other deposits not available	-	-	-	-	-	-	-	-	-
Other loans	-	-	-	-	-	-	-	-	-
Subtotal Banco Central de Chile and Central Banks abroad	200,122	-	-	200,122	-	-	-	-	200,122
Total	239,738	-	-	239,738	(17)	-	-	(17)	239,721

# SCOTIABANK CHILE AND SUBSIDIARIES

Notes to the Interim Consolidated Financial Statements

As at March 31, 2023 and 2022 and December 31, 2022

Loans and advances to banks As at December 31, 2022 (In MCh\$)	Financial assets before provisions				Allowances constituted				Net financial asset
	Regular Portfolio	Substandard Portfolio	Default Portfolio	Total	Regular Portfolio	Substandard Portfolio	Default Portfolio	Total	
	Individual evaluation	Individual evaluation	Individual evaluation		Individual evaluation	Individual evaluation	Individual evaluation		
Domestic Banks	-	-	-	-	-	-	-	-	-
Liquidity interbank loans	-	-	-	-	-	-	-	-	-
Commercial interbank loans	-	-	-	-	-	-	-	-	-
Overdrafts on checking accounts	-	-	-	-	-	-	-	-	-
Foreign trade loans Chilean exports	-	-	-	-	-	-	-	-	-
Foreign trade loans Chilean imports	-	-	-	-	-	-	-	-	-
Foreign trade loans between third countries	-	-	-	-	-	-	-	-	-
Non-transferable deposits in local banks	-	-	-	-	-	-	-	-	-
Other debts with local banks	-	-	-	-	-	-	-	-	-
Foreign Banks	8,178	-	-	8,178	(7)	-	-	(7)	8,171
Liquidity interbank loans	-	-	-	-	-	-	-	-	-
Commercial interbank loans	-	-	-	-	-	-	-	-	-
Overdrafts on checking accounts	-	-	-	-	-	-	-	-	-
Foreign trade loans Chilean exports	8,178	-	-	8,178	(7)	-	-	(7)	8,171
Foreign trade loans Chilean imports	-	-	-	-	-	-	-	-	-
Foreign trade loans between third countries	-	-	-	-	-	-	-	-	-
Deposits in checking accounts in foreign banks due to derivative operations	-	-	-	-	-	-	-	-	-
Other non-transferable deposits in foreign banks	-	-	-	-	-	-	-	-	-
Other loans with foreign banks	-	-	-	-	-	-	-	-	-
Subtotal local and foreign banks	8,178	-	-	8,178	(7)	-	-	(7)	8,171
Banco Central de Chile	58,659	-	-	58,659	-	-	-	-	58,659
Checking accounts deposits for derivative transactions with a central counterparty	-	-	-	-	-	-	-	-	-
Other deposits not available	-	-	-	-	-	-	-	-	-
Other loans	58,659	-	-	58,659	-	-	-	-	58,659
Central Banks abroad	-	-	-	-	-	-	-	-	-
Deposits in checking accounts in foreign banks due to derivative operations	-	-	-	-	-	-	-	-	-
Other deposits not available	-	-	-	-	-	-	-	-	-
Other loans	-	-	-	-	-	-	-	-	-
Subtotal Banco Central de Chile and Central Banks abroad	58,659	-	-	58,659	-	-	-	-	58,659
Total	66,837	-	-	66,837	(7)	-	-	(7)	66,830

# SCOTIABANK CHILE AND SUBSIDIARIES

## Notes to the Interim Consolidated Financial Statements

As at March 31, 2023 and 2022 and December 31, 2022

### ii) Loans and advances to customers

Loans and accounts receivable from customers As at March 31, 2023 (in MCh\$)	Financial assets before provisions						Allowances constituted						Subtotal	Deductible guarantees FOGAPE Covid-19	Total	Net Financial Asset	
	Regular Portfolio Evaluation		Substandard Portfolio Evaluation		Default Portfolio Evaluation		Total	Regular Portfolio Evaluation		Substandard Portfolio Evaluation		Default Portfolio Evaluation					
	Individual	Group	Individual	Individual	Group	Individual		Group	Individual	Individual	Group	Individual					Group
Commercial Loans																	
Commercial loans	9,912,183	1,194,877	394,866	210,685	113,425	11,826,036	(57,509)	(10,703)	(28,557)	(87,253)	(27,849)	(211,871)	(15,965)	(227,836)			
Foreign trade loans Chilean exports	1,035,714	345	2,226	13,332	-	1,051,617	(10,352)	(10)	(317)	(10,598)	-	(21,277)	-	(21,277)			
Foreign trade loans Chilean imports	375,611	1,535	7,157	1,823	101	386,227	(8,173)	(50)	(976)	(1,525)	(58)	(10,782)	-	(10,782)			
Foreign trade loans between third countries	538	-	-	-	-	538	(31)	-	-	-	-	(31)	-	(31)			
Debtors in checking accounts	43,934	12,665	2,642	2,698	2,574	64,513	(744)	(372)	(481)	(1,481)	(1,433)	(4,511)	-	(4,511)			
Credit card debtors	5,752	6,492	823	29	101	13,197	(203)	(253)	(140)	(18)	(57)	(671)	-	(671)			
Factoring operations	248,277	751	105	1,413	168	250,714	(2,431)	(19)	(15)	(894)	(60)	(3,419)	-	(3,419)			
Commercial financial leasing operations	743,414	32,364	30,686	15,873	2,095	824,432	(3,437)	(737)	(997)	(3,734)	(548)	(9,453)	(294)	(9,747)			
Student loans	-	583,466	-	-	95,139	678,605	-	(10,416)	-	-	(11,901)	(22,317)	-	(22,317)			
Other loans and accounts receivable	436	275	487	2,637	26	3,861	(1)	(10)	(100)	(1,271)	(12)	(1,394)	-	(1,394)			
Subtotal	12,365,859	1,832,770	438,992	248,490	213,629	15,099,740	(82,881)	(22,570)	(31,583)	(106,774)	(41,918)	(285,726)	(16,259)	(301,985)		14,797,755	
Mortgage Loans																	
Loans with letters of credit	-	73,805	-	-	9,092	82,897	-	(99)	-	-	(193)	(292)	-	(292)			
Loans with endorsable mortgage mutuels	-	34,866	-	-	2,591	37,457	-	(16)	-	-	(17)	(33)	-	(33)			
Loans with mutual funds financed with mortgage bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
Other loans with mutual funds for housing	-	13,204,546	-	-	313,322	13,517,868	-	(26,905)	-	-	(12,531)	(39,436)	-	(39,436)			
Financial leasing operations for housing	-	35,768	-	-	3,065	38,833	-	(247)	-	-	(408)	(655)	-	(655)			
Other loans and accounts receivable	-	74,721	-	-	4,052	78,773	-	(148)	-	-	(130)	(278)	-	(278)			
Subtotal	-	13,423,706	-	-	332,122	13,755,828	-	(27,415)	-	-	(13,279)	(40,694)	-	(40,694)		13,715,134	
Consumer Loans																	
Consumer loans in installments	-	1,431,069	-	-	125,678	1,556,747	-	(48,979)	-	-	(54,983)	(103,962)	-	(103,962)			
Checking accounts debtors	-	70,555	-	-	6,738	77,293	-	(1,581)	-	-	(2,292)	(3,873)	-	(3,873)			
Credit card debtors	-	2,064,443	-	-	167,686	2,232,129	-	(104,440)	-	-	(66,183)	(170,623)	-	(170,623)			
Consumer financial leasing operations	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
Other loans and accounts receivable	-	370	-	-	3	373	-	(6)	-	-	-	(6)	-	(6)			
Subtotal	-	3,566,437	-	-	300,105	3,866,542	-	(155,006)	-	-	(123,458)	(278,464)	-	(278,464)		3,588,078	
Total	12,365,859	18,822,913	438,992	248,490	845,856	32,722,110	(82,881)	(204,991)	(31,583)	(106,774)	(178,655)	(604,884)	(16,259)	(621,143)		32,100,967	

# SCOTIABANK CHILE AND SUBSIDIARIES

## Notes to the Interim Consolidated Financial Statements

As at March 31, 2023 and 2022 and December 31, 2022

Loans and accounts receivable from customers As at December 31, 2022 (in MCh\$)	Financial assets before provisions						Allowances constituted						Deductible guarantees FOGAPE Covid-19	Total	Net Financial Asset		
	Regular Portfolio Evaluation		Substandard Portfolio Evaluation		Default Portfolio Evaluation		Total	Regular Portfolio Evaluation		Substandard Portfolio Evaluation		Default Portfolio Evaluation				Subtotal	
	Individual	Group	Individual	Individual	Group	Individual		Group	Individual	Individual	Group						
Commercial Loans																	
Commercial loans	10,471,915	1,221,484	396,706	199,642	103,326	12,393,073	(60,325)	(11,284)	(30,141)	(85,081)	(25,033)	(211,864)	(16,249)	(228,113)			
Foreign trade loans Chilean exports	955,336	172	1,282	14,156	-	970,946	(10,132)	(5)	(179)	(11,088)	-	(21,404)	-	(21,404)			
Foreign trade loans Chilean imports	486,394	1,703	5,914	1,608	151	495,770	(10,389)	(66)	(512)	(1,324)	(80)	(12,371)	-	(12,371)			
Foreign trade loans between third countries	1,171	-	-	-	-	1,171	(52)	-	-	-	-	(52)	-	(52)			
Debtors in checking accounts	44,441	11,798	2,194	2,374	2,140	62,947	(720)	(345)	(374)	(1,574)	(1,186)	(4,199)	-	(4,199)			
Credit card debtors	4,871	6,239	797	43	88	12,038	(192)	(244)	(130)	(21)	(49)	(636)	-	(636)			
Factoring operations	245,584	714	321	1,313	145	248,077	(2,943)	(39)	(45)	(738)	(52)	(3,817)	-	(3,817)			
Commercial financial leasing operations	763,386	33,185	24,989	16,777	1,817	840,154	(3,524)	(821)	(1,005)	(3,920)	(469)	(9,739)	(308)	(10,047)			
Student loans	-	607,145	-	-	93,250	700,395	-	(11,958)	-	-	(11,666)	(23,624)	-	(23,624)			
Other loans and accounts receivable	332	290	22	705	27	1,376	(2)	(13)	(2)	(479)	(13)	(509)	-	(509)			
Subtotal	12,973,430	1,882,730	432,225	236,618	200,944	15,725,947	(88,279)	(24,775)	(32,388)	(104,225)	(38,548)	(288,215)	(16,557)	(304,772)		15,421,175	
Mortgage Loans																	
Loans with letters of credit	-	76,489	-	-	9,013	85,502	-	(101)	-	-	(192)	(293)	-	(293)			
Loans with endorsable mortgage mutuals	-	36,150	-	-	2,683	38,833	-	(16)	-	-	(19)	(35)	-	(35)			
Loans with mutual funds financed with mortgage bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
Other loans with mutual funds for housing	-	13,051,247	-	-	289,981	13,341,228	-	(27,027)	-	-	(11,480)	(38,507)	-	(38,507)			
Financial leasing operations for housing	-	36,366	-	-	3,503	39,869	-	(195)	-	-	(353)	(548)	-	(548)			
Other loans and accounts receivable	-	74,997	-	-	3,712	78,709	-	(150)	-	-	(117)	(267)	-	(267)			
Subtotal	-	13,275,249	-	-	308,892	13,584,141	-	(27,489)	-	-	(12,161)	(39,650)	-	(39,650)		13,544,491	
Consumer Loans																	
Consumer loans in installments	-	1,494,587	-	-	111,697	1,606,284	-	(50,717)	-	-	(47,427)	(98,144)	-	(98,144)			
Checking accounts debtors	-	70,675	-	-	5,621	76,296	-	(1,537)	-	-	(1,919)	(3,456)	-	(3,456)			
Credit card debtors	-	2,034,104	-	-	141,606	2,175,710	-	(94,620)	-	-	(55,880)	(150,500)	-	(150,500)			
Consumer financial leasing operations	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
Other loans and accounts receivable	-	400	-	-	6	406	-	(9)	-	-	(1)	(10)	-	(10)			
Subtotal	-	3,599,766	-	-	258,930	3,858,696	-	(146,883)	-	-	(105,227)	(252,110)	-	(252,110)		3,606,586	
Total	12,973,430	18,757,745	432,225	236,618	768,766	33,168,784	(88,279)	(199,147)	(32,388)	(104,225)	(155,936)	(579,975)	(16,557)	(596,532)		32,572,252	

## SCOTIABANK CHILE AND SUBSIDIARIES

### Notes to the Interim Consolidated Financial Statements

As at March 31, 2023 and 2022 and December 31, 2022

#### iii) Contingent loans

Exposure to credit risk for contingent loans	Exposure for contingent loans before provisions								Allowances constituted						Net exposure for credit risk of contingent loans
	Regular Portfolio		Substandard Portfolio		Default Portfolio		Total	Regular Portfolio		Substandard Portfolio		Default Portfolio		Total	
	Evaluation	Group	Evaluation	Group	Evaluation	Group		Evaluation	Group	Evaluation	Group	Evaluation	Group		
As at March 31, 2023 (in MCh\$)	Individual	Group	Individual	Group	Individual	Group	Total	Individual	Group	Individual	Group	Individual	Group	Total	
Guarantees and Sureties	678,057	-	-	-	1,173	-	679,230	(1,363)	-	-	-	(65)	-	(1,428)	677,802
Letters of credit for merchandise circulation operations	16,391	4	-	67	-	-	16,462	(277)	-	-	-	-	-	(277)	16,185
Debt purchase commitments in local currency abroad	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transactions related to contingent events	310,333	230	26,612	4,476	2	2	341,653	(2,773)	(4)	(2,160)	(3,588)	(1)	(8,526)	333,127	
Lines of credit of free disposal of immediate cancellation	66,147	515,399	462	155	22,010	-	604,173	(409)	(5,905)	(66)	(111)	(7,039)	(13,530)	590,643	
Lines of credit of free disposal	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Loans for senior studies Law No. 20027 (CAE)	-	3,351	-	-	-	-	3,351	-	(51)	-	-	-	-	(51)	3,300
Other irrevocable loan commitments	66,912	-	-	-	-	-	66,912	(1,248)	-	-	-	-	-	(1,248)	65,664
Other contingent loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal	1,137,840	518,984	27,141	5,804	22,012	-	1,711,781	(6,070)	(5,960)	(2,226)	(3,764)	(7,040)	(25,060)	1,686,721	

Exposure to credit risk for contingent loans	Exposure for contingent loans before provisions							Allowances constituted							Net exposure for credit risk of contingent loans
	Regular Portfolio Evaluation	Substandard Portfolio		Default Portfolio		Total	Regular Portfolio Evaluation	Substandard Portfolio		Default Portfolio		Total			
		Individual	Group	Individual	Group			Individual	Group	Individual	Group		Individual	Group	
As at December 31, 2022 (in MCh\$)	Individual	Group	Evaluation Individual	Individual	Evaluation Group	Group	Individual	Individual	Group	Evaluation Individual	Individual	Evaluation Group	Group		
Guarantees and Sureties	690,063	-	-	-	1,771	-	691,834	(1,445)	-	-	-	(80)	-	(1,525)	690,309
Letters of credit for merchandise circulation operations	25,166	-	-	92	-	-	25,258	(282)	-	-	(3)	-	-	(285)	24,973
Debt purchase commitments in local currency abroad	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transactions related to contingent events	334,078	294	27,531	5,980	-	-	367,883	(2,805)	(5)	(2,647)	(3,758)	-	-	(9,215)	358,668
Lines of credit of free disposal of immediate cancellation	67,477	516,668	406	413	21,339	-	606,303	(404)	(6,035)	(56)	(65)	(7,072)	(13,632)	592,671	
Lines of credit of free disposal	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Loans for senior studies Law No. 20027 (CAE)	-	3,544	-	-	-	-	3,544	-	(54)	-	-	-	-	(54)	3,490
Other irrevocable loan commitments	76,249	-	-	-	-	-	76,249	(784)	-	-	-	-	-	(784)	75,465
Other contingent loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal	1,193,033	520,506	28,029	8,164	21,339	-	1,771,071	(5,720)	(6,094)	(2,706)	(3,903)	(7,072)	(25,495)	1,745,576	

**SCOTIABANK CHILE AND SUBSIDIARIES**

Notes to the Interim Consolidated Financial Statements

As at March 31, 2023 and 2022 and December 31, 2022

**d) Summary of changes in allowances recorded under "Loans and advances to banks" and "Loans and advances to customers."**
**i) Loans and advances to banks**

Summary of movement in provisions constituted by category of credit risk in the period As at March 31, 2023 (in MCh\$)	Movement in provisions constituted by category in the period			
	Regular Portfolio	Individual evaluation Substandard Portfolio	Default Portfolio	Total
<b>Owed by Banks</b>				
<b>Balance as at January 1, 2023</b>	7	-	-	7
<b>Constitution / (release ) of provisions for:</b>				
Change in measurement without portfolio reclassification during the period	(3)	-	-	(3)
Change in measurement due to portfolio reclassification from the beginning to the end of the portfolio period from 1/1/2023 to 3/31/2023				
Regular individual up to Substandard	-	-	-	-
Regular individual up to Individual default	-	-	-	-
Substandard up to individual default	-	-	-	-
Substandard up to regular individual	-	-	-	-
Individual default up to substandard	-	-	-	-
Individual default up to individual regular	-	-	-	-
New originated loans	17	-	-	17
New loans for conversion from contingent to loan	-	-	-	-
New loans purchased	-	-	-	-
Sale or transfers of loans	-	-	-	-
Payment of loans	(4)	-	-	(4)
Application of provisions due to write-offs	-	-	-	-
Recovery of written-off loans	-	-	-	-
Exchange differences	-	-	-	-
Other changes in provisions	-	-	-	-
<b>Balance as at March 31, 2023</b>	17	-	-	17

Summary of movement in provisions constituted by category of credit risk in the period As at December 31, 2022 (in MCh\$)	Movement in provisions constituted by category in the period			
	Regular Portfolio	Individual evaluation Substandard Portfolio	Default Portfolio	Total
<b>Owed by Banks</b>				
<b>Balance as at January 1, 2022</b>	2	-	-	2
<b>Constitution / (release ) of provisions for:</b>				
Change in measurement without portfolio reclassification during the period	(6)	-	-	(6)
Change in measurement due to portfolio reclassification from the beginning to the end of the portfolio period from 1/1/2022 to 12/31/2022				
Regular individual up to Substandard	-	-	-	-
Regular individual up to Individual default	-	-	-	-
Substandard up to individual default	-	-	-	-
Substandard up to regular individual	-	-	-	-
Individual default up to substandard	-	-	-	-
Individual default up to individual regular	-	-	-	-
New originated loans	21	-	-	21
New loans for conversion from contingent to loan	-	-	-	-
New loans purchased	-	-	-	-
Sale or transfers of loans	(9)	-	-	(9)
Payment of loans	-	-	-	-
Application of provisions due to write-offs	-	-	-	-
Recovery of written-off loans	(1)	-	-	(1)
Exchange differences	-	-	-	-
Other changes in provisions	-	-	-	-
<b>Balance as at December 31, 2022</b>	7	-	-	7

**SCOTIABANK CHILE AND SUBSIDIARIES**  
Notes to the Interim Consolidated Financial Statements  
As at March 31, 2023 and 2022 and December 31, 2022

**ii) Commercial loans**

Summary of the movement in provisions constituted by category of credit risk in the period	Movement in provisions constituted by portfolio in the period								
	As at March 31, 2023  (in MCh\$)	Regular Portfolio		Substandard Portfolio	Default Portfolio		Subtotal	Deductible guarantees FOGAPE Covid-19	Total
		Evaluation Individual	Group		Evaluation Individual	Group			
Commercial loans									
Balance as at January 1, 2023	88,279	24,775	32,388	104,225	38,548	288,215	16,557	304,772	
Constitution / (release) of provisions for:									
Change in measurement without portfolio reclassification during the period	1,938	3,067	3,921	4,511	4,611	18,048	(155)	17,893	
Change in measurement due to portfolio reclassification from the beginning to the end of the portfolio period from 1/1/2023 to 3/31/2023									
Regular individual up to substandard	(1,508)	-	3,344	-	-	1,836	-	1,836	
Regular individual up to individual default	(36)	-	-	1,533	-	1,497	-	1,497	
Substandard up to individual default	-	-	(2,126)	7,411	-	5,285	-	5,285	
Substandard up to regular individual	62	-	(115)	-	-	(53)	-	(53)	
Individual default up to Substandard	-	-	-	-	-	-	-	-	
Individual default up to regular individual	-	-	-	-	-	-	-	-	
Regular group up to default group	-	(3,761)	-	-	8,646	4,885	-	4,885	
Group default up to group regular	-	182	-	-	(1,983)	(1,801)	-	(1,801)	
Individual (regular, substandard, default) up to group (regular, default)	(7)	-	-	-	-	(7)	-	(7)	
Group (regular, default) up to Individual (regular, substandard ,default)	360	(205)	86	1	(30)	212	-	212	
New originated loans	24,639	1,228	2,273	1,527	1,339	31,006	7	31,013	
New loans for conversion from contingent to loan	670	364	125	23	117	1,299	-	1,299	
New loans purchased	-	-	-	-	-	-	-	-	
Sale or transfers of loans	-	(749)	-	-	(4)	(753)	-	(753)	
Payment of loans	(28,839)	(2,325)	(8,048)	(1,550)	(1,929)	(42,691)	(138)	(42,829)	
Application of provisions due to write-offs	-	(5)	-	(8,398)	(7,390)	(15,793)	(12)	(15,805)	
Recovery of written-off loans	-	3	-	-	-	3	-	3	
Changes in models and methodologies	-	-	-	-	-	-	-	-	
Exchange differences	(2,677)	(4)	(265)	(2,509)	(7)	(5,462)	-	(5,462)	
Other changes in provisions	-	-	-	-	-	-	-	-	
Balance as at March 31, 2023	82,881	22,570	31,583	106,774	41,918	285,726	16,259	301,985	

Summary of the movement in provisions constituted by category of credit risk in the period As at December 31, 2022 (in MCh\$)	Movement in provisions constituted by portfolio in the period							
	Regular Portfolio Evaluation		Substandard Portfolio	Default Portfolio Evaluation		Subtotal	Deductible guarantees FOGAPE Covid-19	Total
	Individual	Group		Individual	Group			
Commercial loans								
Balance as at January 1, 2022	86,464	21,149	23,066	66,836	34,499	232,014	17,727	249,741
Constitution / (release) of provisions for:								
Change in measurement without portfolio reclassification during the period	(65,932)	16,366	(3,290)	(40,194)	25,471	(67,579)	(195)	(67,774)
Change in measurement due to portfolio reclassification from the beginning to the end of the portfolio period from 1/1/2022 to 12/31/2022								
Regular individual up to substandard	(5,683)	-	14,932	-	-	9,249	1	9,250
Regular individual up to individual default	(273)	-	-	2,740	-	2,467	-	2,467
Substandard up to individual default	-	-	(14,065)	47,281	-	33,216	-	33,216
Substandard up to regular individual	979	-	(1,567)	-	-	(588)	-	(588)
Individual default up to Substandard	-	-	69	(3)	-	66	-	66
Individual default up to regular individual	-	-	-	-	-	-	-	-
Regular group up to default group	-	(11,371)	-	-	24,090	12,719	(1)	12,718
Group default up to group regular	-	619	-	-	(6,356)	(5,737)	-	(5,737)
Individual (regular, substandard, default) up to group (regular, default)	(98)	22	(34)	(62)	-	(172)	-	(172)
Group (regular, default) up to Individual (regular, substandard ,default)	2,906	(1,007)	401	525	(505)	2,320	-	2,320
New originated loans	192,572	7,623	30,887	64,410	3,146	298,638	174	298,812
New loans for conversion from contingent to loan	1,900	1,334	287	48	282	3,851	-	3,851
New loans purchased	-	-	-	-	-	-	-	-
Sale or transfers of loans	-	(1,723)	-	-	(5)	(1,728)	-	(1,728)
Payment of loans	(122,673)	(8,217)	(18,390)	(15,810)	(7,219)	(172,309)	(546)	(172,855)
Application of provisions due to write-offs	-	(51)	-	(19,290)	(34,856)	(54,197)	(603)	(54,800)
Recovery of written-off loans	-	29	-	-	1	30	-	30
Changes in models and methodologies	-	-	-	-	-	-	-	-
Exchange differences	(1,883)	2	92	(2,256)	-	(4,045)	-	(4,045)
Other changes in provisions	-	-	-	-	-	-	-	-
Balance as at December 31, 2022	88,279	24,775	32,388	104,225	38,548	288,215	16,557	304,772



# SCOTIABANK CHILE AND SUBSIDIARIES

Notes to the Interim Consolidated Financial Statements

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## iii) Mortgage loans

Summary of the movement in provisions constituted by category of credit risk in the period As at March 31, 2023 (in MCh\$)	Movement in provisions constituted by portfolio in the period		
	Group evaluation		Total
	Regular Portfolio	Default Portfolio	

<b>Mortgage loans</b>			
<b>Balance as at January 1, 2023</b>	<b>27,489</b>	<b>12,161</b>	<b>39,650</b>
<b>Constitution/(release) of provisions due to:</b>			
Change in measurement without portfolio reclassification during the period	2,386	946	3,332
Change in measurement due to portfolio reclassification from the beginning to the end of the portfolio period from 1/1/2023 to 3/31/2023			
Group regular up to group default	(2,406)	3,217	811
Group default up to group regular	56	(599)	(543)
New originated loans	482	-	482
New loans purchased	-	-	-
Sale or transfers of loans	-	-	-
Payment of loans	(592)	(467)	(1,059)
Application of provisions due to write-offs	-	(1,979)	(1,979)
Recovery of written-off loans	-	-	-
Changes in models and methodologies	-	-	-
Exchange differences	-	-	-
Other changes in provisions	-	-	-
<b>Balance as at March 31, 2023</b>	<b>27,415</b>	<b>13,279</b>	<b>40,694</b>

Summary of the movement in provisions constituted by category of credit risk in the period As at December 31, 2022 (in MCh\$)	Movement in provisions constituted by portfolio in the period		
	Group evaluation		Total
	Regular Portfolio	Default Portfolio	

<b>Mortgage loans</b>			
<b>Balance as at January 1, 2022</b>	<b>23,266</b>	<b>12,333</b>	<b>35,599</b>
<b>Constitution/(release) of provisions due to:</b>			
Change in measurement without portfolio reclassification during the period	9,835	2,739	12,574
Change in measurement due to portfolio reclassification from the beginning to the end of the portfolio period from 1/1/2022 to 12/31/2022			
Group regular up to group default	(6,311)	7,911	1,600
Group default up to group regular	175	(1,734)	(1,559)
New originated loans	2,660	101	2,761
New loans purchased	-	-	-
Sale or transfers of loans	-	-	-
Payment of loans	(2,104)	(1,831)	(3,935)
Application of provisions due to write-offs	(36)	(7,358)	(7,394)
Recovery of written-off loans	4	-	4
Changes in models and methodologies	-	-	-
Exchange differences	-	-	-
Other changes in provisions	-	-	-
<b>Balance as at December 31, 2022</b>	<b>27,489</b>	<b>12,161</b>	<b>39,650</b>

# SCOTIABANK CHILE AND SUBSIDIARIES

Notes to the Interim Consolidated Financial Statements

As at March 31, 2023 and 2022 and December 31, 2022

## iv) Consumer loans

Summary of the movement in provisions constituted by category of credit risk in the period As at March 31, 2023 (in MCh\$)	Movement in provisions constituted by portfolio in the period		
	Group evaluation		Total
	Regular Portfolio	Default Portfolio	
<b>Consumer loans</b>			
<b>Balance as at January 1, 2023</b>	<b>146,883</b>	<b>105,227</b>	<b>252,110</b>
<b>Constitution/(release) of provisions due to:</b>			
Change in measurement without portfolio reclassification during the period	38,284	42,462	<b>80,746</b>
Change in measurement due to portfolio reclassification from the beginning to the end of the portfolio period from 1/1/2023 to 3/31/2023			
Group regular up to group default	(27,415)	50,181	<b>22,766</b>
Group default up to group regular	2,767	(7,602)	<b>(4,835)</b>
New originated loans	4,013	9,884	<b>13,897</b>
New loans for conversion from contingent to loan	16,429	2,392	<b>18,821</b>
New loans purchased	-	-	-
Sale or transfers of loans	-	-	-
Payment of loans	(25,964)	(11,112)	<b>(37,076)</b>
Application of provisions due to write-offs	(49)	(67,971)	<b>(68,020)</b>
Recovery of written-off loans	80	-	<b>80</b>
Changes in models and methodologies	-	-	-
Exchange differences	(22)	(3)	<b>(25)</b>
Other changes in provisions	-	-	-
<b>Balance as at March 31, 2023</b>	<b>155,006</b>	<b>123,458</b>	<b>278,464</b>

Summary of the movement in provisions constituted by category of credit risk in the period As at December 31, 2022 (in MCh\$)	Movement in provisions constituted by portfolio in the period		
	Group evaluation		Total
	Regular Portfolio	Default Portfolio	
<b>Consumer loans</b>			
<b>Balance as at January 1, 2022</b>	<b>100,590</b>	<b>59,225</b>	<b>159,815</b>
<b>Constitution/(release) of provisions due to:</b>			
Change in measurement without portfolio reclassification during the period	68,361	131,108	<b>199,469</b>
Change in measurement due to portfolio reclassification from the beginning to the end of the portfolio period from 1/1/2022 to 12/31/2022			
Group regular up to group default	(36,224)	94,368	<b>58,144</b>
Group default up to group regular	4,394	(14,959)	<b>(10,565)</b>
New originated loans	29,159	27,044	<b>56,203</b>
New loans for conversion from contingent to loan	73,604	7,011	<b>80,615</b>
New loans purchased	-	-	-
Sale or transfers of loans	-	-	-
Payment of loans	(93,355)	(31,359)	<b>(124,714)</b>
Application of provisions due to write-offs	(130)	(167,245)	<b>(167,375)</b>
Recovery of written-off loans	483	33	<b>516</b>
Changes in models and methodologies	-	-	-
Exchange differences	1	1	<b>2</b>
Other changes in provisions	-	-	-
<b>Balance as at December 31, 2022</b>	<b>146,883</b>	<b>105,227</b>	<b>252,110</b>

# SCOTIABANK CHILE AND SUBSIDIARIES

Notes to the Interim Consolidated Financial Statements

As at March 31, 2023 and 2022 and December 31, 2022

## v) Contingent loans

Summary of the movement in provisions constituted by category of credit risk in the period As at March 31, 2023 (in MCh\$)	Movement in provisions constituted by portfolio in the period					Total
	Regular Portfolio Evaluation		Substandard Portfolio	Default Portfolio Evaluation		
	Individual	Group		Individual	Group	
Exposure by contingent loans						
Balance as at January 1, 2023	5,720	6,094	2,706	3,903	7,072	25,495
Constitution/(release) of provisions due to:						
Change in measurement without portfolio reclassification during the period	63	8,052	(469)	(671)	(1,014)	5,961
Change in measurement due to portfolio reclassification from the beginning to the end of the portfolio period from 1/1/2023 to 3/31/2023	-	-	-	-	-	-
Regular individual up to substandard	(48)	-	83	-	-	35
Regular individual up to individual default	(4)	-	-	335	-	331
Substandard up to individual default	-	-	(4)	92	-	88
Substandard up to regular individual	1	-	(1)	-	-	-
Individual default up to Substandard	-	-	-	-	-	-
Individual default up to Regular Individual	-	-	-	-	-	-
Regular group up to group default	-	(232)	-	-	4,883	4,651
Group default up to Regular Group	-	55	-	-	(1,416)	(1,361)
Individual (regular, substandard, default) up to Group (regular, default)	-	-	-	-	-	-
Group (regular, default) up to individual (regular, substandard, default)	9	(4)	4	-	-	9
New contingent loans granted	1,189	382	23	134	23	1,751
Contingent loans due to conversion to loans	(684)	(8,387)	(108)	(24)	(2,508)	(11,711)
Changes in models and methodologies	-	-	-	-	-	-
Exchange differences	(176)	-	(8)	(5)	-	(189)
Other changes in provisions	-	-	-	-	-	-
Balance as at March 31, 2023	6,070	5,960	2,226	3,764	7,040	25,060

Summary of the movement in provisions constituted by category of credit risk in the period As at December 31, 2022 (in MCh\$)	Movement in provisions constituted by portfolio in the period					Total
	Regular Portfolio Evaluation		Substandard Portfolio	Default Portfolio Evaluation		
	Individual	Group		Individual	Group	
Exposure by contingent loans						
Balance as at January 1, 2022	7,113	17,124	248	1,744	4,767	30,996
Constitution/(release) of provisions due to:						
Change in measurement without portfolio reclassification during the period	(8,378)	20,347	(2,276)	(4,443)	1,657	6,907
Change in measurement due to portfolio reclassification from the beginning to the end of the portfolio period from 1/1/2022 to 12/31/2022	-	-	-	-	-	-
Regular individual up to substandard	(970)	-	1,687	-	-	717
Regular individual up to individual default	(2)	-	-	38	-	36
Substandard up to individual default	-	-	(419)	1,910	-	1,491
Substandard up to regular individual	14	-	(21)	-	-	(7)
Individual default up to Substandard	-	-	-	-	-	-
Individual default up to Regular Individual	-	-	-	-	-	-
Regular group up to group default	-	(805)	-	-	10,554	9,749
Group default up to Regular Group	-	158	-	-	(3,934)	(3,776)
Individual (regular, substandard, default) up to Group (regular, default)	(2)	-	-	-	-	(2)
Group (regular, default) up to individual (regular, substandard, default)	95	(42)	4	-	(7)	50
New contingent loans granted	10,119	3,009	3,756	4,696	1,328	22,908
Contingent loans due to conversion to loans	(2,112)	(33,697)	(267)	(40)	(7,293)	(43,409)
Changes in models and methodologies	-	-	-	-	-	-
Exchange differences	(157)	-	(6)	(2)	-	(165)
Other changes in provisions	-	-	-	-	-	-
Balance as at December 31, 2022	5,720	6,094	2,706	3,903	7,072	25,495

# SCOTIABANK CHILE AND SUBSIDIARIES

## Notes to the Interim Consolidated Financial Statements

As at March 31, 2023 and 2022 and December 31, 2022

### e) Gross loans and allowances recorded grouped by type of debtor's economic activity and concentration of credit risk

Composition of economic activity As at March 31, 2023 (in MCh\$)	Loans and exposure to contingent loans			Loans within		Provisions constituted Sub-Total	Deductible guarantees FOGAPE Covid 19	Total
	Country	Abroad	Total	Country	Abroad			
<b>Owed by banks</b>	200,122	39,616	239,738	-	(17)	(17)	-	(17)
<b>Commercial Loans</b>								
Agriculture and Livestock	418,270	-	418,270	(12,637)	-	(12,637)	(807)	(13,444)
Sowing and harvesting of fruits	-	-	-	-	-	-	-	-
Forestry	50,613	-	50,613	(1,530)	-	(1,530)	(256)	(1,786)
Fishing	178,190	-	178,190	(3,552)	-	(3,552)	(127)	(3,679)
Mining	202,158	-	202,158	(788)	-	(788)	(252)	(1,040)
Oil and natural gas	140,356	-	140,356	(116)	-	(116)	-	(116)
Product Manufacturing Industry	-	-	-	-	-	-	-	-
Food, beverages and tobacco	669,697	-	669,697	(9,832)	-	(9,832)	(635)	(10,467)
Textile, leather and footwear	30,579	-	30,579	(6,482)	-	(6,482)	(160)	(6,642)
Wood and furniture	57,443	-	57,443	(1,113)	-	(1,113)	(268)	(1,381)
Cellulose, paper and printing	116,010	-	116,010	(2,357)	-	(2,357)	(188)	(2,545)
Chemicals and petroleum derivatives	274,284	-	274,284	(2,102)	-	(2,102)	(558)	(2,660)
Metallic, non-metallic, machinery and others	744,183	-	744,183	(12,865)	-	(12,865)	(1,364)	(14,229)
Electricity, gas and water	1,402,870	-	1,402,870	(5,600)	-	(5,600)	(50)	(5,650)
Home building	354,341	-	354,341	(5,093)	-	(5,093)	(476)	(5,569)
Non-residential constructions (office, civil works)	207,843	-	207,843	(9,972)	-	(9,972)	(774)	(10,746)
Wholesale trade	1,212,562	95,308	1,307,870	(58,770)	(104)	(58,874)	(3,902)	(62,776)
Retail trade, restaurants and hotels	416,586	57,032	473,618	(19,783)	(47)	(19,830)	(2,335)	(22,165)
Transport and storage	655,411	79,839	735,250	(9,521)	(120)	(9,641)	(1,365)	(11,006)
Telecommunications	692,213	-	692,213	(6,213)	-	(6,213)	(87)	(6,300)
Financial services	1,703,877	19,540	1,723,417	(15,907)	(16)	(15,923)	(143)	(16,066)
Business services	-	-	-	-	-	-	-	-
Real estate services	2,861,495	97,896	2,959,391	(39,522)	(88)	(39,610)	(1,595)	(41,205)
Student loans	678,605	-	678,605	(22,317)	-	(22,317)	-	(22,317)
Public administration, defense and police	19,958	-	19,958	(15)	-	(15)	-	(15)
Social services and other community services	727,296	-	727,296	(16,015)	-	(16,015)	(902)	(16,917)
Personnel services	935,285	-	935,285	(23,249)	-	(23,249)	(15)	(23,264)
<b>Subtotal</b>	<b>14,750,125</b>	<b>349,615</b>	<b>15,099,740</b>	<b>(285,351)</b>	<b>(375)</b>	<b>(285,726)</b>	<b>(16,259)</b>	<b>(301,985)</b>
<b>Mortgage loans</b>	<b>13,755,828</b>	<b>-</b>	<b>13,755,828</b>	<b>(40,694)</b>	<b>-</b>	<b>(40,694)</b>	<b>-</b>	<b>(40,694)</b>
<b>Consumer loans</b>	<b>3,866,542</b>	<b>-</b>	<b>3,866,542</b>	<b>(278,464)</b>	<b>-</b>	<b>(278,464)</b>	<b>-</b>	<b>(278,464)</b>
<b>Contingent loans exposure</b>	<b>1,711,781</b>	<b>-</b>	<b>1,711,781</b>	<b>(25,060)</b>	<b>-</b>	<b>(25,060)</b>	<b>-</b>	<b>(25,060)</b>

Composition of economic activity As at December 31, 2022 (in MCh\$)	Loans and exposure to contingent loans			Loans within		Provisions constituted Sub-Total	Deductible guarantees FOGAPE Covid 19	Total
	Country	Abroad	Total	Country	Abroad			
<b>Owed by banks</b>	58,659	8,178	66,837	-	-	(7)	-	(7)
<b>Commercial Loans</b>								
Agriculture and Livestock	463,597	-	463,597	(13,828)	-	(13,828)	(796)	(14,624)
Sowing and harvesting of fruits	-	-	-	-	-	-	-	-
Forestry	56,669	-	56,669	(1,389)	-	(1,389)	(250)	(1,639)
Fishing	121,439	-	121,439	(2,709)	-	(2,709)	(100)	(2,809)
Mining	221,049	-	221,049	(777)	-	(777)	(248)	(1,025)
Oil and natural gas	141,324	-	141,324	(117)	-	(117)	-	(117)
Product Manufacturing Industry	-	-	-	-	-	-	-	-
Food, beverages and tobacco	668,495	-	668,495	(9,846)	-	(9,846)	(644)	(10,490)
Textile, leather and footwear	32,185	-	32,185	(5,984)	-	(5,984)	(160)	(6,144)
Wood and furniture	56,213	-	56,213	(1,079)	-	(1,079)	(268)	(1,347)
Cellulose, paper and printing	84,147	-	84,147	(2,352)	-	(2,352)	(187)	(2,539)
Chemicals and petroleum derivatives	294,489	-	294,489	(2,343)	-	(2,343)	(539)	(2,882)
Metallic, non-metallic, machinery and others	731,368	-	731,368	(13,771)	-	(13,771)	(1,385)	(15,156)
Electricity, gas and water	1,389,843	-	1,389,843	(5,614)	-	(5,614)	(41)	(5,655)
Home building	326,522	-	326,522	(5,119)	-	(5,119)	(476)	(5,595)
Non-residential constructions (office, civil works)	214,688	-	214,688	(10,388)	-	(10,388)	(780)	(11,168)
Wholesale trade	1,363,105	100,132	1,463,237	(61,751)	(98)	(61,849)	(3,990)	(65,839)
Retail trade, restaurants and hotels	428,810	60,147	488,957	(18,377)	(50)	(18,427)	(2,329)	(20,756)
Transport and storage	690,189	43,239	733,428	(7,885)	(95)	(7,980)	(1,331)	(9,311)
Telecommunications	711,893	-	711,893	(6,425)	-	(6,425)	(87)	(6,512)
Financial services	2,269,807	20,517	2,290,324	(14,349)	(17)	(14,366)	(151)	(14,517)
Business services	-	-	-	-	-	-	-	-
Real estate services	2,728,044	103,644	2,831,688	(39,043)	(94)	(39,137)	(1,625)	(40,762)
Student loans	700,395	-	700,395	(23,623)	-	(23,623)	-	(23,623)
Public administration, defense and police	23,460	-	23,460	(16)	-	(16)	-	(16)
Social services and other community services	722,975	54	723,029	(18,015)	(2)	(18,017)	(934)	(18,951)
Personnel services	957,508	-	957,508	(23,059)	-	(23,059)	(236)	(23,295)
<b>Subtotal</b>	<b>15,398,214</b>	<b>327,733</b>	<b>15,725,947</b>	<b>(287,859)</b>	<b>(356)</b>	<b>(288,215)</b>	<b>(16,557)</b>	<b>(304,772)</b>
<b>Mortgage loans</b>	<b>13,584,141</b>	<b>-</b>	<b>13,584,141</b>	<b>(39,650)</b>	<b>-</b>	<b>(39,650)</b>	<b>-</b>	<b>(39,650)</b>
<b>Consumer loans</b>	<b>3,858,696</b>	<b>-</b>	<b>3,858,696</b>	<b>(252,110)</b>	<b>-</b>	<b>(252,110)</b>	<b>-</b>	<b>(252,110)</b>
<b>Contingent loans exposure</b>	<b>1,771,071</b>	<b>-</b>	<b>1,771,071</b>	<b>(25,495)</b>	<b>-</b>	<b>(25,495)</b>	<b>-</b>	<b>(25,495)</b>

**SCOTIABANK CHILE AND SUBSIDIARIES**

Notes to the Interim Consolidated Financial Statements

As at March 31, 2023 and 2022 and December 31, 2022

**f) Mortgage loans and their allowances made by outstanding loan principal owed to value of mortgage collateral and past due days, respectively.**

As at March 31, 2023		Mortgage loans (MCh\$)					Allowances constituted for Mortgage loans (MCh\$)					
		Days in arrears at the end of the period					Days in arrears at the end of the period					
Loan Tranche / Guarantee (%)	0	1 to 29	30 to 59	60 to 89	>= 90	Total	0	1 to 29	30 to 59	60 to 89	>= 90	Total
PVG <= 40%	1,045,183	35,647	17,550	10,552	18,582	1,127,514	(90)	(37)	(41)	(45)	(416)	(629)
40% < PVG <= 80%	9,509,055	235,818	105,771	52,412	110,237	10,013,293	(6,288)	(2,532)	(2,066)	(1,364)	(3,353)	(15,603)
80% < PVG <= 90%	2,370,937	38,521	14,092	7,912	11,897	2,443,359	(13,479)	(2,503)	(1,730)	(1,451)	(2,645)	(21,808)
PVG >90%	162,411	6,136	1,504	372	1,239	171,662	(1,343)	(570)	(266)	(100)	(375)	(2,654)
<b>Total</b>	<b>13,087,586</b>	<b>316,122</b>	<b>138,917</b>	<b>71,248</b>	<b>141,955</b>	<b>13,755,828</b>	<b>(21,200)</b>	<b>(5,642)</b>	<b>(4,103)</b>	<b>(2,960)</b>	<b>(6,789)</b>	<b>(40,694)</b>

As at December 31, 2022		Mortgage loans (MCh\$)					Allowances constituted for Mortgage loans (MCh\$)					
		Days in arrears at the end of the period					Days in arrears at the end of the period					
Loan Tranche / Guarantee (%)	0	1 to 29	30 to 59	60 to 89	>= 90	Total	0	1 to 29	30 to 59	60 to 89	>= 90	Total
PVG <= 40%	1,013,637	36,418	15,797	10,670	18,276	1,094,798	(91)	(39)	(39)	(42)	(361)	(572)
40% < PVG <= 80%	9,276,641	224,568	93,453	56,435	107,220	9,758,317	(5,927)	(2,365)	(1,806)	(1,473)	(3,261)	(14,832)
80% < PVG <= 90%	2,479,769	38,574	12,686	6,843	10,135	2,548,007	(14,017)	(2,548)	(1,594)	(1,235)	(2,253)	(21,647)
PVG >90%	176,560	3,378	1,331	881	869	183,019	(1,558)	(321)	(236)	(220)	(264)	(2,599)
<b>Total</b>	<b>12,946,607</b>	<b>302,938</b>	<b>123,267</b>	<b>74,829</b>	<b>136,500</b>	<b>13,584,141</b>	<b>(21,593)</b>	<b>(5,273)</b>	<b>(3,675)</b>	<b>(2,970)</b>	<b>(6,139)</b>	<b>(39,650)</b>

# SCOTIABANK CHILE AND SUBSIDIARIES

## Notes to the Interim Consolidated Financial Statements

As at March 31, 2023 and 2022 and December 31, 2022

### g) Loans and advances to banks and commercial loans with allowances for loan losses made by classification category

Concentration of debts from banks and commercial loans with their provisions constituted by classification category As at March 31, 2023										Owed by banks and Commercial Loans														Group Default		Total		Provision deductible guarantee FOGAPE Covid-19	
Regular Portfolio										Individual Substandard Portfolio				Default Portfolio						Regular portfolio		Portfolio		Total					
(in MCh\$)	A1	A2	A3	A4	A5	A6	Subtotal	B1	B2	B3	B4	Subtotal	C1	C2	C3	C4	C5	C6	Subtotal	Total									
Owed by Banks																													
Liquidity interbank loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Commercial interbank loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Overdrafts on checking accounts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Foreign trade loans - Chilean exports	32,152	7,464	-	-	-	-	39,616	-	-	-	-	-	-	-	-	-	-	-	-	39,616	-	-	-	-	-	-	-	39,616	
Foreign trade loans - Chilean imports	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Foreign trade loans between third countries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Deposits in checking accounts in foreign banks for derivative operations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Non-transferable deposits in banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other loans with banks	200,122	-	-	-	-	-	200,122	-	-	-	-	-	-	-	-	-	-	-	-	200,122	-	-	-	-	-	-	-	200,122	
Subtotal	232,274	7,464	-	-	-	-	239,738	-	-	-	-	-	-	-	-	-	-	-	-	239,738	-	-	-	-	-	-	-	239,738	
Provisions constituted	11	6	-	-	-	-	17	-	-	-	-	-	-	-	-	-	-	-	-	17	-	-	-	-	-	-	-	17	
% provisions constituted	0.00%	0.08%	0.00%	0.00%	0.00%	0.00%	0.01%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.01%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.01%		
Commercial loans																													
Commercial loans	110,007	3,485,327	1,539,675	2,945,358	1,162,693	669,123	9,912,183	201,543	75,549	50,086	67,688	394,866	72,048	8,679	15,780	14,825	57,395	41,958	210,685	10,517,734	1,194,877	113,425	1,308,302	11,826,036			15,965		
Foreign trade loans - Chilean exports	-	490,084	120,690	293,144	111,919	19,877	1,035,714	1,541	439	246	-	2,226	-	-	-	-	5,603	7,729	13,332	1,051,272	345	-	345	1,051,617			-		
Foreign trade loans - Chilean imports	-	5,644	89,540	174,061	78,921	27,445	375,611	1,687	4,489	-	981	7,157	-	-	-	-	462	1,361	1,823	384,591	1,535	101	1,636	386,227			-		
Foreign trade loans between third countries	-	-	-	244	-	294	538	-	-	-	-	-	-	-	-	-	-	-	-	538	-	-	-	538			-		
Debtors in checking accounts	-	7,398	8,291	12,890	4,553	10,802	43,934	1,627	332	374	309	2,642	425	344	32	241	622	1,034	2,698	49,274	12,665	2,574	15,239	64,513			-		
Credit card debtors	12	652	1,012	858	993	2,235	5,752	458	191	146	28	823	-	-	-	-	13	29	6,604	6,492	101	6,593	13,197			-			
Factoring operations	2,063	4,213	34,059	155,646	38,123	14,173	248,277	105	-	-	-	105	56	-	-	-	349	164	80	764	1,413	249,795	751	168	919	250,714		-	
Commercial financial leasing operations	-	50,182	145,553	326,195	158,094	63,390	743,414	21,859	3,811	2,504	2,512	30,686	3,006	6,640	1,606	1,932	2,339	350	15,873	789,973	32,364	2,095	34,459	824,432			29		
Student loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	583,466	95,139	678,605	678,605			-		
Other loans and accounts receivable	17	222	53	42	2	100	436	17	-	470	-	487	-	-	1,291	-	1,053	293	2,637	3,560	275	26	301	3,861			-		
Subtotal	112,099	4,043,722	1,938,873	3,908,438	1,555,286	807,439	12,965,859	228,837	84,811	53,826	71,518	438,992	75,535	15,663	19,060	17,176	67,554	53,502	248,490	13,053,341	1,832,770	213,629	2,046,399	15,099,740			-		
Provisions constituted	40	4,255	3,129	32,927	23,085	19,445	82,881	12,034	7,399	5,332	6,818	31,583	1,511	1,566	4,765	6,870	43,911	48,151	106,774	221,238	22,570	41,918	64,488	285,726			16,259		
% provisions constituted	0.04%	0.11%	0.16%	0.84%	1.48%	2.41%	0.67%	5.26%	8.72%	9.91%	9.53%	7.19%	2.00%	10.00%	25.00%	40.00%	65.00%	90.00%	42.97%	1.69%	1.23%	19.62%	3.15%	1.89%			-		
Concentration of debts from banks and commercial loans with their provisions constituted by classification category As at December 31, 2022										Owed by banks and Commercial Loans														Group Default		Total		Provision deductible guarantee FOGAPE Covid-19	
Regular Portfolio										Individual Substandard Portfolio				Default Portfolio						Regular portfolio		Portfolio		Total					
(in MCh\$)	A1	A2	A3	A4	A5	A6	Subtotal	B1	B2	B3	B4	Subtotal	C1	C2	C3	C4	C5	C6	Subtotal	Total									
Owed by Banks																													
Liquidity interbank loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Commercial interbank loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Overdrafts on checking accounts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Foreign trade loans - Chilean exports	160	7,893	125	-	-	-	8,178	-	-	-	-	-	-	-	-	-	-	-	-	8,178	-	-	-	8,178			-	8,178	
Foreign trade loans - Chilean imports	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Foreign trade loans between third countries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Deposits in checking accounts in foreign banks for derivative operations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Non-transferable deposits in banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other loans with banks	58,659	-	-	-	-	-	58,659	-	-	-	-	-	-	-	-	-	-	-	-	58,659	-	-	-	58,659			-	58,659	
Subtotal	58,819	7,893	125	-	-	-	66,837	-	-	-	-	-	-	-	-	-	-	-	-	66,837	-	-	-	66,837			-	66,837	
Provisions constituted	-	7	-	-	-	-	7	-	-	-	-	-	-	-	-	-	-	-	-	7	-	-	-	7			-	7	
% provisions constituted	0.00%	0.09%	0.00%	0.00%	0.00%	0.00%	0.01%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.01%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.01%		
Commercial loans																													
Commercial loans	109,350	3,812,048	1,793,611	3,071,917	1,014,780	670,209	10,471,915	211,892	80,229	57,661	46,924	396,706	65,008	11,490	9,597	16,181	55,476	41,890	199,642	11,068,263	1,221,484	103,326	1,324,810	12,393,073			16,249		
Foreign trade loans - Chilean exports	-	406,536	159,792	261,113	98,685	29,210	955,336	1,195	87	-	-	1,282	-	-	-	-	6,607	7,549	14,156	970,774	172	-	172	970,946			-		
Foreign trade loans - Chilean imports	-	6,559	117,831	239,772	89,334	32,898	486,394	5,530	209	85	-	5,914	-	-	-	-	495	1,113	1,608	493,916	1,703	151	1,854	495,770			-		
Foreign trade loans between third countries	-	-	-	738	-	433	1,171	-	-	-	-	-	-	-	-	-	-	-	-	1,171	-	-	-	1,171			-		
Debtors in checking accounts	-	10,944	7,217	11,196	4,024	11,080	44,441	1,425	370	254	145	2,194	358	51	37	155	422	1,351	2,374	49,009	11,798	2,146	13,938	62,947			-		
Credit card debtors	9	639	829	542	694	2,158	4,871	440	235	98	24	797	4	-	2	17	15	5	43	5,711	6,239	88	6,327	12,038			-		
Factoring operations	6,520	5,848	30,338	154,733	33,742	14,403	245,584	307	-	14	-	321	56	164	349	-	147	597	1,313	247,218	714	145	859	248,077			-		
Commercial financial leasing operations	-	56,550	151,174	332,752	158,638	64,272	763,386	16,462	4,718	1,528	2,281	24,989	3,116	6,498	1,656	3,225	2,199	83	16,777	805,152	33,185	1,817	35,002	840,154			30		
Student loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	607,145	93,250	700,395	700,395			-		
Other loans and accounts receivable	22	108	51	41	10	100	332	22	-	-	-	22	-	-	5	-	610	90	705	1,059	290	27	317	1,376			-		
Subtotal	115,901	4,299,232	2,066,843	4,072,804	1,399,907	824,743	12,973,430	237,273	85,386	59,640	49,374	432,225	68,542	18,208	11,641	18,976	65,371	52,876	236,465	13,642,273	1,882,736	200,944	2,083,674	15,725,947			-		
Provisions constituted	42	4,464	3,652	35,174	23,347	21,600	88,279	13,225	9,513	7,856	1,779	32,388	1,371	1,821	2,910	7,831	42,880	47,412	104,225	224,882	24,775	38,548	62,323	288,215			16,555		
% provisions constituted	0.04%	0.10%	0.18%	0.86%	1.67%	2.62%	0.68%	5.52%	11.07%	13.12%	3.63%	7.48%	3.00%	10.00%	25.00%	40.00%	65.00%	90.00%	42.97%	1.69%	1.23%	19.62%	3.15%	1.89%			-		

# SCOTIABANK CHILE AND SUBSIDIARIES

Notes to the Interim Consolidated Financial Statements

As at March 31, 2023 and 2022 and December 31, 2022

## h) Loans and allowances made by tranche of past due days

Concentration of credit risk by days past due As at March 31, 2023 (in MCh\$)	Financial Assets before provision						Provisions constituted						Deductible guarantees FOGAPE Covid-19	Total	Net financial asset		
	Regular Portfolio		Substandard Portfolio		Default Portfolio		Total	Regular Portfolio		Substandard Portfolio		Default Portfolio				Subtotal	
	Evaluation		Evaluation		Evaluation			Evaluation		Evaluation		Evaluation					
	Individual	Group	Individual	Individual	Group		Individual	Group	Individual	Individual	Group						
Owed by banks																	
0 day	239,738	-	-	-	-	239,738	(17)	-	-	-	-	(17)	-	(17)	239,721		
1 to 29 days	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
30 to 59 days	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
60 to 89 days	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
>= 90 days	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Subtotal	239,738	-	-	-	-	239,738	(17)	-	-	-	-	(17)	-	(17)	239,721		
Commercial loans																	
0 day	12,114,607	1,724,284	263,172	54,812	45,732	14,202,607	(80,467)	(15,808)	(19,561)	(17,221)	(9,807)	(142,864)	(14,655)	(157,519)	14,045,088		
1 to 29 days	214,757	65,407	104,671	13,094	13,430	411,359	(2,272)	(3,054)	(9,743)	(3,215)	(2,817)	(21,101)	(750)	(21,851)	389,508		
30 to 59 days	9,374	31,084	29,212	8,971	10,533	89,174	(138)	(2,526)	(791)	(2,275)	(2,335)	(8,065)	(219)	(8,284)	80,890		
60 to 89 days	27,121	11,995	41,872	9,215	9,901	100,104	(4)	(1,182)	(1,466)	(2,414)	(2,121)	(7,187)	(158)	(7,345)	92,759		
>= 90 days	-	-	65	162,398	134,033	296,496	-	-	(22)	(81,649)	(24,838)	(106,509)	(477)	(106,986)	189,510		
Subtotal	12,365,859	1,832,770	438,992	248,490	213,629	15,099,740	(82,881)	(22,570)	(31,583)	(106,774)	(41,918)	(285,726)	(16,259)	(301,985)	14,797,755		
Mortgage loans																	
0 day	-	12,996,900	-	-	90,686	13,087,586	-	(18,152)	-	-	(3,048)	(21,200)	-	(21,200)	13,066,386		
1 to 29 days	-	278,762	-	-	37,360	316,122	-	(4,368)	-	-	(1,274)	(5,642)	-	(5,642)	310,480		
30 to 59 days	-	103,077	-	-	35,840	138,917	-	(2,903)	-	-	(1,200)	(4,103)	-	(4,103)	134,814		
60 to 89 days	-	44,967	-	-	26,281	71,248	-	(1,992)	-	-	(968)	(2,960)	-	(2,960)	68,288		
>= 90 days	-	-	-	-	141,955	141,955	-	-	-	-	(6,789)	(6,789)	-	(6,789)	135,166		
Subtotal	-	13,423,706	-	-	332,122	13,755,828	-	(27,415)	-	-	(13,279)	(40,694)	-	(40,694)	13,715,134		
Consumer loans																	
0 day	-	3,290,052	-	-	123,278	3,413,330	-	(93,932)	-	-	(38,755)	(132,687)	-	(132,687)	3,280,643		
1 to 29 days	-	178,801	-	-	32,501	211,302	-	(32,026)	-	-	(12,027)	(44,053)	-	(44,053)	167,249		
30 to 59 days	-	62,538	-	-	26,246	88,784	-	(17,554)	-	-	(10,409)	(27,963)	-	(27,963)	60,821		
60 to 89 days	-	35,046	-	-	24,980	60,026	-	(11,494)	-	-	(11,262)	(22,756)	-	(22,756)	37,270		
>= 90 days	-	-	-	-	93,100	93,100	-	-	-	-	(51,005)	(51,005)	-	(51,005)	42,095		
Subtotal	-	3,566,437	-	-	300,105	3,866,542	-	(155,006)	-	-	(123,458)	(278,464)	-	(278,464)	3,588,078		
Total loans	12,605,597	18,822,913	438,992	248,490	845,856	32,961,848	(82,898)	(204,991)	(31,583)	(106,774)	(178,655)	(604,901)	(16,259)	(621,160)	32,340,688		

# SCOTIABANK CHILE AND SUBSIDIARIES

Notes to the Interim Consolidated Financial Statements

As at March 31, 2023 and 2022 and December 31, 2022

Concentration of credit risk by days past due As at December 31, 2022 (in MCh\$)	Financial Assets before provision						Provisions constituted						Deductible guarantees FOGAPE Covid-19	Total	Net financial asset
	Regular Portfolio		Substandard Portfolio	Default Portfolio		Total	Regular Portfolio		Substandard Portfolio	Default Portfolio		Subtotal			
	Evaluation		Evaluation		Evaluation		Evaluation		Evaluation		Evaluation				
	Individual	Group	Individual	Individual	Group		Individual	Group	Individual	Individual	Group				
Owed by banks															
0 day	66,837	-	-	-	-	66,837	(7)	-	-	-	-	(7)	-	(7)	66,830
1 to 29 days	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
30 to 59 days	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
60 to 89 days	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
>= 90 days	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal	66,837	-	-	-	-	66,837	(7)	-	-	-	-	(7)	-	(7)	66,830
Commercial loans															
0 day	12,793,127	1,768,753	371,762	39,893	41,429	15,014,964	(86,447)	(17,049)	(27,341)	(18,579)	(8,165)	(157,581)	(15,133)	(172,714)	14,842,250
1 to 29 days	167,716	66,484	41,122	19,793	11,108	306,223	(1,754)	(3,361)	(3,772)	(8,561)	(2,309)	(19,757)	(705)	(20,462)	285,761
30 to 59 days	12,385	33,016	16,219	16,486	10,969	89,075	(67)	(2,900)	(993)	(2,500)	(2,366)	(8,826)	(181)	(9,007)	80,068
60 to 89 days	202	14,477	3,083	42,204	15,315	75,281	(11)	(1,465)	(265)	(17,510)	(3,378)	(22,629)	(121)	(22,750)	52,531
>= 90 days	-	-	39	118,242	122,123	240,404	-	-	(17)	(57,075)	(22,330)	(79,422)	(417)	(79,839)	160,565
Subtotal	12,973,430	1,882,730	432,225	236,618	200,944	15,725,947	(88,279)	(24,775)	(32,388)	(104,225)	(38,548)	(288,215)	(16,557)	(304,772)	15,421,175
Mortgage loans															
0 day	-	12,865,897	-	-	80,710	12,946,607	-	(18,749)	-	-	(2,844)	(21,593)	-	(21,593)	12,925,014
1 to 29 days	-	269,530	-	-	33,408	302,938	-	(4,078)	-	-	(1,195)	(5,273)	-	(5,273)	297,665
30 to 59 days	-	93,189	-	-	30,078	123,267	-	(2,572)	-	-	(1,103)	(3,675)	-	(3,675)	119,592
60 to 89 days	-	46,633	-	-	28,196	74,829	-	(2,090)	-	-	(880)	(2,970)	-	(2,970)	71,859
>= 90 days	-	-	-	-	136,500	136,500	-	-	-	-	(6,139)	(6,139)	-	(6,139)	130,361
Subtotal	-	13,275,249	-	-	308,892	13,584,141	-	(27,489)	-	-	(12,161)	(39,650)	-	(39,650)	13,544,491
Consumer loans															
0 day	-	3,341,746	-	-	104,426	3,446,172	-	(92,473)	-	-	(32,876)	(125,349)	-	(125,349)	3,320,823
1 to 29 days	-	174,544	-	-	29,445	203,989	-	(29,520)	-	-	(10,982)	(40,502)	-	(40,502)	163,487
30 to 59 days	-	54,408	-	-	23,705	78,113	-	(15,220)	-	-	(9,221)	(24,441)	-	(24,441)	53,672
60 to 89 days	-	29,068	-	-	20,098	49,166	-	(9,670)	-	-	(9,175)	(18,845)	-	(18,845)	30,321
>= 90 days	-	-	-	-	81,256	81,256	-	-	-	-	(42,973)	(42,973)	-	(42,973)	38,283
Subtotal	-	3,599,766	-	-	258,930	3,858,696	-	(146,883)	-	-	(105,227)	(252,110)	-	(252,110)	3,606,586
Total loans	13,040,267	18,757,745	432,225	236,618	768,766	33,235,621	(88,286)	(199,147)	(32,388)	(104,225)	(155,936)	(579,982)	(16,557)	(596,539)	32,639,082



# SCOTIABANK CHILE AND SUBSIDIARIES

Notes to the Interim Consolidated Financial Statements

As at March 31, 2023 and 2022 and December 31, 2022

## i) Lease operations

Gross loans for finance lease contracts have the following remaining terms until maturity:

	3/31/2023			12/31/2022		
	Account	Interest and	Net balance	Account	Interest and	Net balance
	Receivable	deferred	receivable	Receivable	deferred	receivable
	MCh\$	VAT	MCh\$	MCh\$	MCh\$	MCh\$
On-demand	925	(29)	896	1,184	(36)	1,148
Up to one month	32,550	(6,634)	25,916	31,960	(6,518)	25,442
More than one up to three months	63,647	(13,046)	50,601	62,450	(12,804)	49,646
More than three months up to one year	271,042	(56,748)	214,294	266,468	(55,610)	210,858
More than one up to three years	472,701	(105,111)	367,590	479,963	(105,661)	374,302
More than three up to five years	168,538	(41,300)	127,238	178,545	(43,179)	135,366
More than five years	105,449	(28,719)	76,730	114,578	(31,317)	83,261
<b>Total</b>	<b>1,114,852</b>	<b>(251,587)</b>	<b>863,265</b>	<b>1,135,148</b>	<b>(255,125)</b>	<b>880,023</b>

The Bank finances its customers for the acquisition of assets, both real estate and non-real estate, through finance lease contracts between 1 and 20 years depending on each contract, which are presented under "finance lease operations" in the Interim Consolidated Statements of Financial Position.

As at March 31, 2023, MCh\$243,089 corresponds to finance leases on real estate (MCh\$250,125 as at December 31, 2022) and MCh\$620,177 to finance leases on non-real estate (MCh\$629,898 as at December 31, 2022).

Interest and indexation income on receivables from finance leases of real estate and non-real estate is disclosed in Note 30 "Interest income and expense" and Note 31 "Indexation income and expenses."

# SCOTIABANK CHILE AND SUBSIDIARIES

Notes to the Interim Consolidated Financial Statements

As at March 31, 2023 and 2022 and December 31, 2022

## j) Sale of loans for higher education studies per Law No. 20027

Pursuant to the provisions of the public bidding bases for the award of financing and credit administration service for senior education of Law No. 20027, the Bank sold to the Chilean Treasury a percentage of the related loan portfolio, transferring substantially all the risks and benefits associated with the loans assigned. Only the administration service of the transactions sold was maintained, which considers granting new loans and their collection.

The summary of sales performed is as follows:

Concept	3/31/2023 MCh\$	12/31/2022 MCh\$
Par value	7,831	55,049
Provisions	(753)	(1,728)
<b>Net value of provisions</b>	<b>7,078</b>	<b>53,321</b>
Sale value	7,134	67,317
<b>Sale result (1)</b>	<b>56</b>	<b>13,996</b>
<b>Profit (loss) in sale (2)</b>	<b>(31)</b>	<b>5,212</b>
<b>Income received in advance</b>	<b>87</b>	<b>8,784</b>

(1) The gain or loss on the sale is obtained from the sales value less the net value of allowances.

(2) The gain on sale is included in the Consolidated Statements of Income for the year under the caption "Net financial result from derecognition of financial assets and liabilities at amortized cost and financial assets at fair value through other comprehensive income."

Deferred income/revenue corresponds to revenue obtained for the interest rate spread of loans granted at a rate of 2%. Deferred income/revenue is included in caption "Other liabilities" in the Interim Consolidated Statements of Financial Position.

## k) Sale of Loans

During the period from January 1 through March 31, 2023 and from January 1 through March 31, 2022, there were no sales of loans.

During the period from January 1 through March 31, 2023, the subsidiary Bandesarrollo Sociedad de Leasing Inmobiliario S.A., recorded a realized gain from the assignment of portfolio of MCh\$18 (MCh\$24 as at December 31, 2022), in the caption "Financial result from derecognition of financial assets and liabilities at amortized cost and financial assets at fair value through other comprehensive income."

# SCOTIABANK CHILE AND SUBSIDIARIES

Notes to the Interim Consolidated Financial Statements

As at March 31, 2023 and 2022 and December 31, 2022

## I) Securitization

The subsidiary Bandesarrollo Sociedad de Leasing Inmobiliario S.A. maintains in its statement of financial position financial assets transferred and not derecognized, as it retains substantially all the risks and rewards, mainly the credit risk. Under the agreement, customers remit cash directly to the subsidiary and the subsidiary transfers the proceeds to the final beneficiary.

The information below shows the carrying amount of financial assets that have been transferred but not derecognized and their associated liabilities.

	3/31/2023	12/31/2022
	MCh\$	MCh\$
Housing loan portfolio	3,656	3,862
Carrying amount of associated liabilities	3,411	3,646

As at March 31, 2023, the subsidiary Bandesarrollo Sociedad de Leasing Inmobiliario S.A. recognizes a liability pending repayment of MCh\$3,411 (MCh\$3,646 as at December 31, 2022), related to the price obtained or part of the price obtained in 2006, in sales of housing lease contracts portfolio for securitization purposes, but such portfolios have not been derecognized, following the instructions issued by the CMF. Not derecognizing the fully or partially-assigned assets is due to the fact that the subsidiary acquired the securitized subordinated bonds issued by the separate equity constituted with such assets, which implies the retention of significant risks and rewards associated with such assets.

# SCOTIABANK CHILE AND SUBSIDIARIES

Notes to the Interim Consolidated Financial Statements

As at March 31, 2023 and 2022 and December 31, 2022

## Note 14 Investment in companies.

The detail of investments in companies is as follows:

	3/31/2023 MCh\$	12/31/2022 MCh\$
Companies locally controlled	-	-
Companies controlled abroad		
Branches controlled abroad	-	-
Other companies controlled abroad	-	-
Companies with significant influence in the country	20,501	18,744
Companies with significant influence abroad	-	-
Investments in companies as a joint venture in the country	-	-
Investments in companies as a joint venture abroad	-	-
Minority investments in other companies in the country	7,308	7,308
Minority investments in other companies abroad	41	41
<b>Total Investments in companies</b>	<b>27,850</b>	<b>26,093</b>

### a) Companies in which the Bank has significant influence in Chile

	Ownership %	Tax ID No	Country	Company's equity as at 3/31/2023 MCh\$	Investment as at 3/31/2023 MCh\$	Investment as at 12/31/2022 MCh\$
Transbank S.A.	22.69	96.689.310-9	Chile	112,562	20,501	18,744
<b>Total</b>					<b>20,501</b>	<b>18,744</b>

### Transbank S.A.

It is a closely-held shareholders' corporation that supports the banking business, and its purpose is to operate payment cards and provide services aimed at facilitating the fulfillment of the purposes of financial institutions.

A summary of the significant items in the Financial Statements at each period-end is presented below.

	3/31/2023 MCh\$	12/31/2022 MCh\$
<b>Assets and liabilities</b>		
Current assets	1,375,617	1,272,126
Non-current assets	135,001	132,911
Current liabilities	1,396,989	1,297,169
Non-current liabilities	1,067	1,630
<b>Income statements (summary)</b>		
Net sales	23,261	113,661
Operating results	3,650	1,637
Profit (loss) for the period	3,054	21,341
Depreciation and amortization	(8,714)	(42,104)

# SCOTIABANK CHILE AND SUBSIDIARIES

Notes to the Interim Consolidated Financial Statements

As at March 31, 2023 and 2022 and December 31, 2022

## b) Minority investments in other domestic companies

	Country	Investment as at 3/31/2023 MCh\$	Investment as at 12/31/2022 MCh\$
Bolsa de Comercio de Santiago	Chile	629	3,206
Sociedad de Infraestructura de Mercado S.A. (*)	Chile	2,577	-
Bolsa Electrónica de Chile	Chile	310	310
Sociedad Interbancaria de Depósitos de Valores	Chile	204	204
Sociedad Servicios de Infraestructura y de Mercado OTC	Chile	2,291	2,291
Redbanc S.A.	Chile	860	860
Combanc S.A.	Chile	403	403
Bolsa de Valores de Valparaíso S.A.	Chile	11	11
Club de La Unión	Chile	15	15
Caja Compensación Bolsa de Comercio de Santiago	Chile	8	8
<b>Total</b>		<b>7,308</b>	<b>7,308</b>

(\*) In March 2023, Bolsa de Comercio de Santiago spun off resulting in the incorporation of Sociedad de Infraestructura de Mercado S.A., which is engaged in making investments in Chile and abroad in all kinds of movable, immovable, tangible and intangible assets, as well as in directly and indirectly, through any means (technological or other), providing services to market infrastructure entities and other players in the financial industry (including the capital markets industry). Bolsa de Comercio de Santiago will maintain its normal operations.

## c) Minority investments in other companies abroad

	Country	Investment as at 3/31/2023 MCh\$	Investment as at 12/31/2022 MCh\$
Society for Worldwide Interbank Financial Telecommunication	Belgium	10	10
Banco Latinoamericano de Comercio Exterior S.A. (Bladex)	Panama	31	31
<b>Total</b>		<b>41</b>	<b>41</b>

# SCOTIABANK CHILE AND SUBSIDIARIES

Notes to the Interim Consolidated Financial Statements

As at March 31, 2023 and 2022 and December 31, 2022

## d) Movements in Investments in companies are detailed as follows:

	3/31/2023 MCh\$	12/31/2022 MCh\$
Book value as at January 1	26,093	19,973
Division of Bolsa de Comercio de Santiago	(2,577)	-
Incorporation of Sociedad de Infraestructura de Mercado S.A.	2,577	-
Sale of investments	-	(3)
Participation on results	1,757	6,086
Adjustment to market value	-	37
<b>Total</b>	<b>27,850</b>	<b>26,093</b>

During the period ended March 31, 2023, there have been no movements associated with impairment.

# SCOTIABANK CHILE AND SUBSIDIARIES

Notes to the Interim Consolidated Financial Statements  
As at March 31, 2023 and 2022 and December 31, 2022

## Note 15 Intangible assets

### a) The detail of intangible assets is as follows:

Intangible Assets	Years of useful life		Average remaining amortization		Gross balance		Accumulated amortization and impairment		Net balance	
	2023	2022	2023	2022	3/31/2023	12/31/2022	3/31/2023	12/31/2022	3/31/2023	12/31/2022
					MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$
Goodwill for business combinations	-	-	-	-	-	-	-	-	-	-
Other intangibles arising from business combinations (1)										
Exclusivity agreement	15	15	8	9	138,425	138,425	-	-	138,425	138,425
Accumulated amortizations					-	-	(73,058)	(70,751)	(73,058)	(70,751)
Other independently originated intangible assets										
Software or computer programs purchased independently	9	9	4	5	17,909	17,906	-	-	17,909	17,906
Software or computer programs generated internally	9	9	4	5	244,867	234,392	-	-	244,867	234,392
Accumulated amortizations					-	-	(86,993)	(79,572)	(86,993)	(79,572)
<b>Total intangible assets</b>					<b>401,201</b>	<b>390,723</b>	<b>(160,051)</b>	<b>(150,323)</b>	<b>241,150</b>	<b>240,400</b>

(1) Intangible assets from business combinations refer to those arising from the purchase of 51% of shares of CAT Administradora de Tarjetas de Crédito S.A. ("CAT") and CAT Corredores de Seguros y Servicios S.A.

**SCOTIABANK CHILE AND SUBSIDIARIES**

Notes to the Interim Consolidated Financial Statements  
As at March 31, 2023 and 2022 and December 31, 2022

**b) Intangible assets are detailed as follows:**

	Computer Programs MCh\$	Intangible business combinations MCh\$	Other MCh\$	Total MCh\$
<b>Gross balance :</b>				
Balance as at January 1, 2022	201,283	138,425	-	339,708
Acquisitions	51,145	-	-	51,145
Impairment	(130)	-	-	(130)
<b>Gross Total</b>	<b>252,298</b>	<b>138,425</b>	<b>-</b>	<b>390,723</b>
Accumulated amortization as at January 1, 2022	(55,777)	(61,522)	-	(117,299)
Amortization for the period	(23,887)	(9,229)	-	(33,116)
Impairment	92	-	-	92
<b>Total amortization</b>	<b>(79,572)</b>	<b>(70,751)</b>	<b>-</b>	<b>(150,323)</b>
<b>Balance as at December 31, 2022</b>	<b>172,726</b>	<b>67,674</b>	<b>-</b>	<b>240,400</b>
<b>Gross balance :</b>				
Balance as at January 1, 2023	252,298	138,425	-	390,723
Acquisitions	10,511	-	-	10,511
Impairment	(33)	-	-	(33)
<b>Gross Total</b>	<b>262,776</b>	<b>138,425</b>	<b>-</b>	<b>401,201</b>
Accumulated amortization as at January 1, 2023	(79,572)	(70,751)	-	(150,323)
Amortization for the period	(7,421)	(2,307)	-	(9,728)
<b>Total amortization</b>	<b>(86,993)</b>	<b>(73,058)</b>	<b>-</b>	<b>(160,051)</b>
<b>Balance as at March 31, 2023</b>	<b>175,783</b>	<b>65,367</b>	<b>-</b>	<b>241,150</b>

Debits for amortization or impairment of intangible assets are included under "Depreciation and amortization" in the Interim Consolidated Statements of Income.



# SCOTIABANK CHILE AND SUBSIDIARIES

Notes to the Interim Consolidated Financial Statements

As at March 31, 2023 and 2022 and December 31, 2022

## Note 16 Property and equipment

### a) The caption Property and equipment is composed of the following:

Property and equipment	Average useful life		Remaining average depreciation		Gross balance		Accumulated Depreciation		Net balance	
	3/31/2023	12/31/2022	3/31/2023	12/31/2022	3/31/2023	12/31/2022	3/31/2023	12/31/2022	3/31/2023	12/31/2022
	years	years	years	years	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$
Land and constructions	80	80	35	35	68,879	69,131	(19,004)	(18,600)	49,875	50,531
Equipment	6	6	4	4	127,770	124,735	(96,945)	(94,429)	30,825	30,306
Other	6	6	4	4	21,904	23,331	(13,692)	(13,532)	8,212	9,799
<b>Total</b>					<b>218,553</b>	<b>217,197</b>	<b>(129,641)</b>	<b>(126,561)</b>	<b>88,912</b>	<b>90,636</b>

### b) Movements in Property and equipment are detailed as follows:

	Building and land	Equipment	Other	Total
	MCh\$	MCh\$	MCh\$	MCh\$
Balance as at January 1, 2022	71,718	121,855	21,215	214,788
Purchase of property, plant	-	1,811	8,939	10,750
Asset disposal	(2,230)	(1,977)	(166)	(4,373)
Accounts Reclassification (1)	-	6,387	(6,656)	(269)
Impairment	(357)	(3,341)	(1)	(3,699)
<b>Gross Total</b>	<b>69,131</b>	<b>124,735</b>	<b>23,331</b>	<b>217,197</b>
Accumulated depreciation as at January 1, 2022	(17,457)	(88,447)	(12,762)	(118,666)
Depreciation for the period	(1,637)	(10,393)	(838)	(12,868)
Asset disposal	494	1,295	67	1,856
Accounts Reclassification (1)	-	(36)	-	(36)
Impairment	-	3,152	1	3,153
<b>Total depreciation</b>	<b>(18,600)</b>	<b>(94,429)</b>	<b>(13,532)</b>	<b>(126,561)</b>
<b>Balance as at December 31, 2022</b>	<b>50,531</b>	<b>30,306</b>	<b>9,799</b>	<b>90,636</b>
Balance as at January 1, 2023	69,131	124,735	23,331	217,197
Purchase of property, plant	-	572	1,533	2,105
Asset disposal	(252)	-	-	(252)
Accounts Reclassification (1)	-	2,463	(2,960)	(497)
Impairment	-	-	-	-
<b>Gross Total</b>	<b>68,879</b>	<b>127,770</b>	<b>21,904</b>	<b>218,553</b>
Accumulated depreciation as at January 1, 2023	(18,600)	(94,429)	(13,532)	(126,561)
Depreciation for the period	(404)	(2,516)	(160)	(3,080)
Impairment	-	-	-	-
<b>Total depreciation</b>	<b>(19,004)</b>	<b>(96,945)</b>	<b>(13,692)</b>	<b>(129,641)</b>
<b>Balance as at March 31, 2023</b>	<b>49,875</b>	<b>30,825</b>	<b>8,212</b>	<b>88,912</b>

- (1) Mainly relates to amounts for which in the beginning there is no individual identification. Upon completion of the purchase these are transferred to the final asset.

Debits for depreciation of Property and equipment are included in the caption "Depreciation and amortization" of the Interim Consolidated Statements of Income.

**SCOTIABANK CHILE AND SUBSIDIARIES**

Notes to the Interim Consolidated Financial Statements

As at March 31, 2023 and 2022 and December 31, 2022

**Note 17 Right-of-use lease assets and lease liabilities under lease contracts**

a) The detail of right-of-use assets under lease contracts is as follows:

Assets for the right-to-use lease assets	Gross balance		Accumulated Depreciation		Net balance	
	3/31/2023	12/31/2022	3/31/2023	12/31/2022	3/31/2023	12/31/2022
	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$
Building and land	196,531	194,760	(44,500)	(41,616)	152,031	153,144
Leased property improvements	42,395	41,961	(21,615)	(21,023)	20,780	20,938
<b>Total</b>	<b>238,926</b>	<b>236,721</b>	<b>(66,115)</b>	<b>(62,639)</b>	<b>172,811</b>	<b>174,082</b>

b) Movements in right-of-use assets under lease contracts are detailed as follows:

	Building and land MCh\$	Leased property improvements MCh\$	Total MCh\$
<b>Gross balance:</b>			
Balance as at January 1, 2022	192,209	45,294	237,503
Adjustment due to liability remeasurement	19,365	-	19,365
Additions	140	60	200
Increase due to contract modification	1,209	-	1,209
Decrease due to contract modification	(1,247)	-	(1,247)
Reclassifications (1)	-	269	269
Withdrawals / Derecognition	(16,916)	(3,662)	(20,578)
<b>Gross Total</b>	<b>194,760</b>	<b>41,961</b>	<b>236,721</b>
Accumulated depreciation as at January 1, 2022	(34,539)	(21,292)	(55,831)
Impairment	-	-	-
Depreciation for the period	(11,990)	(2,609)	(14,599)
Decrease due to contract modification	299	-	299
Reclassifications	-	36	36
Withdrawals / Derecognition	4,614	2,842	7,456
<b>Total depreciation</b>	<b>(41,616)</b>	<b>(21,023)</b>	<b>(62,639)</b>
<b>Balance as at December 31, 2022</b>	<b>153,144</b>	<b>20,938</b>	<b>174,082</b>
Balance as at January 1, 2023	194,760	41,961	236,721
Adjustment due to liability remeasurement	2,026	-	2,026
Additions	-	-	-
Increase due to contract modification	439	-	439
Decrease due to contract modification	(586)	-	(586)
Reclassifications (1)	-	497	497
Withdrawals / Derecognition	(108)	(63)	(171)
<b>Gross Total</b>	<b>196,531</b>	<b>42,395</b>	<b>238,926</b>
Accumulated depreciation as at January 1, 2023	(41,616)	(21,023)	(62,639)
Impairment	-	-	-
Depreciation for the period	(3,093)	(619)	(3,712)
Decrease due to contract modification	180	-	180
Withdrawals / Derecognition	29	27	56
<b>Total depreciation</b>	<b>(44,500)</b>	<b>(21,615)</b>	<b>(66,115)</b>
<b>Balance as at March 31, 2023</b>	<b>152,031</b>	<b>20,780</b>	<b>172,811</b>

(1) Mainly relates to amounts for which in the beginning there is no individual identification. Upon completion of the purchase or construction (for the remodeling of leased offices) these are transferred to the final asset.

# SCOTIABANK CHILE AND SUBSIDIARIES

Notes to the Interim Consolidated Financial Statements

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Debits for depreciation of right-of-use assets are included under "Depreciation and amortization" in the Interim Consolidated Statements of Income.

The Bank's lease contracts consist mainly of real estate leases, intended for the performance of its operating functions. Contracts contain renewal options and for those for which there is reasonable certainty that this option will be exercised, the lease term used to measure the liability and the asset corresponds to an estimate of future renewals.

As at March 31, 2023 and 2022, the Bank has no expenses related to leases of low value. Expenses related to short-term leases amount to MCh\$1,356 as at March 31, 2023 (MCh\$1,159 as at March 31, 2022) and are included in "Administrative expenses" in the Interim Consolidated Statements of Income.

Income received from the sub-lease on right-of-use assets amount to MCh\$158 as at March 31, 2023 (MCh\$448 as at March 31, 2022), which are recorded in the caption "Other Operating Income" in the Interim Consolidated Statements of Income.

As at March 31, 2023 and 2022, no gains or losses were generated from sale with leaseback transactions.

## c) Liabilities under lease contracts

Movements of liabilities under lease contracts and cash flows are detailed as follows:

Lease Liability	Movements for the periods ended	
	as at	
	3/31/2023	12/31/2022
	MCh\$	MCh\$
Balances as at January 1	160,376	163,775
Lease liabilities generated	-	140
Modification of contract - subsidiaries	33	261
Interest expense	1,112	4,289
Capital payments (*)	(2,730)	(10,377)
Interest payments (*)	(1,112)	(4,289)
Contract adjustments	2,026	19,365
Payments due to cancellation /termination of leases	(82)	(12,788)
<b>Total</b>	<b>159,623</b>	<b>160,376</b>
(*) Total Payments associated with lease liabilities in the period	(3,842)	(14,666)

**SCOTIABANK CHILE AND SUBSIDIARIES**

Notes to the Interim Consolidated Financial Statements

As at March 31, 2023 and 2022 and December 31, 2022

**d) Cash flows from liabilities under lease contracts**

The Bank holds lease contracts on certain assets for its operating functions. The table below shows the analysis of the cash flows of contractual maturities:

Lease contracts flows	Up to 1 month	Between 1 and 3 months	Between 3 months and 1 year	Between 1 and 5 years	More than 5 years	Total
	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$
As at March 31, 2023	1,297	2,590	11,600	60,726	122,846	199,059
As at March 31, 2022	1,291	2,582	11,579	60,238	128,647	204,337

**Note 18 Taxes**
**a) Current taxes**

	3/31/2023 MCh\$	12/31/2022 MCh\$
<b>Assets:</b>		
Income tax, 27% tax rate	(30,571)	(24,017)
One-off tax under Article 21, 40% tax rate	(38)	(22)
Less:		
Monthly tax provisional payments	100,837	61,439
Credit for training expenses	742	742
Credit 104 Income Tax Law	2,348	949
Previous year recoverable tax	14,402	14,402
Other	(49)	(15)
<b>Total current tax asset</b>	<b>87,671</b>	<b>53,478</b>
<b>Liabilities:</b>		
Income tax, 27% tax rate	(10,638)	(8,882)
One-off tax under Article 21, 40% tax rate	-	-
Previous year income tax	-	-
Less:		
Monthly tax provisional payments	7,714	7,096
Credit for training expenses	62	62
<b>Total current tax liability</b>	<b>(2,862)</b>	<b>(1,724)</b>

**SCOTIABANK CHILE AND SUBSIDIARIES**

Notes to the Interim Consolidated Financial Statements  
As at March 31, 2023 and 2022 and December 31, 2022

**b) Tax benefit (expense)**

The effect of tax expense is composed of the following:

	3/31/2023 MCh\$	3/31/2022 MCh\$
Income tax expenses:		
Current year tax	(31,919)	(15,632)
Excess (deficit) allowance previous year	-	-
Previous years tax	-	-
Credit (charge) due to deferred taxes:		
Origination and reversal of temporary differences current year	17,847	(4,308)
Origination and reversal of temporary differences prior year	-	-
Subtotal	(14,072)	(19,940)
Tax for rejected expenses Article N°21	(16)	(6)
Other	-	-
<b>Net charge to Income due to income tax</b>	<b>(14,088)</b>	<b>(19,946)</b>

The Bank presents no taxes from discontinued operations for the periods ended March 31, 2023 and 2022.

**c) Effect of taxes recorded in equity**

The effect of taxes recorded in equity correspond to the following concepts:

	3/31/2023 MCh\$	12/31/2022 MCh\$
Financial investments at fair value with changes in other comprehensive income	(5,974)	(6,441)
Employee defined benefit plans	6	9
Derivatives in cash flow hedges	23,574	(17,672)
Effects of first application Accounting Standards Compendium	-	(3,603)
<b>Total charge in equity</b>	<b>17,606</b>	<b>(27,707)</b>

# SCOTIABANK CHILE AND SUBSIDIARIES

Notes to the Interim Consolidated Financial Statements

As at March 31, 2023 and 2022 and December 31, 2022

## d) Deferred tax assets and liabilities

Taxable and deductible differences that make up the deferred tax balances are detailed as follows:

Concept	3/31/2023 MCh\$	12/31/2022 MCh\$
Deferred tax assets associated to goodwill	-	-
Deferred tax assets associated with mortgage servicing rights	-	-
Deferred tax assets associated with other intangibles	3,926	6,263
Deferred tax assets associated with defined benefit pension plans	428	470
Deferred tax assets associated with deductible temporary differences		
Loans provisions	200,181	199,601
Financial penalties of loans that are tax assets	-	-
Income from interest and adjustments with accrual suspended for loans in impaired portfolio	13,803	13,096
Provisions for employee benefit obligations	9,625	8,126
Leasing operations	16,982	4,949
Tax-financial differences of property, equipment	11,083	10,995
MTM Financial instruments for trading and other investments	28,760	29,348
Sundry provisions	4,986	4,917
Other	10,949	4,947
Deferred tax assets not associated with deductible temporary differences		
Unused Bank Tax Losses	-	-
Unused tax losses of subsidiaries	4,221	4,366
Unused tax credits	-	-
Deferred taxes with changes in equity	37,855	43,829
Other	-	-
<b>Total deferred tax assets</b>	<b>342,799</b>	<b>330,907</b>
Deferred tax liabilities associated to goodwill	-	-
Deferred tax liabilities associated with mortgage servicing rights	-	-
Deferred tax liabilities associated with other intangibles	-	-
Deferred tax liabilities associated with defined benefit pension plans	-	-
Deferred tax liabilities associated with taxable temporary differences		
Tax-financial differences of property, equipment	(530)	(573)
Leasing operations	-	-
Changes in the fair value of financial assets at fair value with changes in other comprehensive income	-	-
Other changes in accumulated other comprehensive income	-	-
Other	-	-
Deferred tax liabilities not associated with taxable temporary differences	-	-
Goodwill for significant investments in companies measured using equity method (associates and/or joint ventures)	-	-
<b>Total deferred tax liabilities</b>	<b>(530)</b>	<b>(573)</b>

**SCOTIABANK CHILE AND SUBSIDIARIES**

Notes to the Interim Consolidated Financial Statements  
As at March 31, 2023 and 2022 and December 31, 2022

**e) Reconciliation of effective tax rate**

The reconciliation between income tax rate and effective rate applied for determining tax expense is detailed in the table below.

	<b>Tax Rate %</b>	<b>3/31/2023 MCh\$</b>
Income before corporate income tax	27.00%	23,734
Permanent differences		
Price-level restatement on tax equity	(13.53%)	(11,894)
Other permanent differences	0.39%	343
Other	2.15%	1,889
Effective rate and current year income tax proceeds	<u>16.01%</u>	<u>14,072</u>
One-off tax under Article No.21	0.02%	16
<b>Total income tax expense</b>	<b><u>16.03%</u></b>	<b><u>14,088</u></b>

	<b>Tax Rate %</b>	<b>3/31/2022 MCh\$</b>
Income before corporate income tax	27.00%	37,730
Permanent differences		
Price-level restatement on tax equity	(16.07%)	(22,452)
Other	3.34%	4,662
Effective rate and current year income tax proceeds	<u>14.27%</u>	<u>19,940</u>
One-off tax under Article No.21	0.00%	6
<b>Total income tax expense</b>	<b><u>14.27%</u></b>	<b><u>19,946</u></b>

# SCOTIABANK CHILE AND SUBSIDIARIES

Notes to the Interim Consolidated Financial Statements

As at March 31, 2023 and 2022 and December 31, 2022

## f) Joint Circular No.47 issued by the Chilean IRS and No.3478 issued by the CMF

Transactions and effects generated by the application of article 31, number 4 of the Income Tax Law is detailed below. This information relates solely to the Bank's loan transactions and does not consider the operations of subsidiaries which consolidate in these Interim Consolidated Financial Statements.

### Loans and accounts receivable from customers as at 3/31/2023

Type of loan	Assets at carrying amount in the Financial Statements (*)	Assets at tax value		
		Total	Secured overdue portfolio	Unsecured overdue portfolio
	MCh\$	MCh\$	MCh\$	MCh\$
Commercial loans	15,379,591	15,645,180	54,036	50,961
Consumer loans	2,174,743	2,480,036	2	16,985
Mortgage loans	13,716,995	13,949,876	5,470	36
<b>Total</b>	<b>31,271,329</b>	<b>32,075,092</b>	<b>59,508</b>	<b>67,982</b>

### Allowances on overdue portfolio as at 3/31/2023

Type of loan	Balance as at December 31, 2022	Write-offs against allowances	Allowances Constituted	Released Allowances	Balance as at March 31, 2023
	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$
Commercial loans	32,988	(5,645)	26,552	(2,934)	50,961
Consumer loans	13,708	(9,307)	16,501	(3,917)	16,985
Mortgage loans	55	(22)	3	-	36
<b>Total</b>	<b>46,751</b>	<b>(14,974)</b>	<b>43,056</b>	<b>(6,851)</b>	<b>67,982</b>

### Direct write-offs and recoveries as at 3/31/2023

	MCh\$
Direct write-offs per Art. 31 No. 4 second sub-paragraph	32,975
Debt forgiveness which resulted in the release of allowances	-
Recoveries or renegotiation of loans written-off	10,964

### Application of Art. 31 N° 4 first and third sub- paragraphs

	MCh\$
Write-offs per first sub- paragraph	-
Forgiveness per third sub-paragraph	-

### Loans and accounts receivable from customers as at 12/31/2022

Type of loan	Assets at carrying amount in the Financial Statements (*)	Assets at tax value		
		Total	Secured overdue portfolio	Unsecured overdue portfolio
	MCh\$	MCh\$	MCh\$	MCh\$
Commercial loans	15,966,281	16,232,353	17,071	32,988
Consumer loans	2,189,550	2,491,236	(3,990)	13,708
Mortgage loans	13,544,271	13,744,807	4,963	55
<b>Total</b>	<b>31,700,102</b>	<b>32,468,396</b>	<b>18,044</b>	<b>46,751</b>

### Allowances on overdue portfolio as at 12/31/2022

Type of loan	Balance as at December 31, 2021	Write-offs against allowances	Allowances Constituted	Released Allowances	Balance as at December 31, 2022
	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$
Commercial loans	25,220	(17,175)	37,048	(12,105)	32,988
Consumer loans	4,556	(19,121)	38,224	(9,951)	13,708
Mortgage loans	89	(42)	14	(6)	55
<b>Total</b>	<b>29,865</b>	<b>(36,338)</b>	<b>75,286</b>	<b>(22,062)</b>	<b>46,751</b>

### Direct write-offs and recoveries as at 12/31/2022

	MCh\$
Direct write-offs per Art. 31 No. 4 second sub-paragraph	96,584
Debt forgiveness which resulted in the release of allowances	-
Recoveries or renegotiation of loans written-off	51,409

### Application of Art. 31 N° 4 first and third sub- paragraphs

	MCh\$
Write-offs per first sub- paragraph	-
Forgiveness per third sub-paragraph	-

(\*) In accordance with the above-mentioned Circular and instructions issued by the Chilean Internal Revenue Service, the value of assets in financial statements is presented on an individual basis and does not include lease operations and factoring transactions.



# SCOTIABANK CHILE AND SUBSIDIARIES

Notes to the Interim Consolidated Financial Statements  
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## Note 19 Other assets

Other assets are detailed as follows:

	3/31/2023	12/31/2022
	MCh\$	MCh\$
Assets to assign in financial leasing as lessor	9,863	6,653
Cash guarantees delivered for derivative financial operations	568,110	598,920
Accounts receivable from third parties	106,484	98,439
VAT tax credit receivable	7,199	11,207
Prepaid expenses	16,050	8,078
Income asset from usual activities from contracts with customers	319	1,962
Other cash collateral provided	4,258	7,720
Outstanding operations	2,583	1,892
Other assets	24,440	21,501
<b>Total other assets</b>	<b>739,306</b>	<b>756,372</b>

**SCOTIABANK CHILE AND SUBSIDIARIES**

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**Note 20 Non-current assets and disposal groups held for sale and liabilities included in disposal groups held for sale**
**a) This line item is detailed as follows:**

Concept	3/31/2023 MCh\$	12/31/2022 MCh\$
Assets received in payment or adjudicated in judicial auction		
Goods received in payment (*)	554	381
Assets adjudicated in judicial auction	12,252	12,272
Provisions for goods received in payment or adjudicated in judicial auction	(4)	(18)
<b>Subtotal</b>	<b>12,802</b>	<b>12,635</b>
Non-current assets held for sale		
Investments in companies	-	-
Intangible assets	-	-
Property and equipment	2,029	2,029
Assets for recovery of goods transferred in financial leasing operations	1,630	511
Other assets	-	-
<b>Subtotal</b>	<b>3,659</b>	<b>2,540</b>
Disposal groups for sale	-	-
<b>Total non-current assets and disposal groups for sale</b>	<b>16,461</b>	<b>15,175</b>

Concept	3/31/2023 MCh\$	12/31/2022 MCh\$
Liabilities included in disposal groups for sale	-	-
<b>Total liabilities included in disposal groups for sale</b>	<b>-</b>	<b>-</b>

(\*) Assets received in lieu of payment correspond to assets received for the payment of customers' past due debt obligations. The group of assets acquired as such must not exceed 20% of the Bank's effective equity at any time. These assets currently represent 0.0134% (0.0092% as at December 31, 2022) of the Bank's effective equity.

**SCOTIABANK CHILE AND SUBSIDIARIES**

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As at March 31, 2023 and 2022 and December 31, 2022

**b) Movements in non-current assets and disposal groups held for sale and liabilities included in disposal groups held for sale:**

	Assets received in payment or adjudicated in judicial auction	Non-current assets held for sale	Total
	MCh\$	MCh\$	MCh\$
<b><u>Asset</u></b>			
<b>Balance as at January 1, 2022</b>	11,330	4,209	15,539
Reposessed assets	15,219	537	15,756
Write-offs on goods	(3,779)	133	(3,646)
Alienation	(6,399)	-	(6,399)
(Constitution)/release	-	(417)	(417)
Sales / disposals	(3,718)	(1,922)	(5,640)
<b>Balance as at December 31, 2022</b>	<b>12,653</b>	<b>2,540</b>	<b>15,193</b>
<b><u>Provisions</u></b>			
<b>Balance as at January 1, 2022</b>	(5)	-	(5)
Provisions constituted	(151)	-	(151)
Release on provisions	153	-	153
Sales / disposals	(15)	-	(15)
<b>Balance as at December 31, 2022</b>	<b>(18)</b>	<b>-</b>	<b>(18)</b>
<b>Net balances as at December 31, 2022</b>	<b>12,635</b>	<b>2,540</b>	<b>15,175</b>
<b><u>Asset</u></b>			
<b>Balance as at January 1, 2023</b>	12,653	2,540	15,193
Reposessed assets	4,263	1,311	5,574
Write-offs on goods	(1,150)	(104)	(1,254)
Alienation	(163)	-	(163)
(Constitution)/release	-	(88)	(88)
Sales / disposals	(2,797)	-	(2,797)
<b>Balance as at March 31, 2023</b>	<b>12,806</b>	<b>3,659</b>	<b>16,465</b>
<b><u>Provisions</u></b>			
<b>Balance as at January 1, 2023</b>	(18)	-	(18)
Provisions constituted	(11)	-	(11)
Release on provisions	25	-	25
<b>Balance as at March 31, 2023</b>	<b>(4)</b>	<b>-</b>	<b>(4)</b>
<b>Net balances as at March 31, 2023</b>	<b>12,802</b>	<b>3,659</b>	<b>16,461</b>

# SCOTIABANK CHILE AND SUBSIDIARIES

Notes to the Interim Consolidated Financial Statements

As at March 31, 2023 and 2022 and December 31, 2022

## Note 21 Financial liabilities held for trading at fair value through profit or loss

The detail of this line item is as follows:

	3/31/2023	12/31/2022
	MCh\$	MCh\$
Derivative instruments		
Forwards	1,647,025	1,597,384
Swaps	4,080,527	4,615,628
Call options	551	-
Put options	-	-
Other financial instruments	-	-
<b>Total</b>	<b>5,728,103</b>	<b>6,213,012</b>

Financial derivative contracts are detailed as follows:

As at March 31, 2023		Notional amounts of contracts with final maturity (1)						
Product	On-demand	Up to 1 month	More than 1 up to 3 months	More than 3 up to 12 months	More than 1 up to 3 years	More than 3 up to 5 years	More than 5 years	Fair Value
	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$
<b>Forward</b>								
Future arbitration	-	275,680	527,062	640,231	280,505	51,913	-	26,654
Paper forward	-	-	-	-	-	-	-	-
Exchange insurance	-	9,667,766	8,086,037	10,248,794	2,047,818	781,024	546,212	1,034,051
Inflation insurance	-	925,218	1,497,718	5,131,099	3,387,669	975,509	4,286,341	586,320
<b>Subtotal forward</b>	<b>-</b>	<b>10,868,664</b>	<b>10,110,817</b>	<b>16,020,124</b>	<b>5,715,992</b>	<b>1,808,446</b>	<b>4,832,553</b>	<b>1,647,025</b>
<b>Options</b>								
Call option	-	-	4,386	-	7,951	-	-	551
Put option	-	-	-	-	-	-	-	-
<b>Subtotal options</b>	<b>-</b>	<b>-</b>	<b>4,386</b>	<b>-</b>	<b>7,951</b>	<b>-</b>	<b>-</b>	<b>551</b>
<b>Swap</b>								
Cross currency swap	3,139	972,192	1,538,031	8,290,557	14,003,321	7,894,700	13,105,267	2,412,099
Rate Swap	-	6,173,488	11,235,197	24,385,542	26,376,940	15,466,943	19,276,239	1,668,428
<b>Subtotal swap</b>	<b>3,139</b>	<b>7,145,680</b>	<b>12,773,228</b>	<b>32,676,099</b>	<b>40,380,261</b>	<b>23,361,643</b>	<b>32,381,506</b>	<b>4,080,527</b>
<b>Total</b>	<b>3,139</b>	<b>18,014,344</b>	<b>22,888,431</b>	<b>48,696,223</b>	<b>46,104,204</b>	<b>25,170,089</b>	<b>37,214,059</b>	<b>5,728,103</b>

(1) The amounts of the maturities were determined based on the notional values of the financial instruments

As at December 31, 2022		Notional amounts of contracts with final maturity (1)						
Product	On-demand	Up to 1 month	More than 1 up to 3 months	More than 3 up to 12 months	More than 1 up to 3 years	More than 3 up to 5 years	More than 5 years	Fair Value
	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$
<b>Forward</b>								
Future arbitration	-	387,348	464,712	521,998	308,790	68,222	-	39,674
Paper forward	-	20,685	-	-	-	-	-	-
Exchange insurance	-	8,327,025	7,213,782	8,452,776	2,623,041	786,049	639,437	891,953
Inflation insurance	-	791,312	3,606,313	4,127,076	3,599,745	1,265,890	4,349,518	665,757
<b>Subtotal forward</b>	<b>-</b>	<b>9,526,370</b>	<b>11,284,807</b>	<b>13,101,850</b>	<b>6,531,576</b>	<b>2,120,161</b>	<b>4,988,955</b>	<b>1,597,384</b>
<b>Options</b>								
Call option	-	-	-	-	-	-	-	-
Put option	-	-	-	-	-	-	-	-
<b>Subtotal options</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Swap</b>								
Cross currency swap	-	1,236,105	2,858,651	7,744,920	14,383,830	9,888,402	14,405,853	2,751,292
Rate Swap	-	4,679,594	12,152,237	22,050,888	20,937,549	14,918,159	19,677,894	1,864,336
<b>Subtotal swap</b>	<b>-</b>	<b>5,915,699</b>	<b>15,010,888</b>	<b>29,795,808</b>	<b>35,321,379</b>	<b>24,806,561</b>	<b>34,083,747</b>	<b>4,615,628</b>
<b>Total</b>	<b>-</b>	<b>15,442,069</b>	<b>26,295,695</b>	<b>42,897,658</b>	<b>41,852,955</b>	<b>26,926,722</b>	<b>39,072,702</b>	<b>6,213,012</b>

(1) The amounts of the maturities were determined based on the notional values of the financial instruments

# SCOTIABANK CHILE AND SUBSIDIARIES

Notes to the Interim Consolidated Financial Statements  
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## Note 22 Financial liabilities at amortized cost

The detail of this line item is as follows:

	3/31/2023 MCh\$	12/31/2022 MCh\$
Deposits and other on-demand liabilities	4,946,042	5,076,459
Term and on-demand deposits	13,902,249	13,972,388
Liabilities under repurchase agreements and securities lending	123,102	205,943
Bank borrowings	5,186,289	5,342,212
Debt financial instruments issued	7,912,398	7,707,165
Other financial liabilities	123,826	120,225
<b>Total</b>	<b>32,193,906</b>	<b>32,424,392</b>

### a) Deposits and other deposits and other on demand liabilities

	3/31/2023 MCh\$	12/31/2022 MCh\$
Checking accounts	3,990,337	3,965,561
Demand deposit accounts	340,386	379,377
Other on-demand deposits	112,700	133,033
Other on-demand obligations		
Obligations for other credits granted to be completed to other banks and/or the beneficiary of the loan	142	190
Guarantee bills payable at sight	40,368	45,704
Collections performed to be completed	62,916	70,180
Pending payment orders	11,026	75,328
Payments received on account of loans to be settled	3,531	3,308
Immobilized balances article 156 General Banking Law	20,198	21,389
Overdue time deposits	9,188	2,908
Various mortgage creditors	112,766	145,396
Granting of loans Law No 20027	37	37
Payments to apply	415	143
Other sight obligations	242,032	233,905
<b>Total</b>	<b>4,946,042</b>	<b>5,076,459</b>

**SCOTIABANK CHILE AND SUBSIDIARIES**

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**b) Term and other on-demand deposits**

	3/31/2023 MCh\$	12/31/2022 MCh\$
Term deposits	13,797,947	13,866,230
Term saving accounts	104,302	106,158
Other	-	-
<b>Total</b>	<b>13,902,249</b>	<b>13,972,388</b>

**c) Liabilities under repurchase agreements and securities lending**

	3/31/2023 MCh\$	12/31/2022 MCh\$
Operations with banks:		
Repurchase agreements - Banco Central de Chile	-	-
Operations with banks abroad	-	-
Operations with other domestic entities		
Repurchase agreements	123,102	203,337
Securities lending obligations	-	2,606
Operations with other entities abroad	-	-
<b>Total</b>	<b>123,102</b>	<b>205,943</b>

As at March 31, 2023	On-demand MCh\$	Up to 1 month MCh\$	More than 1 up to 3 months MCh\$	More than 3 up to 12 months MCh\$	More than 1 up to 3 years MCh\$	More than 3 up to 5 years MCh\$	More than 5 years MCh\$	Total MCh\$
Operations with banks:								
Repurchase agreements - Banco Central de Chile	-	-	-	-	-	-	-	-
Operations with banks abroad	-	-	-	-	-	-	-	-
Operations with other domestic entities								
Repurchase agreements	-	123,102	-	-	-	-	-	123,102
Securities lending obligations	-	-	-	-	-	-	-	-
Operations with other entities abroad	-	-	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>123,102</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>123,102</b>

As at December 31, 2022	On-demand MCh\$	Up to 1 month MCh\$	More than 1 up to 3 months MCh\$	More than 3 up to 12 months MCh\$	More than 1 up to 3 years MCh\$	More than 3 up to 5 years MCh\$	More than 5 years MCh\$	Total MCh\$
Operations with banks:								
Repurchase agreements - Banco Central de Chile	-	-	-	-	-	-	-	-
Operations with banks abroad	-	-	-	-	-	-	-	-
Operations with other domestic entities								
Repurchase agreements	-	203,337	-	-	-	-	-	203,337
Securities lending obligations	-	2,606	-	-	-	-	-	2,606
Operations with other entities abroad	-	-	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>205,943</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>205,943</b>

**SCOTIABANK CHILE AND SUBSIDIARIES**

Notes to the Interim Consolidated Financial Statements  
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**d) Bank borrowings**

	3/31/2023 MCh\$	12/31/2022 MCh\$
<b>Local Banks</b>		
Foreign trade financing	-	-
Borrowings and other obligations	-	-
<b>Banks abroad</b>		
Foreign trade financing	1,346,114	1,434,397
Borrowings and other obligations	810,149	877,789
<b>Banco Central de Chile</b>		
Borrowings and other obligations	3,030,026	3,030,026
<b>Total</b>	<b>5,186,289</b>	<b>5,342,212</b>

The detail of bank borrowings is as follows:

	3/31/2023 MCh\$	12/31/2022 MCh\$
<b>Local Banks</b>	-	-
<b>Banks abroad</b>		
Scotiabank (Bahamas) Ltd	732,301	783,114
Export Development Canada	518,063	555,649
Bank of America, N.A.	334,501	187,322
Wells Fargo Bank	151,860	171,018
The Bank Chase Manhattan	100,612	64,582
Caixa D'Estalvis	59,724	64,516
Standard Chartered Bank	47,826	107,292
Corporación Andina de Fomento	39,881	42,959
Barclays Bank PLC	39,733	42,977
Citibank N.A.	23,877	68,837
The Bank of New York	19,887	43,059
Zuercher Kantonalbank	8,004	8,562
Toronto-Dominion Bank	-	86,302
The Bank of Montreal	-	42,571
Other	79,994	43,426
<b>Banco Central de Chile</b>	<b>3,030,026</b>	<b>3,030,026</b>
<b>Total</b>	<b>5,186,289</b>	<b>5,342,212</b>

# SCOTIABANK CHILE AND SUBSIDIARIES

Notes to the Interim Consolidated Financial Statements  
As at March 31, 2023 and 2022 and December 31, 2022

## e) Debt financial instruments issued

	3/31/2023 MCh\$	12/31/2022 MCh\$
Letter of credit (1)	97,086	100,235
Current bonds (2)	7,815,312	7,606,930
<b>Total</b>	<b>7,912,398</b>	<b>7,707,165</b>

- (1) During the period between January 1 and March 31, 2023 and January 1 and December 31, 2022, no new letters of credit have been issued.
- (2) During the period between January 1 and March 31, 2023 and January 1 and December 31, 2022, the following domestic and international current bonds have been issued.

### Period between January 1 and March 31, 2023:

Series	Amount	Placement date	Annual Issuance	Issuance term (years)	Issuance annual rate	Currency	Issue date	Maturity date
BF	5,000,000,000	2023-01-10	100,000,000,000	4	2.50	\$	2020-12-01	2024-12-01
BA	300,000	2023-01-13	5,000,000	9	0.40	UF	2020-12-09	2029-12-09
BG	700,000	2023-01-16	4,000,000	7	3.00	UF	2021-03-09	2028-03-09
BI	200,000	2023-01-16	4,000,000	9	3.00	UF	2021-03-09	2030-03-09
BL	520,000	2023-02-08	3,000,000	9	2.70	UF	2022-08-01	2031-08-01
BB	150,000	2023-02-15	5,000,000	10	0.40	UF	2020-09-09	2030-09-09
BG	330,000	2023-02-15	4,000,000	7	3.00	UF	2021-03-09	2028-03-09
BQ	300,000	2023-02-15	3,000,000	5	2.50	UF	2022-08-01	2027-08-01
11	5,000,000,000	2023-02-16	5,000,000,000	4	0.90	JPY	2023-03-02	2027-03-02
BA	500,000	2023-02-24	5,000,000	9	0.40	UF	2020-12-09	2029-12-09
BA	500,000	2023-02-28	5,000,000	9	0.40	UF	2020-12-09	2029-12-09
BH	900,000	2023-03-07	4,000,000	8	3.00	UF	2021-03-09	2029-03-09
BI	100,000	2023-03-13	4,000,000	9	3.00	UF	2021-03-09	2030-03-09
BT	2,000,000	2023-03-15	3,000,000	8	2.50	UF	2023-02-01	2031-02-01
BS	100,000,000,000	2023-03-16	100,000,000,000	7	6.10	\$	2023-02-01	2030-02-01

### Period between January 1 and December 31, 2022:

Series	Amount	Placement date	Annual Issuance	Issuance term (years)	Issuance annual rate	Currency	Issue date	Maturity date
9	30,000,000	2022-01-12	30,000,000	10	3.40	AUD	2022-01-27	2032-01-27
AV	765,000	2022-01-28	4,000,000	7.5	1.30	UF	2020-06-09	2027-12-09
AU	673,000	2022-02-01	4,000,000	6	1.20	UF	2020-06-09	2026-06-09
AV	220,000	2022-02-16	4,000,000	7.5	1.30	UF	2020-06-09	2027-12-09
AU	100,000	2022-02-17	4,000,000	6	1.20	UF	2020-06-09	2026-06-09
AU	150,000	2022-02-21	4,000,000	6	1.20	UF	2020-06-09	2026-06-09
AU	200,000	2022-02-23	4,000,000	6	1.20	UF	2020-06-09	2026-06-09
10	3,000,000,000	2022-02-24	3,000,000,000	5	0.52	JPY	2022-03-24	2027-03-24
BE	2,000,000	2022-02-25	5,000,000	13	0.60	UF	2020-09-09	2033-09-09
AU	420,000	2022-03-01	4,000,000	6	1.20	UF	2020-06-09	2026-06-09
AU	620,000	2022-03-09	4,000,000	6	1.20	UF	2020-06-09	2026-06-09
AU	200,000	2022-03-10	4,000,000	6	1.20	UF	2020-06-09	2026-06-09
AV	200,000	2022-03-10	4,000,000	7.5	1.30	UF	2020-06-09	2027-12-09
AU	100,000	2022-03-14	4,000,000	6	1.20	UF	2020-06-09	2026-06-09
AU	100,000	2022-03-18	4,000,000	6	1.20	UF	2020-06-09	2026-06-09



# SCOTIABANK CHILE AND SUBSIDIARIES

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## Period between January 1 and December 31, 2022 (continuation):

Series	Amount	Placement date	Annual Issuance	Issuance term (years)	Issuance annual rate	Currency	Issue date	Maturity date
AS	330,000	21-03-2022	5,000,000	5.5	1.05	UF	09-04-2020	09-10-2025
AV	230,000	22-03-2022	4,000,000	7.5	1.30	UF	09-06-2020	09-12-2027
AW	2,000,000	24-03-2022	4,000,000	9	1.40	UF	09-07-2020	09-07-2029
AU	1,257,000	25-03-2022	4,000,000	6	1.20	UF	09-06-2020	09-06-2026
AV	400,000	25-03-2022	4,000,000	7.5	1.30	UF	09-06-2020	09-12-2027
BD	2,000,000	07-04-2022	5,000,000	12	0.60	UF	09-09-2020	09-09-2032
AS	300,000	22-04-2022	5,000,000	5.5	1.05	UF	09-04-2020	09-10-2025
AS	150,000	26-04-2022	5,000,000	5.5	1.05	UF	09-04-2020	09-10-2025
AV	100,000	05-05-2022	4,000,000	7.5	1.30	UF	09-06-2020	09-12-2027
AS	70,000	12-05-2022	5,000,000	5.5	1.05	UF	09-04-2020	09-10-2025
AV	50,000	12-05-2022	4,000,000	7.5	1.30	UF	09-06-2020	09-12-2027
AV	50,000	13-05-2022	4,000,000	7.5	1.30	UF	09-06-2020	09-12-2027
AV	100,000	16-05-2022	4,000,000	7.5	1.30	UF	09-06-2020	09-12-2027
BJ	4,000,000	16-05-2022	4,000,000	12	3.00	UF	03-03-2021	03-03-2033
BB	2,000,000	01-06-2022	5,000,000	10	0.40	UF	09-09-2020	09-09-2030
BE	1,000,000	08-06-2022	5,000,000	13	0.60	UF	09-09-2020	09-09-2033
BB	600,000	15-06-2022	5,000,000	10	0.40	UF	09-09-2020	09-09-2030
BB	50,000	16-06-2022	5,000,000	10	0.40	UF	09-09-2020	09-09-2030
AV	170,000	30-06-2022	4,000,000	7.5	1.30	UF	09-06-2020	09-12-2027
AV	315,000	01-07-2022	4,000,000	7.5	1.30	UF	09-06-2020	09-12-2027
BD	2,000,000	07-07-2022	5,000,000	12	0.60	UF	09-09-2020	09-09-2032
BD	2,000,000	07-07-2022	5,000,000	12	0.60	UF	09-09-2020	09-09-2032
AQ	1,000,000	11-07-2022	4,000,000	23	3.50	UF	01-11-2019	01-11-2042
AQ	200,000	15-07-2022	4,000,000	23	3.50	UF	01-11-2019	01-11-2042
AQ	350,000	15-07-2022	4,000,000	23	3.50	UF	01-11-2019	01-11-2042
AQ	550,000	15-07-2022	4,000,000	23	3.50	UF	01-11-2019	01-11-2042
AQ	1,900,000	15-07-2022	4,000,000	23	3.50	UF	01-11-2019	01-11-2042
BG	400,000	22-07-2022	4,000,000	7	3.00	UF	09-03-2021	09-03-2028
BG	1,790,000	09-08-2022	4,000,000	7	3.00	UF	09-03-2021	09-03-2028
BA	2,000,000	31-08-2022	5,000,000	9	0.40	UF	09-12-2020	09-12-2029
BF	6,000,000,000	09-09-2022	100,000,000,000	4	2.50	\$	01-12-2020	01-12-2024
BF	15,500,000,000	09-09-2022	100,000,000,000	4	2.50	\$	01-12-2020	01-12-2024
BF	7,000,000,000	13-09-2022	100,000,000,000	4	2.50	\$	01-12-2020	01-12-2024
BF	14,000,000,000	14-09-2022	100,000,000,000	4	2.50	\$	01-12-2020	01-12-2024
BF	1,000,000,000	14-09-2022	100,000,000,000	4	2.50	\$	01-12-2020	01-12-2024
BA	150,000	22-09-2022	5,000,000	9	0.40	UF	09-12-2020	09-12-2029
BA	200,000	27-09-2022	5,000,000	9	0.40	UF	09-12-2020	09-12-2029
BB	200,000	27-09-2022	5,000,000	10	0.40	UF	09-09-2020	09-09-2030
BA	100,000	12-10-2022	5,000,000	9	0.40	UF	09-12-2020	09-12-2029
BD	400,000	14-10-2022	5,000,000	12	0.60	UF	09-09-2020	09-09-2032
BF	5,000,000,000	26-10-2022	100,000,000,000	4	2.50	\$	01-12-2020	01-12-2024
BD	300,000	09-11-2022	5,000,000	12	0.60	UF	09-09-2020	09-09-2032
BF	8,000,000,000	14-11-2022	100,000,000,000	4	2.50	\$	01-12-2020	01-12-2024
BD	150,000	17-11-2022	5,000,000	12	0.60	UF	09-09-2020	09-09-2032
BA	350,000	23-11-2022	5,000,000	9	0.40	UF	09-12-2020	09-12-2029
BG	430,000	23-11-2022	4,000,000	7	3.00	UF	09-03-2021	09-03-2028
BA	50,000	23-11-2022	5,000,000	9	0.40	UF	09-12-2020	09-12-2029
BG	100,000	24-11-2022	4,000,000	7	3.00	UF	09-03-2021	09-03-2028
BG	50,000	24-11-2022	4,000,000	7	3.00	UF	09-03-2021	09-03-2028
BB	50,000	01-12-2022	5,000,000	10	0.40	UF	09-09-2020	09-09-2030
BB	150,000	01-12-2022	5,000,000	10	0.40	UF	09-09-2020	09-09-2030
BD	150,000	01-12-2022	5,000,000	12	0.60	UF	09-09-2020	09-09-2032
BF	5,500,000,000	02-12-2022	100,000,000,000	4	2.50	\$	01-12-2020	01-12-2024
BB	1,700,000	07-12-2022	5,000,000	10	0.40	UF	09-09-2020	09-09-2030
BA	400,000	12-12-2022	5,000,000	9	0.40	UF	09-12-2020	09-12-2029
BA	50,000	12-12-2022	5,000,000	9	0.40	UF	09-12-2020	09-12-2029
BB	100,000	13-12-2022	5,000,000	10	0.40	UF	09-09-2020	09-09-2030
BI	100,000	14-12-2022	4,000,000	9	3.00	UF	09-03-2021	09-03-2030
BI	500,000	14-12-2022	4,000,000	9	3.00	UF	09-03-2021	09-03-2030
BK	3,000,000	21-12-2022	3,000,000	12	2.70	UF	01-08-2022	01-08-2034
BQ	200,000	28-12-2022	3,000,000	5	2.50	UF	01-08-2022	01-08-2027
BG	200,000	28-12-2022	4,000,000	7	3.00	UF	09-03-2021	09-03-2028

**SCOTIABANK CHILE AND SUBSIDIARIES**

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**f) Other financial liabilities**

	3/31/2023 MCh\$	12/31/2022 MCh\$
Other financial obligations with the public sector	-	-
Other financial obligations in the country		
Due to affiliated establishments for the use of credit cards	861	622
Due to operators for debit and credit card operation services	91,129	100,115
Obligations in favor of Chilean exporters	1,563	3,363
Other financial obligations abroad		
Obligations in favor of foreign exporters	30,273	16,125
<b>Total</b>	<b>123,826</b>	<b>120,225</b>

**Note 23 Regulatory capital financial instruments issued**
**a) The detail of this line item is as follows:**

	3/31/2023 MCh\$	12/31/2022 MCh\$
Subordinated bonds	1,007,297	987,943
Bonds with no fixed term of maturity	-	-
Preferred shares	-	-
<b>Total</b>	<b>1,007,297</b>	<b>987,943</b>

**SCOTIABANK CHILE AND SUBSIDIARIES**

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**b) Movements in regulatory capital financial instruments issued are detailed as follows:**

	3/31/2023 MCh\$	12/31/2022 MCh\$
<b>Balance at Beginning of Period</b>	987,943	756,367
New issues performed (subordinated bonds, bonds with no fixed maturity term, preferred shares)	-	148,854
Acquisition or redemption by the issuer (bonds with no fixed maturity term, preferred shares)	-	-
Modification of issuance conditions (subordinated bonds, bonds with no fixed maturity term, preferred shares)	-	-
Payments of interest to the holder (subordinated bonds)	(1,606)	(41,768)
Principal payment to the holder (subordinated bonds)	(972)	(15,519)
Accrued interest (subordinated bonds)	9,425	48,432
Adjustments accrued by the UF and/or the exchange rate (subordinated bonds, bonds with no fixed maturity term)	12,507	91,577
Exchange differences (subordinated bonds, bonds with no fixed maturity term)	-	-
Depreciation (bonds with no fixed maturity term)	-	-
Repricing (bonds with no fixed maturity term)	-	-
Expiration (bonds with no fixed maturity period)	-	-
Conversion to common shares (subordinated bonds, bonds with no fixed maturity term, preferred shares)	-	-
Other	-	-
<b>Balance at the end of the period</b>	<b>1,007,297</b>	<b>987,943</b>

# SCOTIABANK CHILE AND SUBSIDIARIES

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## c) The detail of subordinated bonds is as follows:

Period ended as at March 31, 2023								
Series	Amount in issue currency	Issuance term (years)	Annual issuance rate	Currency	Issue date	Maturity date	Balance due in currency of issue	Equivalent balance owed in MCh\$
UDES-I0307	1,000,000	25	4.50	UF	2007-03-15	2032-03-01	1,024,319	36,440
UBBV-A1203	1,300,000	24	6.00	UF	2004-04-01	2027-12-01	475,100	16,902
UBBV-A1203	1,500,000	24	6.00	UF	2004-04-01	2027-12-01	556,173	19,786
UBBV-A1203	20,000	24	6.00	UF	2004-04-01	2027-12-01	7,434	264
UBBV-A1203	250,000	24	6.00	UF	2004-04-01	2027-12-01	92,930	3,306
UBBV-A1203	50,000	24	6.00	UF	2004-04-01	2027-12-01	18,547	660
UBBV-A1203	180,000	24	6.00	UF	2004-04-01	2027-12-01	66,769	2,375
UBBV-A1203	1,250,000	24	6.00	UF	2004-04-01	2027-12-01	462,989	16,471
UBBV-A1203	150,000	24	6.00	UF	2004-04-01	2027-12-01	55,841	1,987
UBBV-A1203	50,000	24	6.00	UF	2004-04-01	2027-12-01	18,625	663
UBBV-A1203	50,000	24	6.00	UF	2004-04-01	2027-12-01	18,618	662
UBBV-A1203	100,000	24	6.00	UF	2004-04-01	2027-12-01	37,211	1,324
UBBV-A1203	60,000	24	6.00	UF	2004-04-01	2027-12-01	22,336	795
UBBV-A1203	40,000	24	6.00	UF	2004-04-01	2027-12-01	14,897	530
UBBV-A1203	150,000	24	6.00	UF	2004-04-01	2027-12-01	55,699	1,982
UBBV-A1203	200,000	24	6.00	UF	2004-04-01	2027-12-01	74,250	2,641
UBBV-A1203	150,000	24	6.00	UF	2004-04-01	2027-12-01	55,629	1,979
UBBV-A1203	500,000	24	6.00	UF	2004-04-01	2027-12-01	185,274	6,591
UBBV-G0506	2,400,000	25	5.00	UF	2006-10-19	2031-05-01	2,582,949	91,890
UBBV-G0506	1,000,000	25	5.00	UF	2006-10-19	2031-05-01	1,079,688	38,410
UBBVH90607	900,000	25	3.50	UF	2008-10-24	2032-06-01	782,357	27,833
UBBVH90607	500,000	25	3.50	UF	2008-10-24	2032-06-01	435,279	15,485
UBBVH90607	1,000,000	25	3.50	UF	2008-10-24	2032-06-01	986,250	35,086
UBBVH90607	5,600,000	25	3.50	UF	2008-10-24	2032-06-01	5,527,163	196,631
UDESE10999	30,000	25	6.00	UF	1999-09-29	2024-03-01	4,234	151
UDESE10999	270,000	25	6.00	UF	1999-09-29	2024-03-01	38,103	1,356
UDESE10999	10,000	25	6.00	UF	1999-10-21	2024-03-01	1,411	50
UDESE10999	30,000	25	6.00	UF	1999-11-04	2024-03-01	4,223	150
UDESE10999	20,000	25	6.00	UF	1999-11-08	2024-03-01	2,815	100
UDESE20999	70,000	26	6.25	UF	2000-08-16	2025-09-01	16,731	595
UDESE30999	200,000	28	6.50	UF	2002-06-05	2027-09-01	80,337	2,858
UDES-F	500,000	25	6.00	UF	2005-03-30	2029-10-01	292,191	10,395
UDES-F	500,000	25	6.00	UF	2005-03-30	2029-10-01	291,944	10,386
UDES-G	1,000,000	26	4.75	UF	2005-10-07	2030-10-01	646,931	23,015
UDES-H-1006	1,000,000	25	5.00	UF	2006-10-05	2031-10-01	829,367	29,505
UBNS-AC0615	3,000,000	20	3.10	UF	2015-08-27	2035-06-01	3,031,744	107,856
UBNS-AA0215	1,000,000	30	3.50	UF	2018-12-07	2044-08-01	1,124,089	39,990
UBBVS10616	1,000,000	25	3.50	UF	2019-08-21	2041-06-09	1,410,837	50,191
UBBVS10616	1,000,000	25	3.50	UF	2019-08-21	2041-06-09	1,412,842	50,263
UBNSAQ1119	1,000,000	23	3.50	UF	2022-07-11	2042-11-01	1,128,494	40,147
UBNSAQ1119	200,000	23	3.50	UF	2022-07-15	2042-11-01	224,116	7,973
UBNSAQ1119	350,000	23	3.50	UF	2022-07-15	2042-11-01	392,202	13,953
UBNSAQ1119	550,000	23	3.50	UF	2022-07-15	2042-11-01	616,318	21,926
UBNSAQ1119	1,900,000	23	3.50	UF	2022-07-15	2042-11-01	2,129,099	75,744
<b>Total</b>								<b>1,007,297</b>

**SCOTIABANK CHILE AND SUBSIDIARIES**

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Period ended as at December 31, 2022								
Series	Amount in issue currency	Issuance term (years)	Annual issuance rate	Currency	Issue date	Maturity date	Balance due in currency of issue	Equivalent balance owed in MCh\$
UDESE10999	30,000	25	6.00	UF	29-09-1999	01-03-2024	5,649.89	198
UDESE10999	270,000	25	6.00	UF	29-09-1999	01-03-2024	50,848.98	1,785
UDESE10999	10,000	25	6.00	UF	21-10-1999	01-03-2024	1,882.52	66
UDESE10999	30,000	25	6.00	UF	04-11-1999	01-03-2024	5,636.01	198
UDESE10999	20,000	25	6.00	UF	08-11-1999	01-03-2024	3,757.34	132
UDESE20999	70,000	26	6.25	UF	16-08-2000	01-09-2025	20,100.89	706
UDESE30999	200,000	28	6.50	UF	05-06-2002	01-09-2027	89,423.29	3,140
UBBV-A1203	20,000	24	6.00	UF	01-04-2004	01-12-2027	7,345.53	258
UBBV-A1203	40,000	24	6.00	UF	01-04-2004	01-12-2027	14,722.14	517
UBBV-A1203	50,000	24	6.00	UF	01-04-2004	01-12-2027	18,320.80	643
UBBV-A1203	50,000	24	6.00	UF	01-04-2004	01-12-2027	18,407.02	646
UBBV-A1203	50,000	24	6.00	UF	01-04-2004	01-12-2027	18,398.35	646
UBBV-A1203	60,000	24	6.00	UF	01-04-2004	01-12-2027	22,072.83	775
UBBV-A1203	100,000	24	6.00	UF	01-04-2004	01-12-2027	36,770.80	1,291
UBBV-A1203	150,000	24	6.00	UF	01-04-2004	01-12-2027	55,182.09	1,938
UBBV-A1203	150,000	24	6.00	UF	01-04-2004	01-12-2027	55,026.85	1,932
UBBV-A1203	150,000	24	6.00	UF	01-04-2004	01-12-2027	54,949.55	1,929
UBBV-A1203	180,000	24	6.00	UF	01-04-2004	01-12-2027	65,954.90	2,316
UBBV-A1203	200,000	24	6.00	UF	01-04-2004	01-12-2027	73,351.97	2,576
UBBV-A1203	250,000	24	6.00	UF	01-04-2004	01-12-2027	91,819.07	3,224
UBBV-A1203	500,000	24	6.00	UF	01-04-2004	01-12-2027	182,993.63	6,425
UBBV-A1203	1,250,000	24	6.00	UF	01-04-2004	01-12-2027	457,270.10	16,055
UBBV-A1203	1,300,000	24	6.00	UF	01-04-2004	01-12-2027	468,529.62	16,451
UBBV-A1203	1,500,000	24	6.00	UF	01-04-2004	01-12-2027	549,366.83	19,289
UDES-F	500,000	25	6.00	UF	30-03-2005	01-10-2029	287,736.04	10,103
UDES-F	500,000	25	6.00	UF	30-03-2005	01-10-2029	287,472.74	10,093
UDES-G	1,000,000	26	4.75	UF	07-10-2005	01-10-2030	638,386.99	22,414
UDES-H1006	1,000,000	25	5.00	UF	05-10-2006	01-10-2031	819,940.16	28,789
UBBV-G0506	1,000,000	25	5.00	UF	19-10-2006	01-05-2031	1,069,018.92	37,534
UBBV-G0506	2,400,000	25	5.00	UF	19-10-2006	01-05-2031	2,557,122.18	89,783
UDES-I0307	1,000,000	25	4.50	UF	15-03-2007	01-03-2032	1,036,246.59	36,384
UBBVH90607	500,000	25	3.50	UF	24-10-2008	01-06-2032	429,559.92	15,082
UBBVH90607	900,000	25	3.50	UF	24-10-2008	01-06-2032	772,041.76	27,107
UBBVH90607	1,000,000	25	3.50	UF	24-10-2008	01-06-2032	977,151.84	34,309
UBBVH90607	5,600,000	25	3.50	UF	24-10-2008	01-06-2032	5,476,307.12	192,279
UBNS-AC0615	3,000,000	20	3.10	UF	27-08-2015	01-06-2035	3,008,785.97	105,641
UBNS-AA0215	1,000,000	30	3.50	UF	07-12-2018	01-08-2044	1,133,945.43	39,814
UBBVS10616	1,000,000	25	3.50	UF	21-08-2019	09-06-2041	1,409,242.09	49,480
UBBVS10616	1,000,000	25	3.50	UF	21-08-2019	09-06-2041	1,407,206.87	49,408
UBNSAQ1119	1,000,000	23	3.50	UF	11-07-2022	01-11-2042	1,120,944.00	39,357
UBNSAQ1119	200,000	23	3.50	UF	15-07-2022	01-11-2042	222,589.51	7,815
UBNSAQ1119	350,000	23	3.50	UF	15-07-2022	01-11-2042	389,531.64	13,677
UBNSAQ1119	550,000	23	3.50	UF	15-07-2022	01-11-2042	612,121.15	21,492
UBNSAQ1119	1,900,000	23	3.50	UF	15-07-2022	01-11-2042	2,114,600.34	74,246
<b>Total</b>								<b>987,943</b>

# SCOTIABANK CHILE AND SUBSIDIARIES

Notes to the Interim Consolidated Financial Statements  
As at March 31, 2023 and 2022 and December 31, 2022

## Note 24 Provisions for contingencies

### a) The detail of this line item is as follows:

	3/31/2023 MCh\$	12/31/2022 MCh\$
Allowances for employee benefit obligations	36,156	30,618
Allowances of a foreign bank branch for remittances of profits to its parent company	-	-
Allowances for restructuring plans	-	-
Allowances for trials and litigation (1)	11,408	12,152
Allowances due to customer loyalty and merit programs obligations	-	-
Allowances for operational risk	1,030	1,030
Contract contingency allowance (2)	3,454	3,716
Other allowances due to other contingencies	2,418	2,375
<b>Total</b>	<b>54,466</b>	<b>49,891</b>

(1) For a better understanding of provisions, please refer to Note 29 "Contingencies and commitments."

(2) Relates to the provision for methodical savings contracts of the subsidiary Scotia Azul Sociedad de Leasing Inmobiliario S.A. and the Bank's lease contract transactions.

### b) Movements in provisions are detailed as follows:

	Provisions due to employee benefit obligations MCh\$	Provisions of a foreign bank branch for remittances of profits to its parent company MCh\$	Provisions due to restructuring plans MCh\$	Provisions due to trials and litigation MCh\$	Provisions due to customer loyalty program obligations MCh\$	Provisions due to operational risk MCh\$	Other Provisions for other contingencies MCh\$	Total MCh\$
Balance as at January 1, 2023	30,618	-	-	12,152	-	1,030	6,091	49,891
Provisions constituted	29,105	-	19	1	-	-	91	29,216
Provisions application	(23,567)	-	(19)	-	-	-	-	(23,586)
Provisions releases	-	-	-	(745)	-	-	(310)	(1,055)
<b>Balance as at March 31, 2023</b>	<b>36,156</b>	<b>-</b>	<b>-</b>	<b>11,408</b>	<b>-</b>	<b>1,030</b>	<b>5,872</b>	<b>54,466</b>

	Provisions due to employee benefit obligations MCh\$	Provisions of a foreign bank branch for remittances of profits to its parent company MCh\$	Provisions due to restructuring plans MCh\$	Provisions due to trials and litigation MCh\$	Provisions due to customer loyalty program obligations MCh\$	Provisions due to operational risk MCh\$	Other Provisions for other contingencies MCh\$	Total MCh\$
Balance as at January 1, 2022	32,048	-	9,350	13,197	-	-	2,213	56,808
Provisions constituted	90,192	-	7,643	1	-	1,030	3,899	102,765
Provisions application	(91,622)	-	(16,993)	-	-	-	-	(108,615)
Provisions releases	-	-	-	(1,046)	-	-	(21)	(1,067)
<b>Balance as at December 31, 2022</b>	<b>30,618</b>	<b>-</b>	<b>-</b>	<b>12,152</b>	<b>-</b>	<b>1,030</b>	<b>6,091</b>	<b>49,891</b>

**SCOTIABANK CHILE AND SUBSIDIARIES**

Notes to the Interim Consolidated Financial Statements

As at March 31, 2023 and 2022 and December 31, 2022

**c) Detail of provisions for employee benefits and salaries:**

	3/31/2023 MCh\$	12/31/2022 MCh\$
Provision of short-term employee benefits	32,398	27,838
Provision of benefits to employees post-employment	-	-
Provision of long-term employee benefits (1)	2,248	1,759
Provision of benefits to employees for termination of employment contract (2)	1,510	1,021
Provision for payments to employees based on shares or equity instruments	-	-
Provision obligations post-employment plans on defined contribution	-	-
Provision for defined benefit post-employment plan obligations	-	-
Provision for other staff obligations	-	-
<b>Total</b>	<b>36,156</b>	<b>30,618</b>

- (1) As at March 31, 2023, a provision of MCh\$1,192 has been recorded to cover long-term benefits other than those subject to actuarial calculation (MCh\$708 as at December 31, 2022). Provisions subject to actuarial calculation are described in letter d).
- (2) As at March 31, 2023, a provision of MCh\$981 has been recorded to cover severance indemnity payments other than those subject to actuarial calculation (MCh\$363 as at December 31, 2022). Provisions subject to actuarial calculation are described in letter d).

**d) Movements in provisions for employee benefits subject to actuarial calculation**

	As at March 31, 2023		As at December 31, 2022	
	Provision of long-term employee benefits	Provision of benefits to employees for termination of employment contract	Provision of long-term employee benefits	Provision of benefits to employees for termination of employment contract
	MCh\$	MCh\$	MCh\$	MCh\$
Balance as at January 1	1,051	658	882	536
<b>Included in the result of the period</b>				
Cost of present service	27	8	86	27
Costs of past services	-	-	114	38
Interest cost	33	21	75	51
Result from actuarial measurements	23	-	266	-
Unprovisioned paid benefits	-	-	-	-
<b>Subtotal</b>	<b>83</b>	<b>29</b>	<b>541</b>	<b>116</b>
<b>Included in other comprehensive income:</b>				
Result from actuarial measurements	-	22	-	33
<b>Subtotal</b>	<b>-</b>	<b>22</b>	<b>-</b>	<b>33</b>
<b>Other:</b>				
Payment of benefits	(78)	(180)	(372)	(27)
<b>Subtotal</b>	<b>(78)</b>	<b>(180)</b>	<b>(372)</b>	<b>(27)</b>
<b>Total</b>	<b>1,056</b>	<b>529</b>	<b>1,051</b>	<b>658</b>

# SCOTIABANK CHILE AND SUBSIDIARIES

Notes to the Interim Consolidated Financial Statements

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## e) Actuarial assumptions for employee benefits

The main weighted average assumptions to determine the employee benefit obligations at the end of the period are detailed as follows:

	Provision of long-term employee benefits		Provision of benefits to employees for termination of	
	3/31/2023	12/31/2022	3/31/2023	12/31/2022
Discount rate	13.75%	14.25%	13.75%	14.25%
Salary increase rate	N/A	N/A	13.50%	13.50%
Rate of inflation	11.50%	11.50%	11.50%	11.50%

The main weighted average assumptions to determine the cost of the defined benefit are:

	Provision of long-term employee benefits		Provision of benefits to employees for termination of employment contract	
	3/31/2023	12/31/2022	3/31/2023	12/31/2022
Discount rate	14.25%	12.25%	14.25%	12.25%
Salary increase rate	N/A	N/A	13.50%	12.75%
Rate of inflation	11.50%	10.75%	11.50%	10.75%

The main demographic assumptions used for both benefits are shown in the table below.

Years	As at March 31, 2023						As at December 31, 2022					
	Mortality		Rotation		Retirement		Mortality		Rotation		Retirement	
	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women
20	0.06%	0.02%	13.87%	13.87%	0.00%	0.00%	0.06%	0.02%	13.87%	13.87%	0.00%	0.00%
25	0.08%	0.02%	13.87%	13.87%	0.00%	0.00%	0.08%	0.02%	13.87%	13.87%	0.00%	0.00%
30	0.08%	0.02%	13.87%	13.87%	0.00%	0.00%	0.08%	0.02%	13.87%	13.87%	0.00%	0.00%
35	0.10%	0.03%	13.87%	13.87%	0.00%	0.00%	0.10%	0.03%	13.87%	13.87%	0.00%	0.00%
40	0.13%	0.04%	13.87%	13.87%	0.00%	0.00%	0.13%	0.04%	13.87%	13.87%	0.00%	0.00%
45	0.19%	0.07%	13.87%	13.87%	0.00%	0.00%	0.19%	0.07%	13.87%	13.87%	0.00%	0.00%
50	0.28%	0.12%	13.87%	13.87%	0.00%	0.00%	0.28%	0.12%	13.87%	13.87%	0.00%	0.00%
55	0.43%	0.19%	14.53%	14.53%	0.00%	0.00%	0.43%	0.19%	14.53%	14.53%	0.00%	0.00%
60	0.73%	0.33%	14.53%	14.53%	0.00%	0.00%	0.73%	0.33%	14.53%	14.53%	0.00%	0.00%
65 and more	1.13%	0.54%	14.53%	14.53%	100.00%	100.00%	1.13%	0.54%	14.53%	14.53%	100.00%	100.00%



**SCOTIABANK CHILE AND SUBSIDIARIES**

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## Sensitivity analysis

Allowances of long-term employee benefits							Allowance for employee severance indemnity					
As at March 31, 2023							As at December 31, 2022					
	-100BP	Original	+100BP	-100BP	Original	+100BP	-100BP	Original	+100BP	-100BP	Original	+100BP
Discount rate sensitivity	1,079	1,056	1,033	1,074	1,051	1,028	546	529	513	679	658	637
	23		(23)	23		(23)	17		(16)	21		(21)
	-50BP	Original	+50BP	-50BP	Original	+50BP	-50BP	Original	+50BP	-50BP	Original	+50BP
Salary sensitivity	N/A	1,056	N/A	N/A	1,051	N/A	515	529	544	640	658	676
	-		-	-		-	(14)		15	(18)		18

**Note 25 Provisions for dividends, interest payments and repricing of issued regulatory capital financial instruments**
**a) The detail of this line item is as follows:**

	3/31/2023 MCh\$	12/31/2022 MCh\$
Provisions for dividends		
Provision for payment of common shares dividends	21,504	146,260
Provision for payment of preferred shares dividends	-	-
Provision for payment of interest on bonds without a fixed maturity term	-	-
Provision for depreciation of bonds with no fixed maturity term	-	-
<b>Total</b>	<b>21,504</b>	<b>146,260</b>

**b) Movements in provisions are detailed as follows:**

	Payment of interest and repricing of regulatory capital financial instruments issued MCh\$	Provision for payment of common shares dividends MCh\$	Provision for payment of dividends on preferred shares MCh\$	Provision for payment of interest on bonds with no fixed term of maturity MCh\$	Provision for repricing of bonds with no fixed term of maturity MCh\$	Total MCh\$
Opening balances as at January 1, 2022	-	146,260	-	-	-	146,260
Provisions constituted	-	21,504	-	-	-	21,504
Application of provisions	-	(146,260)	-	-	-	(146,260)
Release of provisions	-	-	-	-	-	-
<b>Balance as at March 31, 2023</b>	-	<b>21,504</b>	-	-	-	<b>21,504</b>

	Payment of interest and repricing of regulatory capital financial instruments issued MCh\$	Provision for payment of common shares dividends MCh\$	Provision for payment of dividends on preferred shares MCh\$	Provision for payment of interest on bonds with no fixed term of maturity MCh\$	Provision for repricing of bonds with no fixed term of maturity MCh\$	Total MCh\$
Balance as at January 1, 2022	-	127,316	-	-	-	127,316
Provisions constituted	-	146,260	-	-	-	146,260
Application of provisions	-	(127,316)	-	-	-	(127,316)
Release of provisions	-	-	-	-	-	-
<b>Balance as at December 31, 2022</b>	-	<b>146,260</b>	-	-	-	<b>146,260</b>

**SCOTIABANK CHILE AND SUBSIDIARIES**

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**Note 26 Special allowances for credit losses**
**a) The detail of this line item is as follows:**

	3/31/2023 MCh\$	12/31/2022 MCh\$
Allowances due to credit risk for contingent loans	25,060	25,495
Allowances due to country risk on operations with debtors domiciled abroad	2,454	1,513
Special allowances due to loans abroad	-	-
Additional allowances due to commercial loans	87,715	87,715
Additional allowances due to mortgage loans	23,562	23,562
Additional allowances due to consumer loans	52,971	52,971
Allowances due to adjustments to the minimum provision required for normal portfolio with individual evaluation	-	-
Allowances constituted for credit risk as a result of complementary prudential requirements	-	-
<b>Total</b>	<b>191,762</b>	<b>191,256</b>

**b) The detail of allowances is as follows:**

	Allowances due to credit risk for contingent loans MCh\$	Allowances due to country risk on operations with debtors domiciled abroad MCh\$	Special allowances due to loans abroad MCh\$	Additional allowances for loans MCh\$	Allowances for adjustments to the minimum provision required for normal portfolio with individual evaluation MCh\$	Allowances constituted for credit risk as a result of complementary prudential requirements MCh\$	Total MCh\$
Balance as at January 1, 2023	25,495	1,513	-	164,248	-	-	191,256
Allowances constituted	1,971	941	-	-	-	-	2,912
Application of allowances	-	-	-	-	-	-	-
Release of allowances	(1,810)	-	-	-	-	-	(1,810)
Exchange rate effect on allowances	(596)	-	-	-	-	-	(596)
<b>Balance as at March 31, 2023</b>	<b>25,060</b>	<b>2,454</b>	<b>-</b>	<b>164,248</b>	<b>-</b>	<b>-</b>	<b>191,762</b>

	Allowances due to credit risk for contingent loans MCh\$	Allowances due to country risk on operations with debtors domiciled abroad MCh\$	Special allowances due to loans abroad MCh\$	Additional allowances for loans MCh\$	Allowances for adjustments to the minimum provision required for normal portfolio with individual evaluation MCh\$	Allowances constituted for credit risk as a result of complementary prudential requirements MCh\$	Total MCh\$
Balance as at January 1, 2022	30,996	229	-	185,761	-	-	216,986
First application adjustment	(12,306)	-	-	-	-	-	(12,306)
Allowances constituted	14,082	2,589	-	-	-	-	16,671
Application of allowances	-	-	-	-	-	-	-
Release of allowances	(6,973)	(1,305)	-	(21,513)	-	-	(29,791)
Exchange rate effect on allowances	(304)	-	-	-	-	-	(304)
<b>Balance as at December 31, 2022</b>	<b>25,495</b>	<b>1,513</b>	<b>-</b>	<b>164,248</b>	<b>-</b>	<b>-</b>	<b>191,256</b>

**SCOTIABANK CHILE AND SUBSIDIARIES**

Notes to the Interim Consolidated Financial Statements  
As at March 31, 2023 and 2022 and December 31, 2022

**Note 27 Other liabilities**

The detail of other liabilities is as follows:

Concept	3/31/2023 MCh\$	12/31/2022 MCh\$
Cash guarantees received due to derivative financial operations	935,488	829,625
Creditors due to intermediation of financial instruments	-	-
Accounts payable to third parties	131,510	123,923
Accounts payable by bank subsidiaries (applies only at the individual level of the bank subsidiary)	-	-
Agreed dividends payable	403	268
Valuation adjustments for macro hedges	-	-
Liability for income from regular activities due to contracts with customers	74,937	79,309
VAT Fiscal Debit payable	9,442	10,134
Other cash guarantees received	16	16
Outstanding operations	6,829	3,402
Other liabilities	5,808	3,680
<b>Total other liabilities</b>	<b>1,164,433</b>	<b>1,050,357</b>

# SCOTIABANK CHILE AND SUBSIDIARIES

Notes to the Interim Consolidated Financial Statements  
As at March 31, 2023 and 2022 and December 31, 2022

## Note 28 Equity

### a) Distribution of shares

As at March 31, 2023 and December 31, 2022, the Bank's authorized capital is composed of 12,244,885,748 registered, single series shares with no par value, all of them subscribed and fully-paid.

	As at 3/31/2023	As at 12/31/2022
Number of shares	12,244,885,748	12,244,885,748
Issuance of paid shares	-	-
Issuance of subscribed and unpaid shares	-	-
<b>Issued shares</b>	<b>12,244,885,748</b>	<b>12,244,885,748</b>

As at March 31, 2023 and December 31, 2022, the Bank or subsidiaries included in consolidation do not hold treasury shares.

As at March 31, 2023 and December 31, 2022, the distribution of shares is as follows:

Name of shareholder or Company name	As at March 31, 2023		As at December 31, 2022	
	Number of shares	Ownership %	Number of shares	Ownership %
Nova Scotia Inversiones Ltda.	12,219,803,633	99.80%	12,219,759,914	99.79%
Other minority shareholders	25,082,115	0.20%	25,125,834	0.21%
<b>Total</b>	<b>12,244,885,748</b>	<b>100.00%</b>	<b>12,244,885,748</b>	<b>100.00%</b>

### b) Capital increases

During the period between January 1, 2023 and March 31, 2023, there were no capital increases.

### c) Dividends paid and reserves

At the ordinary shareholders' meeting of Scotiabank Chile held on March 30, 2023, the shareholders agreed to distribute 40% of the profit for 2022 totaling MCh\$146,260 equivalent to a dividend of Ch\$11.94457 per share and allocate the remainder to the reserve fund for undistributed profits.

At the ordinary shareholders' meeting of Scotiabank Chile held on March 31, 2022, the shareholders agreed to distribute 40% of the profit for 2021 totaling MCh\$169,754 equivalent to a dividend of Ch\$13.86326 per share and allocate the remainder to the reserve fund for undistributed profits.

# SCOTIABANK CHILE AND SUBSIDIARIES

Notes to the Interim Consolidated Financial Statements

As at March 31, 2023 and 2022 and December 31, 2022

## d) Earnings per share

### Basic earnings per share:

It is calculated by dividing the profit or loss for the period, less preference shares, by the weighted average number of ordinary and investment shares outstanding during the period.

### Diluted earnings per share:

Dilution is the reduction in earnings per share or increase in loss per share resulting from the assumption that convertible instruments will be converted, that options or warrants will be exercised or that ordinary shares will be issued, if the expected conditions are met.

As at March 31, 2023 and December 31, 2022, the detail of diluted and basic earnings is as follows:

	Balance as at 3/31/2023	Balance as at 3/31/2022
Result attributable to the owners of the Bank (MCh\$)	71,681	113,274
Weighted average number of shares	12,244,885,748	12,244,885,748
<b>Earning per share (in Chilean pesos)</b>	<b>5.85</b>	<b>9.25</b>

As at March 31, 2023 and 2022, the Bank does not have instruments generating dilutive effects.

## SCOTIABANK CHILE AND SUBSIDIARIES

Notes to the Interim Consolidated Financial Statements

As at March 31, 2023 and 2022 and December 31, 2022

### e) Other comprehensive income:

The detail of other comprehensive income is as follows:

Sources of changes in Accumulated Other Comprehensive Income (MCh\$)	Items that will not be reclassified in results				Items that can be reclassified in results							
	New measurements of the liability (asset) for net defined benefits and actuarial results for other employee benefit	Net changes in fair value of equity instruments designated at fair value with changes in other comprehensive income	Income Tax	Subtotal	Changes in the fair value of financial assets at fair value with changes in other comprehensive income	Translation differences by entities abroad	Accounting hedging of net investments in entities abroad	Cash flow accounting hedge	Participation in other comprehensive income of entities registered under equity method	Other	Income Tax	Subtotal
Opening balances as at January 1, 2023	9	2,581	(2)	2,588	(160,869)	-	-	(33,995)	(33)	(328)	52,999	(142,226)
Income (loss) for the period	-	-	-	-	-	-	-	-	-	-	-	-
Other comprehensive income for the period	(22)	-	6	(16)	21,868	-	-	(87,327)	-	(62)	17,600	(47,921)
Closing balances as at March 31, 2023	(13)	2,581	4	2,572	(139,001)	-	-	(121,322)	(33)	(390)	70,599	(190,147)
Opening balances as at January 1, 2022	42	2,546	(11)	2,577	(184,932)	-	-	(101,115)	(33)	(208)	77,112	(209,176)
Income (loss) for the period	-	-	-	-	-	-	-	-	-	-	-	-
Other comprehensive income for the period	8	(38)	(2)	(32)	(28,424)	-	-	(156,854)	-	-	50,009	(135,269)
Closing balances as at March 31, 2022	50	2,508	(13)	2,545	(213,356)	-	-	(257,969)	(33)	(208)	127,121	(344,445)

# SCOTIABANK CHILE AND SUBSIDIARIES

Notes to the Interim Consolidated Financial Statements

As at March 31, 2023 and 2022 and December 31, 2022

## f) Accounting equity

Accounting equity is detailed as follows:

	3/31/2023 MCh\$	12/31/2022 MCh\$
<b>Capital</b>		
Paid-in capital	1,246,706	1,246,706
Surcharge paid for shares	121,715	121,715
Shares acquired by the Bank	-	-
<b>Reserves</b>		
Other reserves not related to earnings	17,019	17,019
Reserves from earnings	364,386	364,386
Reserves for depreciation of bonds without a fixed maturity term	-	-
Reserves for expiration of bonds without a fixed maturity term	-	-
<b>Accumulated Other Comprehensive Income</b>		
Items that will not be reclassified in results		
New measurements of the liability (asset) for net defined benefits and actuarial results for other employee benefit plans	(13)	9
Net changes in fair value of equity instruments designated at fair value with changes in other comprehensive income	2,581	2,581
Fair value changes of financial liabilities designated at fair value through profit or loss attributable to changes in the credit risk of the financial liability	-	-
Participation in other comprehensive income of entities registered under equity method	-	-
Non-current assets and disposal groups held for sale	-	-
Other	4	(2)
Items that can be reclassified in results		
Fair value changes of financial assets at fair value with changes in other comprehensive income	(101,151)	(117,047)
Translation differences by entities abroad	-	-
Accounting hedging of net investments in entities abroad	-	-
Cash flow hedge derivatives	(88,569)	(24,816)
Elements not designated of accounting hedge instruments	-	-
Participation in other comprehensive income of entities registered under equity method	(33)	(33)
Non-current assets and disposal groups held for sale	-	-
Other	(392)	(330)
Retained earnings from previous periods	1,436,903	1,095,630
Profit (loss) for the period	71,681	487,533
Provision for minimum dividends, payment of interest and revaluation of issued regulatory capital financial instruments	(21,504)	(146,260)
Provision of a foreign bank branch for remittances of profits to its parent company	-	-
<b>Owner's equity</b>	<b>3,049,333</b>	<b>3,047,091</b>
From Non-controlling interest	132,525	140,227
<b>Total Equity</b>	<b>3,181,858</b>	<b>3,187,318</b>

# **SCOTIABANK CHILE AND SUBSIDIARIES**

Notes to the Interim Consolidated Financial Statements

As at March 31, 2023 and 2022 and December 31, 2022

## **g) Non-controlling interests**

Non-controlling interest in subsidiaries composed of the following entities:

As at March 31, 2023	Non-controlling interest %	Non-controlling interest MCh\$	Results attributable to non-controlling interest MCh\$	Payment of dividends to non-controlling interest MCh\$
CAT Administradora de Tarjetas S.A.	49.00%	114,321	212	(7,213)
CAT Corredores de Seguros y Servicios S.A.	49.00%	8,444	813	(1,067)
Servicios Integrales S.A.	49.00%	1,930	204	(497)
Administradora y Procesos S.A.	49.00%	6,803	868	(1,056)
Scotia Corredora de Bolsa Chile Limitada	0.01%	8	-	-
Bandesarrollo Sociedad de Leasing Inmobiliario S.A.	0.09%	10	-	-
Scotia Asesorías Financieras Ltda.	1.26%	222	16	-
Scotia Azul Sociedad de Leasing Inmobiliario S.A.	2.51%	787	20	-
<b>Total</b>		<b>132,525</b>	<b>2,133</b>	<b>(9,833)</b>

As at December 31, 2022	Non-controlling interest %	Non-controlling interest MCh\$	Results attributable to non-controlling interest MCh\$	Payment of dividends to non-controlling interest MCh\$
CAT Administradora de Tarjetas S.A.	49.00%	121,322	20,034	(15,020)
CAT Corredores de Seguros y Servicios S.A.	49.00%	8,698	2,963	(1,008)
Servicios Integrales S.A.	49.00%	2,223	1,382	(118)
Administradora y Procesos S.A.	49.00%	6,991	2,934	(494)
Scotia Corredora de Bolsa Chile Limitada	0.01%	8	1	-
Bandesarrollo Sociedad de Leasing Inmobiliario S.A.	0.09%	10	(1)	-
Scotia Asesorías Financieras Ltda.	1.26%	206	174	(119)
Scotia Azul Sociedad de Leasing Inmobiliario S.A.	2.51%	769	36	-
<b>Total</b>		<b>140,227</b>	<b>27,523</b>	<b>(16,759)</b>



# SCOTIABANK CHILE AND SUBSIDIARIES

Notes to the Interim Consolidated Financial Statements

As at March 31, 2023 and 2022 and December 31, 2022

The summary of the financial information of the Bank's subsidiaries with significant non-controlling interest is as follows:

As at March 31, 2023	Result of the period	Total assets	Total liabilities
	MCh\$	MCh\$	MCh\$
CAT Administradora de Tarjetas S.A.	432	1,709,853	1,476,716
CAT Corredores de Seguros y Servicios S.A.	1,659	29,636	13,067
Servicios Integrales S.A.	416	5,997	2,226
Administradora y Procesos S.A	1,772	19,536	6,361
Bandesarrollo Leasing Inmobiliario S.A.	219	21,855	10,822
Scotia Asesorías Financieras Ltda	1,221	19,332	1,728
Scotia Azul Sociedad de Leasing Inmobiliario S.A.	814	38,667	7,953

As at December 31, 2022	Result of the period	Total assets	Total liabilities
	MCh\$	MCh\$	MCh\$
CAT Administradora de Tarjetas S.A.	40,887	1,698,518	1,467,276
CAT Corredores de Seguros y Servicios S.A.	6,048	26,289	10,957
Administradora y Procesos S.A	2,820	6,065	2,656
Servicios Integrales S.A.	5,989	18,997	7,125
Bandesarrollo Leasing Inmobiliario S.A.	(1,493)	22,086	11,206
Scotia Azul Asesorías Financieras S.A.	13,792	18,477	2,095
Scotia Azul Sociedad de Leasing Inmobiliario S.A.	1,448	43,838	13,616

# SCOTIABANK CHILE AND SUBSIDIARIES

Notes to the Interim Consolidated Financial Statements  
As at March 31, 2023 and 2022 and December 31, 2022

## Note 29 Contingencies and commitments

### a) Contingent loans

The following table shows the amounts of contingent loans assumed by the Bank:

Amount for different contingent loans	Contingent loans as at	
	3/31/2023 MCh\$	12/31/2022 MCh\$
<b>Guarantees and sureties</b>		
Guarantees and sureties in domestic currency	337,986	349,261
Guarantees and sureties in foreign currency	341,245	342,573
<b>Letters of credit for merchandise circulation operations</b>	82,311	126,288
<b>Debt purchase commitments in local currency abroad</b>	-	-
<b>Transactions related to contingent events</b>		
Transactions related to contingent events in Chilean currency	509,427	546,114
Transactions related to contingent events in foreign currency	169,401	183,672
<b>Unrestricted lines of credit for immediate payment</b>		
Available balance line of credit and agreed overdraft in checking account- commercial portfolio	672,145	684,795
Available balance line of credit on credit card – commercial portfolio	60,060	61,320
Available balance line of credit and agreed overdraft in checking account - consumer portfolio	407,171	410,351
Available balance line of credit on credit card – consumer portfolio	4,702,979	4,710,948
Available balance of line of credit and agreed overdraft in checking account – portfolio owed by banks	-	-
<b>Free disposal lines of credit</b>		
Available balance line of credit and agreed overdraft in checking account – commercial portfolio	-	-
Available balance line of credit in credit card – commercial portfolio	-	-
Available balance line of credit and agreed overdraft in checking account – consumer portfolio	-	-
Available balance line of credit in credit card – consumer portfolio	-	-
Available balance line of credit and agreed overdraft in checking account – portfolio owed by banks	-	-
<b>Other credit commitments</b>		
Credit for senior studies Law No. 20027 (CAE)	22,343	23,630
Other irrevocable credit commitments	66,912	76,249
<b>Other contingent credits</b>	-	-

### b) Contingencies

As at the date of issuance of these Consolidated Interim Financial Statements, there are legal actions filed against the Bank and its subsidiaries regarding operations inherent to the business. As at March 31, 2023, provisions for legal contingencies amounted to MCh\$11,408 (MCh\$12,152 as at December 31, 2022), which are part of item "Provisions" in the Interim Consolidated Statements of Financial Position.

#### b1) Corfo – Inverlink Case

In the case ID# 176739-MV filed with the 2nd Criminal Court of Santiago, the judgment was executed condemning BBVA Corredores de Bolsa Ltda., currently Scotia Azul Corredores de Bolsa Limitada, as a third party under the civil code responsible for the fact associated with two former employees. The Broker deposited the total amount payable for the sentence in the court's account and Corfo's claim to charge interest on the amount of the sentence was finally rejected in all its parts. On March 22, 2023, the Broker paid against provisions MCh\$601 for legal costs, in accordance with the resolution issued by the First Instance Court that established such amount, and as at March 31, 2023, the decision of the Santiago Court of Appeals on the appeal filed by the Broker against the resolution that established the amount of legal costs is pending.

## SCOTIABANK CHILE AND SUBSIDIARIES

Notes to the Interim Consolidated Financial Statements

As at March 31, 2023 and 2022 and December 31, 2022

Regarding the above-mentioned case as well as other legal actions filed against the Bank and its subsidiaries, Management believes, as reported by its Prosecutor's Office on the basis of the status and background available to date of such legal actions, that sufficient provisions have been made for contingencies arising from litigation against the Bank and its subsidiaries and as such from the group of cases, there will be no significant losses not considered in these Interim Consolidated Financial Statements.

### b2) Covenants

The Bank has four current financing contracts entered into with Export Development Canada on August 3, 2018 (MUS\$200), May 31, 2019 (MUS\$200), July 28, 2021 (MUS\$100) and July 13, 2022 (MUS\$250). These contracts establish the Bank's compliance with covenants related mainly to the provision of financial and non-financial information, regulatory compliance and compliance with certain obligations such as: compliance with the laws and authorizations necessary to perform its business and operations in general, perform all aspects necessary to preserve, renew and maintain its legal existence in full force and effect. Note that these financing agreements do not require compliance with specific financial ratios.

As at March 31, 2023, the Bank has fully complied with each of the obligations arising from the aforementioned contracts.

### c) Responsibilities

The Bank and its subsidiaries have the following responsibilities arising from the normal course of their businesses:

	3/31/2023	12/31/2022
	MCh\$	MCh\$
Documents in collection	58,232	61,857
Transferred financial assets managed by the Bank	1,404,256	1,383,566
Securities in custody	7,687,144	7,061,010
Assets in guarantee	3,944,648	3,623,916
<b>Total</b>	<b>13,094,280</b>	<b>12,130,349</b>

**SCOTIABANK CHILE AND SUBSIDIARIES**

Notes to the Interim Consolidated Financial Statements  
As at March 31, 2023 and 2022 and December 31, 2022

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**d) Guarantees due to operations****i) At Scotia Corredora de Bolsa Chile Limitada**

For purposes of complying with the provisions of articles No. 30 and No. 31 of Law No.18045, the Company engaged an insurance policy No. 330-22-00032510 from MAPFRE Seguros Generales S.A. equivalent to UF20,000, to secure the proper and full compliance with its obligations as a Stockbroker, covering the period from April 22, 2022 through April 22, 2023.

In order to comply with the requirements of the Stock Exchanges, in terms of comprehensive insurance, the subsidiary engaged from Chilena Consolidada Seguros Generales SA, a policy No. 5697508 for an insured amount of US\$1,000,000 covering the period from May 31, 2022 through May 31, 2023.

To guarantee the operations of the gross settlement compensation system, collateral securities were delivered to the Bolsa de Comercio de Santiago for MCh\$12,606 and Ch\$0 in cash as at March 31, 2023 (collateral securities amounting to MCh\$12,300 and MCh\$0 in cash as at December 31, 2022).

In accordance with the internal regulations of the Stock Exchange, in order to guarantee the proper performance of and compliance with the operations of Stockbrokers, as at March 31, 2023, guarantees were constituted on securities of MCh\$2,082 and in cash of MCh\$0 in favor of the Bolsa de Comercio de Santiago. In favor of Bolsa Electrónica de Chile guarantees were established on securities of MCh\$219 and in cash of MCh\$200 (as at December 31, 2022, guarantees were constituted on securities of MCh\$2,031 and in cash of MCh\$0 in favor of the Bolsa de Comercio de Santiago, and guarantees were constituted on securities in favor of Bolsa Electrónica de Chile of MCh\$213 and in cash of MCh\$200).

As at March 31, 2023, cash of MCh\$0 (MCh\$1,400 as at December 31, 2022) was delivered in cash to Bolsa de Comercio de Santiago to guarantee share loan transactions.

As at March 31, 2023, the Company holds collateral for simultaneous transactions of MCh\$2,157 in the Bolsa de Comercio de Santiago and MCh\$47 in Bolsa Electrónica de Chile. (As at December 31, 2022, the Company holds collateral for simultaneous transactions of MCh\$1,560 in the Bolsa de Comercio de Santiago and of MCh\$905 in the Bolsa Electrónica de Chile), which are maintained in the Custody Department of Bolsa de Comercio de Santiago or Bolsa Electrónica de Chile).

**ii) At Scotia Administradora General de Fondos Chile S.A.**

Scotia Administradora General de Fondos Chile S.A. has guarantees until January 10, 2024 for each of the managed funds, in accordance with the provisions of Article 13 of Law No.20712 of Administration of third-party funds and individual portfolios. The guarantees constituted by the managing funds through performance bonds with Scotiabank Chile correspond to a total amounting to UF643,263.59.

**SCOTIABANK CHILE AND SUBSIDIARIES**

Notes to the Interim Consolidated Financial Statements

As at March 31, 2023 and 2022 and December 31, 2022

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**iii) At Scotia Corredora de Seguros Chile Limitada**

In accordance with the provisions of article 58, letter D of DFL 251, as at March 31, 2023, the Bank holds insurance policies that protect it from possible damages that could affect it as a result of breaches of the law, regulations and complementary standards that regulate insurance brokers, and especially when the breach arises from acts, errors and omissions by the broker, its representatives, attorneys-in-fact or dependents that participate in the intermediation.

**Series A : N°10049683**

Amount : UF60.000

In favor of : Scotiabank Chile

Purpose : To cover in accordance with the general terms of the professional civil liability for insurance brokers, registered with the policy record under POL120130969 of CMF.

Term : Up to April 14, 2023

Additionally, the Company maintains eight guarantee certificates in favor of Scotiabank Chile to comply with its obligations as an intermediary of the title insurance portfolio.

**Series A : N°10049679**

Amount : UF500

In favor of : Scotiabank Chile

Purpose : To guarantee the proper compliance with the obligations that the insurance broker, individualized in this policy as the insured, has reason for its operations as an intermediary in engaging insurance policies in accordance with the rules established in Circular N°1584 dated January 21, 2002 issued by the CMF.

Term : Up to April 14, 2023

**Series A : N°420001907726**

Amount : UF100

In favor of : Scotiabank Chile

Purpose : To ensure the proper and timely compliance with the obligations of Scotia Corredora de Seguros Chile Limitada and that arise from its performance as a broker of the title insurance associated with the portfolio of debtors of Scotiabank Chile.

Term : Up to August 31, 2023

**Series A : N°420001907106**

Amount : UF100

In favor of : Scotiabank Chile

Purpose : To ensure the proper and timely compliance with the obligations of Scotia Corredora de Seguros Chile Limitada and that arise from its performance as a broker of the title insurance associated with the portfolio of debtors of Scotiabank Chile.

Term : Up to August 31, 2023

**SCOTIABANK CHILE AND SUBSIDIARIES**

Notes to the Interim Consolidated Financial Statements

As at March 31, 2023 and 2022 and December 31, 2022

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**Series A : N°420001907084**

Amount : UF100

In favor of : Scotiabank Chile

Purpose : To ensure the proper and timely compliance with the obligations of Scotia Corredora de Seguros Chile Limitada and that arise from its performance as a broker of the title insurance associated with the portfolio of debtors of Scotiabank Chile.

Term : Up to August 31, 2023

**Series A : N°420001907076**

Amount : UF100

In favor of : Scotiabank Chile

Purpose : To ensure the proper and timely compliance with the obligations of Scotia Corredora de Seguros Chile Limitada and that arise from its performance as a broker of the title insurance associated with the portfolio of debtors of Scotiabank Chile.

Term : Up to August 31, 2023

**Series A : N°420001916814**

Amount : UF100

In favor of : Scotiabank Chile

Purpose : To ensure the proper and timely compliance with the obligations of Scotia Corredora de Seguros Chile Limitada and that arise from its performance as a broker of the title insurance associated with the portfolio of debtors of Scotiabank Chile.

Term : Up to August 31, 2023

**Series A : N°420001931325**

Amount : UF600

In favor of : Scotiabank Chile

Purpose : To ensure proper and timely compliance with the obligations of Scotia Corredora de Seguros Chile Limitada and that arise from its performance as a broker of the title and total disability 2/3 insurance associated with the portfolio of debtors of Scotiabank Chile.

Term : Up to April 30, 2023

**Series A : N°420001931352**

Amount : UF10.000

In favor of : Scotiabank Chile

Purpose : To ensure the proper and timely compliance with the obligations of Scotia Corredora de Seguros Chile Limitada and that arise from its performance as a broker of the title insurance associated with the portfolio of debtors of Scotiabank Chile

Term : Up to April 30, 2023

## SCOTIABANK CHILE AND SUBSIDIARIES

Notes to the Interim Consolidated Financial Statements

As at March 31, 2023 and 2022 and December 31, 2022

### e) At CAT Corredores de Seguros y Servicios S.A.

In accordance with the provisions of article 58, letter D of DFL 251, which states that "Insurance Brokers, to perform their activities, must comply with the requirement to engage insurance policies as determined by the CMF, for the proper and full compliance with the obligations arising from their activities and especially of the damages that may be caused to the insured who contract through it", is that as at March 31, 2023, the Company maintains contracts with the Compañía de Seguros Generales Consorcio Nacional de Seguros S.A., the following policies, whose validity begins on April 15, 2022 and expires on April 14, 2023, which protect it from possible damages that could affect it as a result of breaches of law, regulations and complementary standards that regulate insurance brokers, and especially when the breach arises from acts, errors and omissions of the broker, their representatives, attorneys-in-fact or dependents entities that participate in the intermediation.

The related documents are the following:

Policy N°	Insured /Contracting	Insured Item	Amount UF
10049440	CAT Corredores de Seguros y Servicios S.A.	Brokers guarantee	500
10049442	CAT Corredores de Seguros y Servicios S.A.	Civil Liability	60,000

### f) Guarantees on real estate leasing operations

As established in contracts of "Administration of Housing Lease Contracts with Purchase Promise" held by Banderarrollo Sociedad de Leasing Inmobiliario S.A. with Securitizadora Bice S.A., where the former assumes in favor of the Separate Equities identified below, the obligation to acquire the housing units that are part of the related Separate Equities, when the related lease contract with purchase promise ends early, either by agreement by the parties or by enforceable judicial resolution. The price at which Banderarrollo Sociedad de Leasing Inmobiliario S.A. must acquire these housing units is detailed below:

Entity		% of the property value	Definition on property value
<b>Securitizadora Bice S.A.</b>			
Separated Equity BBICS A	N°1	85	Current commercial value
Separated Equity BBICS B	N°2	85	Current commercial value
Separated Equity BBICS L	N°6	85	Current commercial value
Separated Equity BBICS F	N°12	80	Promised price of the original contract
Separated Equity BBICS U	N°21	80	Promised price of the original contract
Separated Equity BBICS	N°22	60	Promised price of the original contract

**SCOTIABANK CHILE AND SUBSIDIARIES**

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**Note 30 Interest income and expenses**
**a) Summary of Interest income and expenses**

	3 month period ended as at <b>3/31/2023</b> <b>MCh\$</b>	3 month period ended as at <b>3/31/2022</b> <b>MCh\$</b>
Interest Income	593,493	345,011
Interest Expense	(398,684)	(153,794)
<b>Subtotal net interest income</b>	<b>194,809</b>	<b>191,217</b>
Net result of accounting hedges due to interest rate risk	25,071	(8,671)
<b>Total net interest income</b>	<b>219,880</b>	<b>182,546</b>

**b) Detail of Interest income:**

	3 month period ended as at <b>3/31/2023</b> <b>MCh\$</b>	3 month period ended as at <b>3/31/2022</b> <b>MCh\$</b>
<b>Interest income:</b>		
Financial assets at amortized cost:		
Rights under resale agreements and securities lending agreements	3,350	2,048
Financial debt securities	-	-
Loans and advances to banks	1,234	1,196
Commercial loans	273,559	131,126
Mortgage loans	111,374	92,344
Consumer loans	157,740	101,550
Other financial instruments	10,070	1,962
Financial assets at fair value through other comprehensive income		
Debt financial instruments	36,166	14,785
Other financial instruments	-	-
<b>Total</b>	<b>593,493</b>	<b>345,011</b>



**SCOTIABANK CHILE AND SUBSIDIARIES**

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**c) Detail of Interest expenses:**

	3 month period ended as at <b>3/31/2023</b> MCh\$	3 month period ended as at <b>3/31/2022</b> MCh\$
<b>Interest expenses:</b>		
Financial liabilities at amortized cost:		
Deposits and other on-demand liabilities	(11,088)	(14,960)
Term and on-demand deposits	(299,501)	(81,902)
Liabilities under repurchase agreements and securities lending	(4,739)	(3,130)
Bank borrowings	(32,066)	(8,356)
Debt financial instruments issued	(40,679)	(36,431)
Other financial liabilities	-	-
Lease liabilities	(1,112)	(1,058)
Issued regulatory capital financial instruments	(9,499)	(7,957)
<b>Total</b>	<b>(398,684)</b>	<b>(153,794)</b>

**d) Detail of gain or loss from accounting hedge for the interest rate risk:**

	3 month period ended as at <b>3/31/2023</b> MCh\$	3 month period ended as at <b>3/31/2022</b> MCh\$
<b>Interest income:</b>		
Result of accounting hedges due to interest rate risk:		
Gain from financial derivative contracts for accounting hedge	5,676	3,446
Loss from financial derivative contracts for accounting hedge	(4,470)	(6,974)
Results from adjustments of hedged financial assets	21,027	(3,194)
<b>Interest expense:</b>		
Result of accounting hedges of interest rate risk:		
Gain from financial derivative contracts for accounting hedge	9,605	263
Loss from financial derivative contracts for accounting hedge	(1,737)	(2,324)
Results from adjustments of hedged financial liabilities	(5,030)	112
<b>Net result of accounting hedges on risk due to interest rate risk</b>	<b>25,071</b>	<b>(8,671)</b>

**e) Detail of interest on loans subject to suspension of income recognition on an accrual basis:**

The following is a detail of interest on receivables with suspension of income recognition on an accrual basis recognized in the Interim Consolidated Statements of Income because they have been effectively received.

	3 month period ended as at <b>3/31/2023</b> MCh\$	3 month period ended as at <b>3/31/2022</b> MCh\$
Owed by banks	-	-
Commercial loans	1,623	1,259
Mortgage loans	2,874	632
Consumer loans	2,382	81
<b>Total</b>	<b>6,879</b>	<b>1,972</b>

**SCOTIABANK CHILE AND SUBSIDIARIES**

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Interest that was not recognized in the Interim Consolidated Statements of Income because recognition on an accrual basis was suspended is detailed below.

	3/31/2023	12/31/2022
	MCh\$	MCh\$
Owed by banks	-	-
Commercial loans	6,425	5,695
Mortgage loans	5,581	5,234
Consumer loans	854	708
<b>Total</b>	<b>12,860</b>	<b>11,637</b>

**Note 31 Indexation income and expenses**
**a) Summary of Indexation income and expenses:**

	3 month period ended as at 3/31/2023 MCh\$	3 month period ended as at 3/31/2022 MCh\$
Income due to UF adjustments	232,080	363,730
Expenses due to UF adjustments	(114,547)	(164,317)
<b>Subtotal net income due to UF adjustment</b>	<b>117,533</b>	<b>199,413</b>
Net result of accounting hedges of risk due to UF readjustments	(44,858)	(112,558)
<b>Total net income due to adjustments</b>	<b>72,675</b>	<b>86,855</b>

**b) Detail of Indexation income:**

	3 month period ended as at 3/31/2023 MCh\$	3 month period ended as at 3/31/2022 MCh\$
<b>Income due to UF adjustments</b>		
Financial assets at amortized cost		
Rights due to repurchase agreements and securities lending	-	-
Debt financial instruments	-	-
Owed by banks	-	-
Commercial loans	49,312	82,180
Mortgage loans	176,880	273,828
Consumer loans	192	447
Other financial instruments	1,078	1,770
Financial assets at fair value with changes in other comprehensive income		
Debt financial instruments	4,618	5,505
Other financial instruments	-	-
<b>Total</b>	<b>232,080</b>	<b>363,730</b>

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**c) Detail of Indexation expenses:**

	3 month period ended as at <b>3/31/2023</b> MCh\$	3 month period ended as at <b>3/31/2022</b> MCh\$
<b>Expenses due to UF adjustments</b>		
Financial liabilities at amortized cost:		
Deposits and other on-demand obligations	-	-
Deposits and other time deposits	(10,581)	(11,034)
Obligations due to repurchase agreements and securities lending	-	-
Obligations with banks	-	-
Debt financial instruments issued	(91,533)	(136,051)
Other financial obligations	-	-
Regulatory capital financial instruments issued:		
Subordinated bonds	(12,433)	(17,232)
Bonds with no fixed maturity term	-	-
<b>Total</b>	<b>(114,547)</b>	<b>(164,317)</b>

**d) Detail of gain or loss from accounting hedge for indexation of UF:**

	3 month period ended as at <b>3/31/2023</b> MCh\$	3 month period ended as at <b>3/31/2022</b> MCh\$
<b>Income due to adjustments:</b>		
Result of accounting hedges due to risk in UF adjustments		
Gain from financial derivative contracts for accounting hedges	160,517	203,105
Loss from financial derivative contracts for accounting hedges	(193,329)	(329,488)
Results from adjustments of hedged financial assets	(16,190)	(1,202)
<b>Adjustment expenses:</b>		
Result of accounting hedges due to risk in UF adjustments		
Gain from financial derivative contracts for accounting hedges	63,138	47,600
Loss from financial derivative contracts for accounting hedges	(40,508)	(32,811)
Results from adjustment of hedged financial liabilities	(18,486)	238
<b>Net result of accounting hedges on risk due to UF adjustments</b>	<b>(44,858)</b>	<b>(112,558)</b>

**e) Detail of indexation on loans subject to suspension of income recognition on an accrual basis:**

Below is a detail of the indexation on loans subject to suspension of income recognition on an accrual basis recognized in the Interim Consolidated Statements of Income for the Period for having been effectively received.

	3 month period ended as at <b>3/31/2023</b> MCh\$	3 month period ended as at <b>3/31/2022</b> MCh\$
Owed by banks	-	-
Commercial loans	725	149
Mortgage loans	745	378
Consumer loans	3	2
<b>Total</b>	<b>1,473</b>	<b>529</b>

# SCOTIABANK CHILE AND SUBSIDIARIES

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The detail of the indexation that was not recognized in the Interim Consolidated Statements of Income as its recognition was suspended on an accrual basis is provided below.

	3/31/2023 MCh\$	12/31/2022 MCh\$
Owed by banks	-	-
Commercial loans	10,240	11,044
Mortgage loans	26,041	24,209
Consumer loans	34	36
<b>Total</b>	<b>36,315</b>	<b>35,289</b>

## Note 32 Fee and commission income and expenses

Fee and commission income and expenses are included in the Interim Consolidated Statements of Income include the following:

	3 month period ended as at 3/31/2023 MCh\$	3 month period ended as at 3/31/2022 MCh\$
Commissions due to credits prepayment	619	665
Commissions due to loans with letters of credit	396	418
Commissions due to credit lines and overdrafts in checking accounts	228	254
Commissions due to guarantees and letters of credit	3,589	2,459
Credit card transactions commissions	24,301	22,600
Commissions due to accounts management	5,517	5,202
Commissions due to collections and payments	13,149	12,643
Commissions due to brokerage and securities handling (Stock Brokers and/or Securities Agency)	454	448
Remuneration for administration of mutual funds, investment funds or others	3,170	3,910
Insurance related to the granting of credits to natural persons	9,164	8,111
Insurance not related to the granting of credits to natural persons	3,100	3,545
Insurance related to the granting of credits to legal entities	137	84
Insurance not related to the granting of credits to legal entities	110	164
Commissions due to services on factoring operations	18	23
Commissions due to services in financial lease operations	234	266
Commissions due to deposit and custody of securities	2	6
Commissions due to financial advise	1,553	3,400
Other commissions earned		
Issuance of on-demand vouchers	61	79
Issuance of guarantee bills	109	76
Student loan administration	2,949	2,890
Other remuneration for services rendered	1,617	2,197
<b>Total income due to commissions and services rendered</b>	<b>70,477</b>	<b>69,440</b>
Commissions for card operations	(11,820)	(9,801)
Fees for licensing the use of card brands	(298)	(270)
Expenses due to obligations on loyalty programs and merits for cardholders	(5,708)	(4,267)
Securities trading commissions	(1,017)	(704)
Other commissions for services received		
Commissions by correspondent banks in the country and abroad	(25)	(33)
Commissions for electronic fund transfer services	(3,916)	(4,957)
Other subsidiary commissions	(373)	(153)
Other	(1,366)	(1,166)
<b>Total expenses due to commissions and services rendered</b>	<b>(24,523)</b>	<b>(21,351)</b>
<b>Total net income due to commissions</b>	<b>45,954</b>	<b>48,089</b>

# SCOTIABANK CHILE AND SUBSIDIARIES

Notes to the Interim Consolidated Financial Statements

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## Note 33 Net financial result

The detail of this line item is as follows:

	3 month period ended as at 3/31/2023 MCh\$	3 month period ended as at 3/31/2022 MCh\$
<b>Income from financial assets to be traded at fair value through profit or loss</b>		
Financial derivative contracts	1,874,808	1,427,607
Debt financial instruments	7,482	6,868
Other financial instruments:		
Investments in mutual funds	1,683	1,007
Equity instruments	203	445
Credits originated and acquired by the entity	-	-
Other	113	-
<b>Result from financial liabilities to be traded at fair value through profit or loss</b>		
Financial derivative contracts	(1,944,054)	(1,491,917)
Other financial instruments:	-	-
<b>Subtotal</b>	<b>(59,765)</b>	<b>(55,990)</b>
<b>Financial result for derecognizing financial assets and liabilities at amortized cost and financial assets at fair value with changes in other comprehensive income</b>	-	-
<b>Financial result for financial assets and liabilities designated at fair value through profit or loss</b>	-	-
<b>Financial result from derecognising financial assets and liabilities at amortized cost and financial assets at fair value through other comprehensive income</b>		
Financial assets at amortized cost	(13)	17
Financial assets at fair value with changes in other comprehensive income	820	374
<b>Subtotal</b>	<b>807</b>	<b>391</b>
<b>Financial results for changes readjustments and accounting hedging of foreign currency</b>		
Foreign currency exchange result	145,750	173,432
Results for adjustments on exchange rate		
Financial assets at amortized cost	(10,138)	(10,059)
Net result of derivatives in accounting hedges of foreign currency risk	(69,120)	(112,014)
<b>Subtotal</b>	<b>66,492</b>	<b>51,359</b>
<b>Financial result from reclassifications of financial assets due to a change in business model</b>	-	-
<b>Other financial result from changes in financial assets and liabilities</b>	-	-
<b>Other result from ineffective cash flow accounting hedges</b>		
Result from ineffective cash flow accounting hedges	(997)	1,198
<b>Other financial result from other types of accounting hedges</b>	-	-
<b>Subtotal</b>	<b>(997)</b>	<b>1,198</b>
<b>Net financial result</b>	<b>6,537</b>	<b>(3,042)</b>

**SCOTIABANK CHILE AND SUBSIDIARIES**

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**Note 34 Gain or loss from investments in companies**

The detail of gain or loss from investments in companies is as follows:

	Country	3/31/2023 MCh\$	3/31/2022 MCh\$
<b>Companies with significant influence in the country</b>			
Operadora de Tarjetas de Créditos Nexus S.A.	Chile	-	-
Transbank S.A.	Chile	1,757	2,091
<b>Subtotal</b>		<b>1,757</b>	<b>2,091</b>
<b>Minority investments in other local companies</b>			
Bolsa de Comercio de Santiago	Chile	-	3
Sociedad de Infraestructura de Mercado S.A.	Chile	-	-
Bolsa Electrónica de Chile	Chile	-	-
Sociedad Interbancaria de Depósitos de Valores	Chile	-	-
Sociedad Servicios de Infraestructura y de Mercado OTC	Chile	-	-
Redbanc S.A.	Chile	-	-
Combanc S.A.	Chile	-	-
Bolsa de Valores de Valparaíso S.A.	Chile	-	-
Club de La Unión	Chile	-	-
Caja Compensación Bolsa de Comercio de Santiago	Chile	-	-
<b>Subtotal</b>		<b>-</b>	<b>3</b>
<b>Minority investments in other companies abroad</b>			
Society for Worldwide Interbank Financial Telecommunication	Belgium	-	-
Banco Latinoamericano de Comercio Exterior S.A. (Bladex)	Panama	2	2
<b>Subtotal</b>		<b>2</b>	<b>2</b>
<b>Total income from investments in companies</b>		<b>1,759</b>	<b>2,096</b>

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Notes to the Interim Consolidated Financial Statements

As at March 31, 2023 and 2022 and December 31, 2022

**Note 35 Gain or loss from non-current assets and disposal groups not qualifying as discontinued operations**

Non-current assets result detail is as follows:

	3/31/2023 MCh\$	3/31/2022 MCh\$
Result from assets received in lieu of payment or legally adjudicated		
Result from assets received in lieu of payment or legally awarded with related parties	-	-
Result from the sale of assets received in payment or legally awarded with non-related third parties	1,417	1,601
Other income from assets received in payment or legally awarded through auctions	161	74
Provisions for adjustments to the net realizable value of assets received in payment or legally adjudicated through auctions	(117)	(184)
Write-offs of assets received in payment or adjudicated in legal auctions	(1,150)	(1,081)
Expenses for maintenance of assets received in payment or awarded in legal auctions	(138)	(99)
Non-current assets held for sale		
Investments in companies	79	-
Intangible assets	-	-
Property, equipment	294	(8)
Assets for recovery of goods transferred in financial leasing operations	-	-
Other assets	-	-
Disposal groups available for sale	-	-
<b>Total</b>	<b>546</b>	<b>303</b>

**SCOTIABANK CHILE AND SUBSIDIARIES**

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**Note 36 Other operating income and expenses**

Other operating income and expenses shown in the Interim Consolidated Statements of Income include the following:

	3/31/2023	3/31/2022
	MCh\$	MCh\$
<b>Other operating income</b>		
Compensation from insurance companies for claims other than operational risk events	-	-
Net income from investment properties	-	-
Incentives received from issued credit card brands (VISA, MC etc.)	987	2,444
Income from correspondent banks	-	-
Income other than interest and commissions from lease contracts	158	448
Income due to reimbursements of expenses	3,056	1,693
Other income		
Various income from leasing operations	815	690
Lease received	11	-
Income from consultancies	-	1,260
Recovery of expenses	174	3
Sundry income from subsidiaries	2,265	1,811
Other operating income	54	619
<b>Total other operating income</b>	<b>7,520</b>	<b>8,968</b>
<b>Other operating expenses</b>		
Recoveries of expenses for operational risk events	-	-
Gross loss expense due to operational risk events	-	-
Recoveries of expenses due to operational risk events	1,075	272
Expense of provisions for unearned insurance brokerage commissions	-	-
Expense of provisions for unearned insurance premium collection commissions	-	-
Provisions for restructuring plans	-	-
Provisions from trials and litigation	17	11
Other provisions for other contingencies	(65)	(214)
Expenses for credit operations of financial leasing	(245)	(184)
Expenses for factoring credit operations	(9)	(11)
Expenses for administration, maintenance and support of automatic teller machines (ATM)	-	-
Expenses for adoption of new card technologies	-	-
Expenses for issuance of financial instruments of regulatory capital	-	-
Other operating expenses		
Expenses for provisions of securitized bonds	(1,985)	(2,325)
Operational risk expenses	(3,016)	(2,686)
Write-offs due to business decisions	(469)	(398)
Correspondent bank expenses	(362)	(423)
Clearing Chamber Services	(570)	(526)
Expenses for legal adverts	(118)	(82)
Other operating expenses Subsidiaries	(2,782)	(1,373)
Other operating expenses	(456)	(219)
<b>Total other operating expenses</b>	<b>(8,985)</b>	<b>(8,158)</b>
<b>Total</b>	<b>(1,465)</b>	<b>810</b>



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**Note 37 Expenses for employee benefit obligations**

Expenses for employee benefit obligations shown in the Interim Consolidated Statements of Income include the following:

	3/31/2023	3/31/2022
	MCh\$	MCh\$
Expenses due to short-term benefits to employees	70,471	60,566
Post-employment employee benefit expense	-	-
Expenses due to long-term benefits to employees	612	780
Expenses for employee benefits due to termination of employment contract	6,166	2,683
Expenses for payments to employees based on shares or equity instruments	-	-
Expenses for obligations for defined contribution post-employment plans	-	-
Expenses for obligations for post-employment defined benefit plans	-	-
Expenses for other personnel obligations	-	-
Other staff expenses	496	344
<b>Total expenses due to obligations on benefits to employees</b>	<b>77,745</b>	<b>64,373</b>

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Notes to the Interim Consolidated Financial Statements

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**Note 38 Administrative expenses**

Administrative expenses shown in the Interim Consolidated Statements of Income include the following:

	3/31/2023 MCh\$	3/31/2022 MCh\$
Administration overheads		
Expenses for short-term lease contracts	1,356	1,159
Expenses for low-value leases	-	-
Other expenses of obligations for lease contracts	78	64
Maintenance and repair of property and equipment	1,433	1,234
Insurance premiums except to cover operational risk events	1,263	1,167
Office supplies	346	425
IT and communication expenses	12,962	15,023
Electricity , heating and other services	704	602
Security patrol and security transport services	921	784
Personnel representation and travel expenses	232	139
Legal and notary expenses	2,697	2,301
Fees for review and audit of the financial statements by the external auditor	304	230
Fees for advice and consultancies carried out by the external auditor	-	-
Fees for advice and consultancies carried out by other audit firms	-	-
Title Classification Fees	-	-
Fees for other technical reports	539	585
Fines applied by CMF	-	-
Fines applied by other organizations	7	18
Other administration overhead expenses		
Common expenses buildings	957	892
Contribution Banks Association	14	68
External consultancies	5,499	3,653
Services Santiago Stock Exchange	270	244
Telemarketing services	1,423	1,405
Card distribution servicing	309	319
External consultancies Subsidiaries	1,177	1,546
Other general administrative expenses	3,288	1,867
Outsourced services		
Data processing	238	181
Technological development, certification and technological testing service	36	43
External service for the administration of human resources and supply of outsourced personnel	469	441
Appraisal service	-	-
Call Center service for sales, marketing, quality control, customer service	861	513
Outsourced collection service	3,259	1,798
Outsourced ATM administration and maintenance service	816	513
Outsourced cleaning service, casino, custody of files and documents, storage of furniture and equipment	812	1,008
Product sales and distribution services	-	-
Outsourced credit evaluation service	-	-
Other outsourced		
IT and communications expenses	3,733	933
Other Services subcontracted by Subsidiaries	5,134	4,279
Other/Scotia Servicios Corporativos SpA	577	2,065
Other outsourced services	216	298
Board expenses	199	295
Advertising	3,929	4,228
Taxes, contributions and other legal charges	3,939	3,413
<b>Total administrative expenses</b>	<b>59,997</b>	<b>53,733</b>

**SCOTIABANK CHILE AND SUBSIDIARIES**

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**Note 39 Depreciation and amortization**

The detail of this line item is as follows:

	3/31/2023	3/31/2022
	MCh\$	MCh\$
Amortization of intangible assets		
Other intangible assets arising from business combinations	2,307	3,719
Other intangible assets arising independently	7,421	3,960
Depreciation of Property and Equipment		
Building and Land	404	412
Other fixed assets	2,676	2,909
Amortization and depreciation of right-of-use asset under lease		
Building and Land		
Building	3,093	2,991
Other fixed assets	-	-
Depreciation for improvements in leased real estate as assets for the right to use leased property	619	680
Amortization for the right to use other intangible assets under lease	-	-
Depreciation of other assets for investment properties	-	-
Amortization of other assets per revenue asset from regular activities from contracts with customers	-	-
<b>Total depreciation and amortization</b>	<b>16,520</b>	<b>14,671</b>

## SCOTIABANK CHILE AND SUBSIDIARIES

Notes to the Interim Consolidated Financial Statements

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### Note 40 Impairment of non-financial assets

The detail of this line item is as follows:

	3/31/2023 MCh\$	3/31/2022 MCh\$
Impairment of investments in companies	-	-
Impairment of intangible assets	33	-
Impairment of Property and Equipment	-	-
Impairment of assets for the right to use leased assets	-	-
Impairment of assets for investment properties	-	-
Impairment of revenue assets due to regular activities arising from contracts with customers	-	-
Gain from an acquisition through a highly advantageous business combination	-	-
<b>Total impairment of non-financial assets</b>	<b>33</b>	<b>-</b>

### Note 41 Credit loss expense

The result corresponding to allowances for credit risk reported in the Interim Consolidated Statements of Income is explained as follows:

#### a) Credit loss expense

	3 month period ended as at 3/31/2023 MCh\$	3 month period ended as at 3/31/2022 MCh\$
Expenses on allowances due to credit risk on loans	(117,166)	(62,662)
Expense on special allowances due to credit risk	(1,102)	(266)
Recovery of written-off loans	14,885	17,775
Impairment due to credit risk of other financial assets at amortized cost	(3)	2
Impairment due to credit risk of financial assets at fair value with changes in other comprehensive income	(303)	11
<b>Total</b>	<b>(103,689)</b>	<b>(45,140)</b>

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Notes to the Interim Consolidated Financial Statements

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## b) Expense for allowances for credit risk and expense for credit losses on loans

Summary of expense on allowances due to credit risk and expense for credit losses on loans in the period	Regular Portfolio		Expense of allowances due to loans in the period			Subtotal	Deductible guarantees FOGAPE Covid-19	Total	
	Evaluation		Substandard Portfolio	Default Portfolio					
	Individual	Group	Evaluation	Individual	Group				
3-month period ended as at 3/31/2023 (MCh\$)									
Owed by banks									
Constitution of allowances	(18)	-	-	-	-	(18)			
Release of allowances	8	-	-	-	-	8			
Subtotal	(10)	-	-	-	-	(10)	-	(10)	
Commercial loans									
Constitution of allowances	(27,671)	(4,845)	(9,749)	(17,666)	(14,713)	(74,644)	(7)	(74,651)	
Release of allowances	29,995	6,156	10,251	4,052	4,158	54,612	305	54,917	
Subtotal	2,324	1,311	502	(13,614)	(10,555)	(20,032)	298	(19,734)	
Mortgage loans									
Constitution of allowances	-	(2,896)	-	-	(4,063)	(6,959)			
Release of allowances	-	2,970	-	-	966	3,936			
Subtotal	-	74	-	-	(3,097)	(3,023)	-	(3,023)	
Consumer loans									
Constitution of allowances	-	(29,242)	-	-	(97,819)	(127,061)			
Release of allowances	-	21,041	-	-	11,621	32,662			
Subtotal	-	(8,201)	-	-	(86,198)	(94,399)	-	(94,399)	
Expense of allowances constituted for loan credit risk	2,314	(6,816)	502	(13,614)	(99,850)	(117,464)	298	(117,166)	
Recoveries of written-off loans									
Owed by banks									-
Commercial loans									3,241
Mortgage loans									1,563
Consumer loans									10,081
Subtotal									14,885
Expense due to credit loss on loans									(102,281)

Summary of expense on allowances due to credit risk and expense for credit losses on loans in the period	Regular Portfolio		Expense of allowances due to loans in the period			Subtotal	Deductible guarantees FOGAPE Covid-19	Total	
	Evaluation		Substandard Portfolio	Default Portfolio					
	Individual	Group	Evaluation	Individual	Group				
3-month period ended as at 3/31/2022 (MCh\$)									
Owed by banks									
Constitution of allowances	(1)	-	-	-	-	(1)			
Release of allowances	2	-	-	-	-	2			
Subtotal	1	-	-	-	-	1	-	1	
Commercial loans									
Constitution of allowances	(27,999)	(5,416)	(6,026)	(6,670)	(12,660)	(58,771)		(58,771)	
Release of allowances	23,746	4,337	6,446	5,828	3,604	43,961	132	44,093	
Subtotal	(4,253)	(1,079)	420	(842)	(9,056)	(14,810)	132	(14,678)	
Mortgage loans									
Constitution of allowances	-	(1,925)	-	-	(1,903)	(3,828)			
Release of allowances	-	1,532	-	-	1,223	2,755			
Subtotal	-	(393)	-	-	(680)	(1,073)	-	(1,073)	
Consumer loans									
Constitution of allowances	-	(40,114)	-	-	(45,821)	(85,935)			
Release of allowances	-	26,978	-	-	12,045	39,023			
Subtotal	-	(13,136)	-	-	(33,776)	(46,912)	-	(46,912)	
Expense of allowances constituted for loan credit risk	(4,252)	(14,608)	420	(842)	(43,512)	(62,794)	132	(62,662)	
Recoveries of written-off loans									
Owed by banks									-
Commercial loans									3,914
Mortgage loans									1,685
Consumer loans									12,176
Subtotal									17,775
Expense due to credit loss on loans									(44,887)

**SCOTIABANK CHILE AND SUBSIDIARIES**

Notes to the Interim Consolidated Financial Statements  
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**c) Expense for credit risk special allowances**

Summary of expenses due to credit risk special provisions	3 month period ended as at	3 month period ended as at
	3/31/2023 MCh\$	3/31/2022 MCh\$
<b>Provision expense due to contingent loans</b>	<b>(161)</b>	<b>364</b>
Owed by banks	-	-
Commercial loans	17	(371)
Consumer loans	(178)	735
<b>Provision expense due to country risk for operations with debtors domiciled abroad</b>	<b>(941)</b>	<b>(630)</b>
<b>Expense due to special provisions for credits abroad</b>	-	-
<b>Expense due to additional provisions for credits</b>	-	-
Commercial loans	-	-
Mortgage loans	-	-
Consumer loans	-	-
<b>Expense due to adjustment provisions to minimum provision required for regular portfolio with individual evaluation</b>	-	-
<b>Expense due to other special provisions constituted for credit risk</b>	-	-

**Note 42 Gain or loss from discontinued operations**

As at March 31, 2023 and 2022, the Bank does not have this type of operations.

## SCOTIABANK CHILE AND SUBSIDIARIES

Notes to the Interim Consolidated Financial Statements

As at March 31, 2023 and 2022 and December 31, 2022

### Note 43 Related party disclosures

As established in Chapter 12-4 of the Updated Compilation of Standards (RAN), related parties are persons or entities that, directly or through third parties, hold an interest in the Bank's ownership when such interest exceeds 1 % of the shares, as well as persons who, without holding an interest in the Bank's ownership, have authority and responsibility in the planning, management and control of activities of the Bank or its subsidiaries. Persons or entities related to the Bank holding, directly, through third parties or both, a share higher than 5% are also considered related parties or where they act as director, general manager or other equivalent position.

Article 89 of the Law on Public Companies, also applied to banks, establishes that any transaction with a related party should be performed in fair conditions, similar to the ones commonly prevailing in the market.

On the other hand, article 84 of the General Banking Law establishes the limits for the loans that can be granted to related parties and the prohibition to grant loans to the directors, managers or general representatives of the Bank.

#### a) Assets and liabilities for transactions with related parties

Type of current assets and liabilities with related parties according to IAS 24 As at March 31, 2023 (in MCh\$)	Type of related party				
	Parent	Other legal entity	Key staff of the Consolidated Bank	Other related parties	Total
<b>ASSETS</b>					
Financial assets to be traded at fair value through profit or loss:					
Financial derivative contracts	2,162,296	-	-	1,590	2,163,886
Debt financial instruments	-	-	-	-	-
Financial assets not intended for mandatorily trading at fair value through profit or loss	-	-	-	-	-
Financial assets designated at fair value through profit or loss	-	-	-	-	-
Financial assets at fair value with changes in other comprehensive income	-	-	-	-	-
Financial derivative contracts for accounting hedge	68,084	-	-	-	68,084
Financial assets at amortized cost:					
Rights for repurchase agreements and securities lending	-	-	-	-	-
Debt financial instruments	-	-	-	-	-
Commercial loans	-	-	3,033	308,024	311,057
Mortgage loans	-	-	16,458	112,383	128,841
Consumer loans	-	-	2,142	18,724	20,866
Provisions constituted- Loans	-	-	(100)	(1,444)	(1,544)
Other assets	328	-	-	-	328
Contingent loans	18,022	29,993	3,829	29,645	81,489
<b>LIABILITIES</b>					
Financial liabilities to be traded at fair value through profit or loss:					
Financial derivative contracts	1,413,940	-	-	20,736	1,434,676
Financial liabilities designated at fair value through profit or loss	-	-	-	-	-
Financial derivative contracts for accounting hedge	229,647	-	-	-	229,647
Financial liabilities at amortized cost:					
Term and on-demand deposits	797	448	1,210	50,309	52,764
Deposits and other term deposits	-	-	10,253	284,172	294,425
Liabilities with repurchase agreements and securities lending	-	-	-	-	-
Obligations with banks	-	-	-	-	-
Debt financial instruments issued	-	-	-	-	-
Other financial obligations	-	-	-	-	-
Lease contracts obligations	-	-	-	774	774
Other liabilities	6,179	-	-	181	6,360

# SCOTIABANK CHILE AND SUBSIDIARIES

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As at March 31, 2023 and 2022 and December 31, 2022

Type of current assets and liabilities with related parties according to IAS 24 As at December 31, 2022 (in MCh\$)	Type of related party				Total
	Parent	Other legal entity	Key staff of the Consolidated Bank	Other related parties	
<b>ASSETS</b>					
Financial assets to be traded at fair value through profit or loss:					
Financial derivative contracts	2,302,138	-	-	728	2,302,866
Debt financial instruments	-	-	-	-	-
Financial assets not intended for mandatorily trading at fair value through profit or loss	-	-	-	-	-
Financial assets designated at fair value through profit or loss	-	-	-	-	-
Financial assets at fair value with changes in other comprehensive income	-	-	-	-	-
Financial derivative contracts for accounting hedge	51,529	-	-	-	51,529
Financial assets at amortized cost:					
Rights for repurchase agreements and securities lending	-	-	-	-	-
Debt financial instruments	-	-	-	-	-
Commercial loans	-	-	2,801	335,846	338,647
Mortgage loans	-	-	15,832	103,941	119,773
Consumer loans	-	-	2,288	18,185	20,473
Provisions constituted- Loans	-	-	(84)	(1,925)	(2,009)
Other assets	68	-	-	-	68
Contingent loans	19,380	29,994	4,242	31,436	85,052
<b>LIABILITIES</b>					
Financial liabilities to be traded at fair value through profit or loss:					
Financial derivative contracts	1,645,519	-	-	25,388	1,670,907
Financial liabilities designated at fair value through profit or loss	-	-	-	-	-
Financial derivative contracts for accounting hedge	179,322	-	-	-	179,322
Financial liabilities at amortized cost:					
Term and on-demand deposits	796	1,046	1,784	66,272	69,898
Deposits and other term deposits	-	-	10,185	155,526	165,711
Liabilities with repurchase agreements and securities lending	-	-	-	-	-
Obligations with banks	-	-	-	-	-
Debt financial instruments issued	-	-	-	-	-
Other financial obligations	-	-	-	-	-
Lease contracts obligations	-	-	-	781	781
Other liabilities	5,120	-	-	1,591	6,711



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**b) Income and expenses for transactions with related parties**

Type of income and expenses from transactions with related parties according to IAS 24	Type of related party				
As at March 31, 2023	Parent	Other legal entity	Key staff of the	Other related parties	Total
(in MCh\$)			Consolidated Bank		
Interest income	-	-	115	5,916	6,031
Adjustments income	-	-	244	3,460	3,704
Commission Income	-	2	23	264	289
Net financial income	(22,966)	-	-	(4,498)	(27,464)
Other income	-	-	1	26	27
<b>Total income</b>	<b>(22,966)</b>	<b>2</b>	<b>383</b>	<b>5,168</b>	<b>(17,413)</b>
Interest expenses	-	-	(205)	(3,587)	(3,792)
Adjustment expenses	-	-	(24)	(213)	(237)
Commission expenses	-	(2,976)	(10)	(2,655)	(5,641)
Credit loss expense	-	-	(20)	504	484
Expenses for employee benefit obligations	-	-	(4,528)	-	(4,528)
Administration expenses	(3,713)	-	-	(1,411)	(5,124)
Other expenses	-	-	-	(169)	(169)
<b>Total expenses</b>	<b>(3,713)</b>	<b>(2,976)</b>	<b>(4,787)</b>	<b>(7,531)</b>	<b>(19,007)</b>

Type of income and expenses from transactions with related parties according to IAS 24	Type of related party				
As at March 31, 2022	Parent	Other legal entity	Key staff of the Consolidated Bank	Other related parties	Total
(in MCh\$)					
Interest income	-	-	100	3,912	4,012
Adjustments income	-	-	413	5,145	5,558
Commission Income	-	2	26	234	262
Net financial income	(34,874)	-	-	(196)	(35,070)
Other income	-	131	105	2,598	2,834
<b>Total income</b>	<b>(34,874)</b>	<b>133</b>	<b>644</b>	<b>11,693</b>	<b>(22,404)</b>
Interest expenses	-	-	(70)	(1,376)	(1,446)
Adjustment expenses	-	-	(15)	(286)	(301)
Commission expenses	(1)	(2,026)	(14)	(2,300)	(4,341)
Credit loss expense	-	(7)	12	121	126
Expenses for employee benefit obligations	-	-	(4,330)	(7)	(4,337)
Administration expenses	(7,423)	-	-	(2,913)	(10,336)
Other expenses	(1,288)	-	-	(155)	(1,443)
<b>Total expenses</b>	<b>(8,712)</b>	<b>(2,033)</b>	<b>(4,417)</b>	<b>(6,916)</b>	<b>(22,078)</b>

## SCOTIABANK CHILE AND SUBSIDIARIES

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### c) Individual transactions with related parties

The Bank has the following individual transactions exceeding UF2,000 with related parties that are legal entities which do not correspond to regular business operations in general performed with customers.

Company Name	Nature of relationship with the bank	Transaction Description		Term	Renewal conditions	Transactions in conditions of equivalence to those transactions with mutual independence between the parties	Amount	As at March 31, 2023		Effect on Statement of Financial Position	
								Effect on Income Statement		Effect on Statement of Financial Position	
		Type of service						Income	Expenses	Accounts Receivable	Accounts payable
							MCh\$	MCh\$	MCh\$	MCh\$	MCh\$
Azurian Tecnología Limitada	Other related parties	Facial Biometrics Service	1 year	Automatic Renewal	Conditions equivalent to the market on the date these were made		294	-	294	-	-
Sociedad Operadora de la Cámara de Compensación de Pagos de Alto Valor S.A	Other related parties	Compensation service on discharged operations	Undefined	Automatic Renewal	Conditions equivalent to the market on the date these were made		154	-	154	-	-
Redbanc S.A.	Other related parties	Money dispensing services and delivery of information and data through ATMs	5 years	Automatic renewal for 3 years	Conditions equivalent to the market on the date these were made		1,093	-	1,093	-	1
Operadora de Tarjetas de Crédito Nexus S.A.	Other related parties	Credit Card operation service	2 years	Automatic Renewal	Conditions equivalent to the market on the date these were made		2,294	-	1,965	-	92
Servicios Regionales Tecnología Scotiabank Ltda.	Other related parties	Consulting services, technological support and projects	1 year	Annual review, if there are no changes apply Automatic renewal	Conditions equivalent to the market on the date these were made		1,020	-	653	-	-
Scotia Servicios Corporativos SpA	Other related parties	Consulting services, technological support and projects	10 years	Automatic Renewal	Conditions equivalent to the market on the date these were made		161	-	161	-	-
Transbank S.A.	Other legal entity	Credit Card operation service	2 years	Automatic Renewal	Conditions equivalent to the market on the date these were made		8,982	3,819	5,157	-	1
The Bank of Nova Scotia	Parent	Commissions for referred customers	Undefined	Undefined	Conditions equivalent to the market on the date these were made		524	524	-	-	-
The Bank of Nova Scotia	Parent	Technology services and projects	1 year	Annual review, if there are no changes apply Automatic renewal	Conditions equivalent to the market on the date these were made		5,988	-	3,303	-	2,686
Scotiabank Perú S.A.	Other related parties	Regional Technological Support	Undefined	Automatic Renewal	Conditions equivalent to the market on the date these were made		639	-	473	-	-

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Company Name	Nature of relationship with the bank	Transaction Description		Term	Renewal conditions	Transactions in conditions of equivalence to those transactions with mutual independence between the parties	Amount	As at March 31, 2022			
								Effect on Income Statement		Effect on Statement of Financial Position	
		Type of service						Income	Expenses	Accounts Receivable	Accounts payable
							MCh\$	MCh\$	MCh\$	MCh\$	MCh\$
Azurian Tecnología Limitada	Other related parties	Facial Biometrics Service	1 year	Automatic Renewal	Conditions equivalent to the market on the date these were made		517	-	512	-	4
Sociedad Operadora de la Cámara de Compensación de Pagos de Alto Valor S.A	Other related parties	Compensation service on discharged operations	Undefined	Automatic Renewal	Conditions equivalent to the market on the date these were made		130	-	130	-	-
Redbanc S.A.	Other related parties	Money dispensing services and delivery of information and data through ATMs	5 years	Automatic renewal for 3 years	Conditions equivalent to the market on the date these were made		1,149	-	834	-	315
Operadora de Tarjetas de Crédito Nexus S.A.	Other related parties	Credit Card operation service	2 years	Automatic Renewal	Conditions equivalent to the market on the date these were made		2,394	-	1,636	-	544
Servicios Regionales Tecnología Scotiabank Ltda.	Other related parties	Consulting services, technological support and projects	1 year	Annual review, if there are no changes apply Automatic renewal	Conditions equivalent to the market on the date these were made		1,039	-	646	-	-
Scotia Servicios Corporativos SpA	Other related parties	Consulting services, technological support and projects	10 years	Automatic Renewal	Conditions equivalent to the market on the date these were made		1,982	-	1,982	-	-
Transbank S.A.	Other legal entity	Credit Card operation service	2 years	Automatic Renewal	Conditions equivalent to the market on the date these were made		6,176	3,596	2,399	-	181
The Bank of Nova Scotia	Parent	Commissions for referred customers	Undefined	Undefined	Conditions equivalent to the market on the date these were made		435	435	-	-	-
The Bank of Nova Scotia	Parent	Technology services and projects	1 year	Annual review, if there are no changes apply Automatic renewal	Conditions equivalent to the market on the date these were made		6,521	-	4,519	-	2,002
Scotiabank Perú S.A.	Other related parties	Regional Technological Support	Undefined	Automatic Renewal	Conditions equivalent to the market on the date these were made		145	-	145	-	-

**SCOTIABANK CHILE AND SUBSIDIARIES**

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**d) Payments to the Board and key management personnel of the Bank and its subsidiaries**

	3/31/2023 MCh\$	3/31/2022 MCh\$
<b>Board:</b>		
Payments of Board remunerations and wages – Bank and Bank's subsidiaries	199	295
<b>Subtotal</b>	<b>199</b>	<b>295</b>
<b>Key personnel of the Bank's Management and Subsidiaries:</b>		
Short-term payment for employee benefits	4,174	4,035
Payment of post-employment benefits to employees	-	-
Long-term payment for employee benefits	-	-
Payments for benefits to employees for contract termination	156	-
Payment to employees based on shares or equity instruments	-	-
Payment for obligations for defined contribution post-employment plans	-	-
Payment for obligations for post-employment defined benefit plans	-	-
Payment for other staff obligations	-	-
<b>Subtotal</b>	<b>4,330</b>	<b>4,035</b>
<b>Total</b>	<b>4,529</b>	<b>4,330</b>

**e) Composition of the Board of Directors and key management personnel of the Bank and its subsidiaries**

	N° of Executives	
	3/31/2023	3/31/2022
<b>Board</b>		
Directors - Bank and Bank's Subsidiaries	8	11
<b>Key personnel of the Bank's Management and Subsidiaries</b>		
General Manager - Bank	1	1
General Managers - Bank's subsidiaries	10	10
Division/Area Managers - Bank	64	72
Division/Area Managers - Bank's Subsidiaries	20	17
<b>Total</b>	<b>103</b>	<b>111</b>

# SCOTIABANK CHILE AND SUBSIDIARIES

Notes to the Interim Consolidated Financial Statements  
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## Note 44 Fair Value of financial assets and liabilities

### Determination of the fair value of financial instruments

A comparison between the carrying amount at which the Bank's financial assets and liabilities are recorded and their related fair value as at March 31, 2023 and December 31, 2022 is detailed as follows:

		Recorded amount	Estimated Fair Value
	Note	3/31/2023 MCh\$	3/31/2023 MCh\$
<b>ASSETS</b>			
Cash and deposits in banks	7	903,616	903,616
Transactions pending settlement	7	475,721	475,721
Financial assets to be traded at fair value through profit or loss			
Financial derivatives contracts	8	6,370,990	6,370,990
Debt financial instruments	8	181,126	181,126
Other	8	82,321	82,321
Financial assets at fair value with changes in other comprehensive income			
Debt financial instruments	11	3,181,863	3,181,863
Financial derivative contracts for accounting hedge	12	357,290	357,290
Financial assets at amortized cost			
Rights for repurchase agreements and securities loans	13	114,017	113,003
Debt financial instruments	13		
Owed by banks	13	239,721	239,721
Loans and accounts receivable from customers - Commercial	13	14,797,755	13,861,031
Loans and accounts receivable from customers - Mortgage	13	13,715,134	12,177,783
Loans and accounts receivable from customers - Consumer	13	3,588,078	3,458,005
Securitized bonds		15,313	15,901
<b>LIABILITIES</b>			
Transactions pending settlement	7	419,109	419,109
Financial liabilities to be traded at fair value through profit or loss			
Financial derivatives contracts	21	5,728,103	5,728,103
Financial derivative contracts for accounting hedge	12	1,599,139	1,599,139
Financial liabilities at amortized cost			
Deposits and other on-demand obligations	22	4,946,042	4,945,695
Deposits and other time deposits	22	13,902,249	14,215,872
Obligations for repurchase agreements and securities loans	22	123,102	123,027
Obligations with banks	22	5,186,289	5,085,682
Debt financial instruments issued	22	7,912,398	7,706,710
Other financial obligations	22	123,826	123,826
Issued regulatory capital financial instruments	23	1,007,297	1,020,280

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Notes to the Interim Consolidated Financial Statements  
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		Recorded amount	Estimated Fair Value
	Note	12/31/2022 MCh\$	12/31/2022 MCh\$
<b>ASSETS</b>			
Cash and deposits in banks	7	1,268,178	1,268,178
Transactions pending settlement	7	565,421	565,421
Financial assets to be traded at fair value through profit or loss			
Financial derivatives contracts	8	6,813,293	6,813,293
Debt financial instruments	8	419,339	419,339
Other	8	95,439	95,439
Financial assets at fair value with changes in other comprehensive income			
Debt financial instruments	11	2,360,643	2,360,643
Financial derivative contracts for accounting hedge	12	395,111	395,111
Financial assets at amortized cost			
Rights for repurchase agreements and securities loans	13	216,976	214,525
Debt financial instruments	13		
Owed by banks	13	66,830	66,830
Loans and accounts receivable from customers - Commercial	13	15,421,175	14,258,407
Loans and accounts receivable from customers - Mortgage	13	13,544,491	11,697,782
Loans and accounts receivable from customers - Consumer	13	3,606,586	3,459,540
Securitized bonds		15,527	15,883
<b>LIABILITIES</b>			
Transactions pending settlement	7	510,643	510,643
Financial liabilities to be traded at fair value through profit or loss			
Financial derivatives contracts	21	6,213,012	6,213,012
Financial derivative contracts for accounting hedge	12	1,536,880	1,536,880
Financial liabilities at amortized cost			
Deposits and other on-demand obligations	22	5,076,459	5,075,458
Deposits and other time deposits	22	13,972,388	14,251,085
Obligations for repurchase agreements and securities loans	22	205,943	205,770
Obligations with banks	22	5,342,212	5,225,273
Debt financial instruments issued	22	7,707,165	7,575,793
Other financial obligations	22	120,225	120,225
Issued regulatory capital financial instruments	23	987,943	1,082,984

The fair value presented above does not attempt to estimate the value of the Bank's profit generated by its business, or future business activities, and accordingly, does not represent the value of the Bank as a going concern.

## SCOTIABANK CHILE AND SUBSIDIARIES

Notes to the Interim Consolidated Financial Statements  
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### Analysis and explanation of calculations

For assets recorded at amortized cost, to determine their fair value, the market curve of each currency was used plus an estimate of the spread of each of the main types of products as at March 31, 2023 and December 31, 2022. The greatest differences occur in the values of the mortgage portfolio and the bonds issued, due to the fact that these are long-term. This has an influence on two key aspects:

- There are old loans/issues made at rates which are different from current rates.
- Value is more sensitive to rate fluctuations.

### Fair value measurement and hierarchy

The Bank establishes a fair value hierarchy, which segregates the inputs and/or assumptions of the valuation techniques used in measuring the fair value of financial instruments. The hierarchy assigns the highest priority to quoted prices in active markets, for identical assets or liabilities (level 1), and the lowest priority to measures involving significant unobservable inputs (level 3). The three levels of the fair value hierarchy are as follows:

- **Level 1:** inputs correspond to quoted prices without adjustment or with a defined quote frequency that allows the reasonableness of the fair value of the instrument at all times. Instruments and criteria defined are the following:
  - a) Local sovereign debt securities issued by Banco Central de Chile or the Chilean Treasury, which meet the following two criteria:
    - The instrument has been traded during 15 days of the last month.
    - The instrument has been traded during 2 of the last 3 days prior to the date of generation of the report.
  - b) Domestic equity securities traded in a stock exchange.
  - c) Local mutual funds with unit values published daily by the regulator (CMF).
  - d) Treasury Bonds and Treasury Bills.

For shares and Government bonds, prices are observed directly in the Stock Exchange, Bloomberg or Riskamerica (provider of financial information on the local market).

For Treasury, the information is directly observed in Bloomberg. For domestic mutual funds, the information can be noted on the page of the local regulator (CMF).

- **Level 2:** These are financial instruments whose fair value is realized with variables other than the prices quoted in Level 1 that are observable for the asset or liability, directly (i.e., as prices) or indirectly (i.e., derived from prices). In this category, instruments are measured through the discount of contractual cash flows based on a zero-coupon curve determined through the prices of instruments with similar features and issuer risk.

# SCOTIABANK CHILE AND SUBSIDIARIES

Notes to the Interim Consolidated Financial Statements  
As at March 31, 2023 and 2022 and December 31, 2022

Instruments and criteria defined are the following:

- a) Local Government debt securities that do not meet the requirements defined for Level 1.
- b) Corporate debt securities.
- c) Domestic equity securities not complying with the requirement of being traded in the stock market defined by Bolsa de Santiago.

For shares and Government bonds, prices are observed directly in the Stock Exchange, Bloomberg or Riskamerica (provider of financial information on the local market).

- **Level 3:** the fair value is based on models which use significant inputs that are not based on observable inputs. It is used when the necessary prices, inputs are not observable, directly or indirectly, for similar instruments for the asset or liability at the measurement date. These fair value measurement models are subjective in nature. Accordingly, they base their price estimates on a number of assumptions that are widely accepted by the market. Instruments and criteria defined are the following:

- a) Housing lease bonds (BVL).
- b) Local and foreign investment funds.
- c) Domestic equity securities of private companies (limited liability companies).

The level in the hierarchy into which a measurement is classified is based on the lowest level of input that is significant to the fair value measurement in its entirety. The table below presents the assets and liabilities that are measured at fair value on a recurring basis as at March 31, 2023 and December 31, 2022:

As at March 31, 2023	Book value	Fair Value measures		
		Level 1	Level 2	Level 3
	MCh\$	MCh\$	MCh\$	MCh\$
Assets				
Financial assets to be traded at fair value through profit or loss	6,634,437	82,321	6,552,116	
Financial assets at fair value with changes in other comprehensive income	3,181,863	-	3,181,863	
Financial derivative contracts for accounting hedge	357,290	-	357,290	
Securitized bonds	15,313	-	-	15,901
Total assets	10,188,903	82,321	10,091,269	15,901
Liabilities				
Financial derivative contracts	5,728,103	-	5,728,103	
Financial derivative contracts for accounting hedge	1,599,139	-	1,599,139	
Total liabilities	7,327,242	-	7,327,242	

As at December 31, 2022	Book value	Fair Value measures		
		Level 1	Level 2	Level 3
	MCh\$	MCh\$	MCh\$	MCh\$
Assets				
Financial assets to be traded at fair value through profit or loss	7,328,071	103,794	7,224,277	
Financial assets at fair value with changes in other comprehensive income	2,360,643	-	2,360,643	
Financial derivative contracts for accounting hedge	395,111	-	395,111	
Securitized bonds	15,527	-	-	15,883
Total assets	10,099,352	103,794	9,980,031	15,883
Liabilities				
Financial derivative contracts	6,213,012	-	6,213,012	
Financial derivative contracts for accounting hedge	1,536,880	-	1,536,880	
Total liabilities	7,749,892	-	7,749,892	



**SCOTIABANK CHILE AND SUBSIDIARIES**

Notes to the Interim Consolidated Financial Statements

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**Sensitivity analysis for financial instruments under Level 3**

The table below provides information about significant unobservable inputs used in measuring financial instruments classified as Level 3 in the fair value hierarchy.

As at March 31, 2023	Valuation Technique	Significant unobservable data	Range of estimates for unobservable data	Changes in Fair Value from reasonably possible alternatives (in MCh\$)
<b>Other assets</b>				
Securitized bonds	Comparable in the market	Market TIR	+1% -1%	(361) 377

As at December 31, 2022	Valuation Technique	Significant unobservable data	Range of estimates for unobservable data	Changes in Fair Value from reasonably possible alternatives (in MCh\$)
<b>Other assets</b>				
Securitized bonds	Comparable in the market	Market TIR	+1% -1%	(343) 359

## SCOTIABANK CHILE AND SUBSIDIARIES

Notes to the Interim Consolidated Financial Statements  
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### Note 45 Maturity per remaining balances of financial assets and liabilities

The detail of this line item is as follows:

As at March 31, 2023	Note	On-demand	Up to 1 month	More than 1 up to 3 months	More than 3 months up to 1 year	More than 1 up to 3 years	to 3 years More than 3 up to 5 years	More than 5 years	Total
		MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$
Cash and deposits in banks	7	903,616	-	-	-	-	-	-	903,616
Transactions pending settlement	7	360,861	114,860	-	-	-	-	-	475,721
Financial assets to be traded at fair value with changes in income									
Financial derivative contracts (1)	8	-	327,543	412,371	1,152,285	1,535,921	1,055,683	1,887,187	6,370,990
Debt financial instruments (2)	8	-	16,317	35,572	96,696	17,867	2,719	11,955	181,126
Other	8	80,034	2,287	-	-	-	-	-	82,321
Financial assets at fair value with changes in other comprehensive income									
Debt financial instruments (2)	11	-	1,481,086	2	109,963	174,108	623,566	793,138	3,181,863
Other	11	-	-	-	-	-	-	-	-
Financial derivative contracts for accounting hedge	12	-	-	3,958	44,967	65,962	89,039	153,364	357,290
Financial assets at amortized cost									
Rights for repurchase agreements and securities loans	13	-	111,969	1,670	378	-	-	-	114,017
Debt financial instruments	13	-	-	-	-	-	-	-	-
Owed by banks	13	155,735	31,859	51,723	404	-	-	-	239,721
Loans and accounts receivable from customers (3)	13	1,150,809	1,971,014	2,694,580	4,681,316	5,645,517	3,903,983	12,674,891	32,722,110
<b>Total financial assets</b>		<b>2,651,055</b>	<b>4,056,935</b>	<b>3,199,876</b>	<b>6,086,009</b>	<b>7,439,375</b>	<b>5,674,990</b>	<b>15,520,535</b>	<b>44,628,775</b>
Transactions pending settlement	7	325,203	93,906	-	-	-	-	-	419,109
Financial liabilities to be traded at fair value through profit or loss									
Financial derivative contracts (1)	21	30	288,751	318,624	932,363	1,325,849	998,415	1,864,071	5,728,103
Other	21	-	-	-	-	-	-	-	-
Financial derivative contracts for accounting hedge (1)	12	-	11,640	45,476	130,549	382,327	520,880	508,267	1,599,139
Financial liabilities at amortized cost									
Deposits and other on-demand obligations	22	4,925,345	20,697	-	-	-	-	-	4,946,042
Deposits and other term deposits	22	512,599	6,056,860	2,739,226	2,695,796	1,825,951	71,771	46	13,902,249
Obligations for repurchase agreements and securities lending	22	-	123,102	-	-	-	-	-	123,102
Obligations with banks	22	24,287	8,744	221,455	3,586,212	1,067,544	278,047	-	5,186,289
Debt financial instruments issued	22	4,730	178	840,335	298,140	1,830,944	1,700,347	3,237,724	7,912,398
Other Financial Obligations	22	47,608	33,968	21,529	20,656	65	-	-	123,826
Obligations for lease contracts	17	-	943	2,721	8,555	22,714	24,317	100,373	159,623
Regulatory capital financial instruments issued	23	-	-	-	1,807	595	81,776	923,119	1,007,297
<b>Total financial liabilities</b>		<b>5,839,802</b>	<b>6,638,789</b>	<b>4,189,366</b>	<b>7,674,078</b>	<b>6,455,989</b>	<b>3,675,553</b>	<b>6,633,600</b>	<b>41,107,177</b>
<b>Net financial position</b>		<b>(3,188,747)</b>	<b>(2,581,854)</b>	<b>(989,490)</b>	<b>(1,588,069)</b>	<b>983,386</b>	<b>1,999,437</b>	<b>8,886,935</b>	<b>3,521,598</b>

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As at December 31, 2022	Note	On-demand	Up to 1 month	More than 1 up to 3 months	More than 3 months up to 1 year	More than 1 up to 3 years	to 3 years More than 3 up to 5 years	More than 5 years	Total
		MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$
Cash and deposits in banks	7	1,268,178	-	-	-	-	-	-	1,268,178
Transactions pending settlement	7	520,362	45,059	-	-	-	-	-	565,421
Financial assets to be traded at fair value with changes in income									
Financial derivative contracts (1)	8	-	311,669	542,111	1,019,701	1,739,851	1,186,858	2,013,103	6,813,293
Debt financial instruments (2)	8	-	3,054	142,355	176,890	43,657	29,835	23,548	419,339
Other	8	91,938	3,501	-	-	-	-	-	95,439
Financial assets at fair value with changes in other comprehensive income									
Debt financial instruments (2)	11	-	194,207	297,052	118,581	323,659	596,187	830,957	2,360,643
Other	11	-	-	-	-	-	-	-	-
Financial derivative contracts for accounting hedge	12	-	-	5,358	52,034	82,253	118,168	137,298	395,111
Financial assets at amortized cost									
Rights for repurchase agreements and securities loans	13	-	210,014	5,116	1,846	-	-	-	216,976
Debt financial instruments	13	-	-	-	-	-	-	-	-
Owed by banks	13	19,896	28,872	15,806	2,256	-	-	-	66,830
Loans and accounts receivable from customers (3)	13	1,109,851	1,994,721	2,591,729	5,101,349	5,739,599	4,042,549	12,588,986	33,168,784
<b>Total financial assets</b>		<b>3,010,225</b>	<b>2,791,097</b>	<b>3,599,527</b>	<b>6,472,657</b>	<b>7,929,019</b>	<b>5,973,597</b>	<b>15,593,892</b>	<b>45,370,014</b>
Transactions pending settlement	7	480,579	30,064	-	-	-	-	-	510,643
Financial liabilities to be traded at fair value through profit or loss									
Financial derivative contracts (1)	21	-	333,840	437,102	986,809	1,312,993	1,148,866	1,993,402	6,213,012
Other	21	-	-	-	-	-	-	-	-
Financial derivative contracts for accounting hedge (1)	12	-	23,191	83,893	92,357	342,230	537,008	458,201	1,536,880
Financial liabilities at amortized cost									
Deposits and other on-demand obligations	22	5,070,463	5,996	-	-	-	-	-	5,076,459
Deposits and other term deposits	22	82,236	5,416,334	3,178,905	3,847,716	1,370,024	77,124	49	13,972,388
Obligations for repurchase agreements and securities lending	22	-	205,943	-	-	-	-	-	205,943
Obligations with banks	22	35,252	59,506	413,697	1,259,604	3,276,583	297,570	-	5,342,212
Debt financial instruments issued	22	1,156	3,850	461,129	737,932	1,762,710	1,711,935	3,028,453	7,707,165
Other Financial Obligations	22	51,442	29,235	25,601	13,912	35	-	-	120,225
Obligations for lease contracts	17	-	939	2,668	8,424	22,709	23,537	102,099	160,376
Regulatory capital financial instruments issued	23	-	-	-	-	3,085	80,050	904,808	987,943
<b>Total financial liabilities</b>		<b>5,721,128</b>	<b>6,108,898</b>	<b>4,602,995</b>	<b>6,946,754</b>	<b>8,090,369</b>	<b>3,876,090</b>	<b>6,487,012</b>	<b>41,833,246</b>
<b>Net financial position</b>		<b>(2,710,903)</b>	<b>(3,317,801)</b>	<b>(1,003,468)</b>	<b>(474,097)</b>	<b>(161,350)</b>	<b>2,097,507</b>	<b>9,106,880</b>	<b>3,536,768</b>

(1) The amounts of the maturities were determined based on the fair values (MTM) of the financial instruments.

(2) The amounts of the maturities were determined based on the nominal values of the financial instruments.

(3) Gross loans, without considering provisions for credit risk.

# SCOTIABANK CHILE AND SUBSIDIARIES

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## Note 46 Financial and non-financial assets and liabilities by currency

### a) The detail of financial assets and liabilities is as follows:

As at March 31, 2023													
Financial Assets-Liabilities	Note	\$	UF	Adjustable Exchange Rate	US\$	COP	GBP	EUR	CHF	JPY	CNY	Other MX	Total
	N°	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$
Cash and deposits in banks	7	446,361	-	-	390,848	-	4,818	49,384	280	2,320	1,945	7,660	903,616
Transactions pending settlement	7	355,638	-	-	115,477	-	443	4,004	-	-	-	159	475,721
Financial assets to be traded at fair value through profit or loss	8	6,520,336	106,206	-	7,895	-	-	-	-	-	-	-	6,634,437
Financial assets at fair value with changes in other comprehensive income	11	2,838,524	303,263	-	39,308	-	-	768	-	-	-	-	3,181,863
Financial derivative contracts for accounting hedge	12	357,290	-	-	-	-	-	-	-	-	-	-	357,290
Financial assets at amortized cost	13	9,575,579	17,630,416	110,503	5,101,255	-	-	26,115	-	6,136	4,701	-	32,454,705
<b>Total financial assets</b>		<b>20,093,728</b>	<b>18,039,885</b>	<b>110,503</b>	<b>5,654,783</b>	<b>-</b>	<b>5,261</b>	<b>80,271</b>	<b>280</b>	<b>8,456</b>	<b>6,646</b>	<b>7,819</b>	<b>44,007,632</b>
Transactions pending settlement	7	205,916	-	-	200,012	-	461	1,266	-	684	10,769	1	419,109
Financial liabilities to be traded at fair value through profit or loss	21	5,728,103	-	-	-	-	-	-	-	-	-	-	5,728,103
Financial derivative contracts for accounting hedge	12	1,599,139	-	-	-	-	-	-	-	-	-	-	1,599,139
Financial liabilities at amortized cost	22	16,996,896	7,847,391	-	6,898,897	-	855	34,947	245,481	114,954	6,057	48,428	32,193,906
Obligations for lease contracts	17	11	159,612	-	-	-	-	-	-	-	-	-	159,623
Issued regulatory capital financial instruments	23	-	1,007,297	-	-	-	-	-	-	-	-	-	1,007,297
<b>Total financial liabilities</b>		<b>24,530,065</b>	<b>9,014,300</b>	<b>-</b>	<b>7,098,909</b>	<b>-</b>	<b>1,316</b>	<b>36,213</b>	<b>245,481</b>	<b>115,638</b>	<b>16,826</b>	<b>48,429</b>	<b>41,107,177</b>
<b>Net financial position</b>		<b>(4,436,337)</b>	<b>9,025,585</b>	<b>110,503</b>	<b>(1,444,126)</b>	<b>-</b>	<b>3,945</b>	<b>44,058</b>	<b>(245,201)</b>	<b>(107,182)</b>	<b>(10,180)</b>	<b>(40,610)</b>	<b>2,900,455</b>

As at December 31, 2022													
Financial Assets-Liabilities	Note	\$	UF	Adjustable Exchange Rate	US\$	COP	GBP	EUR	CHF	JPY	CNY	Other MX	Total
	N°	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$
Cash and deposits in banks	7	522,288	-	-	710,064	-	6,313	14,528	444	1,760	716	12,065	1,268,178
Transactions pending settlement	7	255,804	-	-	303,168	-	4,054	1,856	7	-	-	532	565,421
Financial assets to be traded at fair value through profit or loss	8	6,978,951	336,512	-	12,608	-	-	-	-	-	-	-	7,328,071
Financial assets at fair value with changes in other comprehensive income	11	1,969,985	328,584	-	62,074	-	-	-	-	-	-	-	2,360,643
Financial derivative contracts for accounting hedge	12	395,111	-	-	-	-	-	-	-	-	-	-	395,111
Financial assets at amortized cost	13	10,016,277	17,493,889	126,229	5,181,762	-	-	35,287	-	360	2,254	-	32,856,058
<b>Total financial assets</b>		<b>20,138,416</b>	<b>18,158,985</b>	<b>126,229</b>	<b>6,269,676</b>	<b>-</b>	<b>10,367</b>	<b>51,671</b>	<b>451</b>	<b>2,120</b>	<b>2,970</b>	<b>12,597</b>	<b>44,773,482</b>
Transactions pending settlement	7	316,967	-	-	185,627	-	2,490	5,444	-	-	-	115	510,643
Financial liabilities to be traded at fair value through profit or loss	21	6,213,012	-	-	-	-	-	-	-	-	-	-	6,213,012
Financial derivative contracts for accounting hedge	12	1,536,880	-	-	-	-	-	-	-	-	-	-	1,536,880
Financial liabilities at amortized cost	22	17,242,155	7,654,908	-	7,085,912	-	598	43,512	259,071	83,658	2,294	52,284	32,424,392
Obligations for lease contracts	17	11	160,365	-	-	-	-	-	-	-	-	-	160,376
Issued regulatory capital financial instruments	23	-	987,943	-	-	-	-	-	-	-	-	-	987,943
<b>Total financial liabilities</b>		<b>25,309,025</b>	<b>8,803,216</b>	<b>-</b>	<b>7,271,539</b>	<b>-</b>	<b>3,088</b>	<b>48,956</b>	<b>259,071</b>	<b>83,658</b>	<b>2,294</b>	<b>52,399</b>	<b>41,833,246</b>
<b>Net financial position</b>		<b>(5,170,609)</b>	<b>9,355,769</b>	<b>126,229</b>	<b>(1,001,863)</b>	<b>-</b>	<b>7,279</b>	<b>2,715</b>	<b>(258,620)</b>	<b>(81,538)</b>	<b>676</b>	<b>(39,802)</b>	<b>2,940,236</b>

# SCOTIABANK CHILE AND SUBSIDIARIES

Notes to the Interim Consolidated Financial Statements

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## b) The detail of non-financial assets and liabilities is as follows:

As at March 31, 2023													
Non-Financial Assets-Liabilities	Note	\$	UF	Adjustable Exchange Rate	US\$	COP	GBP	EUR	CHF	JPY	CNY	Other MX	Total
	N°	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$
Investment in companies	14	27,840	-	-	-	-	-	10	-	-	-	-	27,850
Intangible assets	15	241,150	-	-	-	-	-	-	-	-	-	-	241,150
Property, equipment	16	88,912	-	-	-	-	-	-	-	-	-	-	88,912
Assets for the right to use leased assets	17	172,811	-	-	-	-	-	-	-	-	-	-	172,811
Current taxes	18	16,348	71,323	-	-	-	-	-	-	-	-	-	87,671
Deferred taxes	18	342,799	-	-	-	-	-	-	-	-	-	-	342,799
Other assets	19	369,046	21,974	-	346,903	-	-	936	400	47	-	-	739,306
Non-current assets and disposal groups held for sale	20	16,461	-	-	-	-	-	-	-	-	-	-	16,461
<b>Total non-financial assets</b>		<b>1,275,367</b>	<b>93,297</b>	<b>-</b>	<b>346,903</b>	<b>-</b>	<b>-</b>	<b>946</b>	<b>400</b>	<b>47</b>	<b>-</b>	<b>-</b>	<b>1,716,960</b>
Provisions for contingencies	24	53,880	-	-	424	-	1	109	-	9	-	43	54,466
Provisions for dividends, payment of interest and revaluation of issued regulatory capital financial instruments	25	21,504	-	-	-	-	-	-	-	-	-	-	21,504
Special provisions for credit risk	26	182,393	-	-	9,335	13	-	8	5	8	-	-	191,762
Current taxes	18	2,862	-	-	-	-	-	-	-	-	-	-	2,862
Deferred taxes	18	530	-	-	-	-	-	-	-	-	-	-	530
Other liabilities	27	234,089	35,333	-	818,879	734	29	70,420	17	2	-	4,930	1,164,433
<b>Total non-financial liabilities</b>		<b>495,258</b>	<b>35,333</b>	<b>-</b>	<b>828,638</b>	<b>747</b>	<b>30</b>	<b>70,537</b>	<b>22</b>	<b>19</b>	<b>-</b>	<b>4,973</b>	<b>1,435,557</b>
<b>Net non-financial position</b>		<b>780,109</b>	<b>57,964</b>	<b>-</b>	<b>(481,735)</b>	<b>(747)</b>	<b>(30)</b>	<b>(69,591)</b>	<b>378</b>	<b>28</b>	<b>-</b>	<b>(4,973)</b>	<b>281,403</b>

  

As at December 31, 2022													
Non-Financial Assets-Liabilities	Note	\$	UF	Adjustable Exchange Rate	US\$	COP	GBP	EUR	CHF	JPY	CNY	Other MX	Total
	N°	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$
Investment in companies	14	26,083	-	-	-	-	-	10	-	-	-	-	26,093
Intangible assets	15	240,400	-	-	-	-	-	-	-	-	-	-	240,400
Property, equipment	16	90,636	-	-	-	-	-	-	-	-	-	-	90,636
Assets for the right to use leased assets	17	174,082	-	-	-	-	-	-	-	-	-	-	174,082
Current taxes	18	16,328	37,150	-	-	-	-	-	-	-	-	-	53,478
Deferred taxes	18	330,907	-	-	-	-	-	-	-	-	-	-	330,907
Other assets	19	336,796	24,551	-	393,881	-	-	1,011	-	121	-	12	756,372
Non-current assets and disposal groups held for sale	20	15,175	-	-	-	-	-	-	-	-	-	-	15,175
<b>Total non-financial assets</b>		<b>1,230,407</b>	<b>61,701</b>	<b>-</b>	<b>393,881</b>	<b>-</b>	<b>-</b>	<b>1,021</b>	<b>-</b>	<b>121</b>	<b>-</b>	<b>12</b>	<b>1,687,143</b>
Provisions for contingencies	24	49,223	-	-	454	-	1	114	-	9	-	90	49,891
Provisions for dividends, payment of interest and revaluation of issued regulatory capital financial instruments	25	146,260	-	-	-	-	-	-	-	-	-	-	146,260
Special provisions for credit risk	26	182,249	-	-	8,925	13	-	24	5	14	26	-	191,256
Current taxes	18	1,724	-	-	-	-	-	-	-	-	-	-	1,724
Deferred taxes	18	573	-	-	-	-	-	-	-	-	-	-	573
Other liabilities	27	232,863	33,641	-	762,053	484	23	16,738	-	5	-	4,550	1,050,357
<b>Total non-financial liabilities</b>		<b>612,892</b>	<b>33,641</b>	<b>-</b>	<b>771,432</b>	<b>497</b>	<b>24</b>	<b>16,876</b>	<b>5</b>	<b>28</b>	<b>26</b>	<b>4,640</b>	<b>1,440,061</b>
<b>Net non-financial position</b>		<b>617,515</b>	<b>28,060</b>	<b>-</b>	<b>(377,551)</b>	<b>(497)</b>	<b>(24)</b>	<b>(15,855)</b>	<b>(5)</b>	<b>93</b>	<b>(26)</b>	<b>(4,628)</b>	<b>247,082</b>

**SCOTIABANK CHILE AND SUBSIDIARIES**

Notes to the Interim Consolidated Financial Statements  
As at March 31, 2023 and 2022 and December 31, 2022

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**Note 47 Risk Management and Reporting****1) Introduction**

The Bank and its subsidiaries operate in a highly technological, regulated and competitive market exposed to a number of risks, which can have a negative impact on the organization both in financial terms and in corporate image. These risks need to be managed through the use of structures and methodologies consistent with the volumes, complexity of the transactions and levels of automation, in order to ensure that such risks are managed within levels consistent with the risk appetite defined by Management and in accordance with the strategy defined by Corporate Governance. This allows the Bank and its subsidiaries to establish a balance between risks and benefits in order to maximize value for the shareholders.

**Principles**

The activities that involve assuming and managing risks in the Bank are guided by the following principles:

- Risk and benefit balance - Business and risk decisions are consistent with strategies and risk appetite.
- Understanding risks - All material risks to which the Bank is exposed, including financial and non-financial risks, are identified and managed.
- Progressive thinking - Emerging risks and potential vulnerabilities are proactively identified and managed.
- Shared responsibility - All employees are responsible for managing risk.
- Focus on customers - Understanding our customers and their needs is essential to all business and risk decision-making.
- Protect our brand - All risk-taking activities must be aligned with the Bank's risk appetite, the code of conduct, the values and principles of policies.
- Controls - Maintain a robust and efficient control environment to protect our stakeholders.
- Resilience - Be operationally and financially prepared to respond in a timely manner to negative events.
- Compensation - Performance and compensation structures reinforce the Bank's values and promote effective risk-taking behaviors considering the regulatory environment related to compensation.

## SCOTIABANK CHILE AND SUBSIDIARIES

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### 2) Risk management structure

- **Board**

Being the highest part of the Bank's risk management structure, it provides supervision, either directly or through its support committees, to ensure that decision-making is consistent with strategies and risk appetite. The Board of Directors receives regular updates on the main risks of the Bank, including a summary of the Bank's risk profile, main and emerging risks together with the performance of the portfolio with respect to the defined limits, and approves the key risk policies, the limits and the risk appetite framework.

Decision-making is centralized in several committees related to risk management, among which the following stand out:

- **Risk committee**

Corresponds to a support committee, which helps the Bank's Board of Directors of in the supervision of risk management, which includes institutional risk, credit risk, market risk and operational risk faced by the Bank, to facilitate its monitoring and supervision. Likewise, it provides the Board of Directors with updated information on the Bank's risk management.

- **Assets and liabilities committee, (ALCO)**

The mission of this Committee is to deliver strategic guidelines that allow for the proper management of the Bank's financial structure, in accordance with the objectives set by the Board of Directors and the Bank's policies. This committee is made up of members of the senior management, whose responsibility is to supervise the evolution of the balance sheet and long-term strategies, becoming a focus for discussion and resolution of the several issues concerning growth, funding, products, pricing, risks and Bank's profit or loss.

- **Model committee**

The model committee is a body created to define and approve the preparation, application, monitoring, validation and implementation of the models and strategies defined in the risk management policy, as well as their modifications and relevant changes.

- **Capital management and profitability committee**

The Capital Management and Profitability Committee's mission is to provide strategic guidelines to maximize the Bank's profitability within the internal and regulatory risk appetite, in accordance with the objectives set by the Board of Directors and the policies of Scotiabank Chile (SBC).

- **Committee for the prevention of money laundering and financing of terrorism of the Bank and its subsidiaries**

Promotes and facilitates in the Bank and subsidiaries the observance of regulations and best practices to prevent, detect and report unusual operations that could be linked to money laundering.

## SCOTIABANK CHILE AND SUBSIDIARIES

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- **Consequence Management Committee**

The Consequence Management Committee is intended to oversee the management of conduct risk in the Bank, through general direction and guidance, promoting the consistent and collaborative application of the guiding principles contained in the Code of Conduct throughout the Bank, being responsible for the governance and oversight of local conduct risk. In line with this, it is responsible for ensuring effective conduct risk management that ensures clear and permanent communication of the Bank's values and its global principles with respect to the required ethical conduct.

- **External Suppliers Committee of Scotiabank Chile and Subsidiaries**

It manages in a central and unified manner the issues related to the different aspects of outsourcing of the Bank and its Subsidiaries with external suppliers, or with other members of the Group.

- **Liquidity contingency committee**

The liquidity contingency committee is the highest decision-making body within the institution during a liquidity stress event, being the point of contact and consultation for the different areas of the Bank. The committee may be convened and activated by the Executive Vice President-Country Head, in his/her capacity as Chairman and Officer in charge, or in his/her absence by the Regional Vice President Treasurer or by resolution of ALCO. Activation can be based on the evaluation of early warnings of a potential liquidity stress event, contemplated in the liquidity policy and on all available information. When the liquidity situation does not allow waiting until the next ALCO meeting, the Chairman and Officer in Charge of the Committee, or in his/her absence the Regional Vice President Treasurer, has the authority to convene and activate the liquidity contingency plan.

- **Non-financial risk management committee of the Bank and subsidiaries**

Provide high-level supervision of non-financial risks (operational risks, information security, business continuity, risks in outsourced services, new products and initiatives, compliance, regulatory and reputational reports), providing a strategic approach and coordinating the development of local internal control programs.

- **Audit committee**

Corresponds to a support committee for the Bank's Board of Directors, which is in charge of the different aspects that involve efficiency, maintenance, application and operation of the internal control systems of the Bank and its subsidiaries; carefully monitor compliance with the regulatory standards and procedures that govern their practice; have a clear understanding of the risks that the business performed may mean for the institution; reinforce and support the function of the Comptroller's Office, as well as its independence from management and serve as a link and coordinator of tasks between the internal audit and the external auditors, also acting as a link between them and the Bank's Board of Directors.



## **SCOTIABANK CHILE AND SUBSIDIARIES**

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### **Risk division**

This Division supports the Bank's objectives and must maintain an efficient and ongoing management framework at all the Bank's levels. The risk division is responsible for providing reasonable assurance to senior management, the Board of Directors and Shareholders that risks are actively identified, managed and communicated to all key stakeholders. This is achieved by presenting information in an effective and timely manner. The mission of the risk division is to ensure that the results of risk-taking activities are consistent with the Bank's risk appetite and strategies, and that there is an appropriate balance between risk and reward in order to maximize value for the shareholders.

Certain key tasks in risk management performed by the risk units are, but are not limited to:

### **Retail credit management**

- Evaluation of credit risk, exceptions and other credit operations of the different service channels, for Consumer Finance, Persons, Retail Finance, Micro-enterprises and SMEs.
- Carry out comprehensive strategic collection management hand in hand and aligned with the Bank's policy compliance and lead projects related to automation or improvements in collection systems.

### **Wholesale credit management**

- Evaluate loans, exceptions and other operations of the different service channels for the business, large business, wholesale, corporate and real estate portfolios.

### **Standardization companies and BRP**

- Manages debtors transferred from the commercial areas (corporate, large companies, wholesale, real estate and companies) including the lease operations and factoring transactions portfolio, which present problems in meeting their obligations with the bank or show impairment in their economic or financial position. It should be noted that this management is also responsible for managing assets received in lieu of payment.

### **Market risk management**

- Correctly measure and report to senior management the risks incurred by Scotiabank Group in Chile due to changes in prices and liquidity, so that these are managed in accordance with the Bank's risk appetite and expectations.
- In view of the announcement issued by the Financial Conduct Authority (FCA), regarding that LIBOR rates would no longer be published, the Chilean market is evaluating its replacement by new benchmark rates such as SOFR, ESTR, SONIA, within the steps followed by Scotiabank we indicate the following:
  - The Bank agreed to stop providing loans in LIBOR beginning in January 2022, and only provides financing to third parties at SOFR rates.
  - Bank adapted systems for new benchmark rates.
  - Customers/Bank must get used to the use of new benchmark rates.
  - Price changes from valuation at SOFR curves.

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The Bank has adopted the required actions to comply with the standard "Interest Rate Benchmark Reform Stage 2", identifying all transactions affected by the change in the benchmark rate, implementing the necessary IT developments to support the new rate model, drafting the legal language to be included in the contracts and promissory notes, both for those transactions maturing after the end of the publication of LIBOR rates, and for those transactions that will be performed at the new benchmark rate.

A summary of the exposure of the different LIBOR-indexed products (notional amounts) is presented below.

LIBOR-based operations	Non-derivative assets (1) MCh\$	Non-derivative liabilities (2) MCh\$	Derivative assets (3) MCh\$	Derivative liabilities (3) MCh\$
US\$	2,771,268	964,426	11,872,553	10,129,562
EUR	-	-	60,814	53,366
Other	-	-	17,565	17,565
<b>As at March 31, 2023</b>	<b>2,771,268</b>	<b>964,426</b>	<b>11,950,932</b>	<b>10,200,493</b>

LIBOR-based operations	Non-derivative assets (1) MCh\$	Non-derivative liabilities (2) MCh\$	Derivative assets (3) MCh\$	Derivative liabilities (3) MCh\$
US\$	1,907,934	1,108,661	18,518,606	17,943,678
EUR	-	-	63,965	56,131
Other	-	-	19,067	19,067
<b>As at December 31, 2022</b>	<b>1,907,934</b>	<b>1,108,661</b>	<b>18,601,638</b>	<b>18,018,876</b>

The table above details the Bank's exposures to IBORs through financial assets and liabilities as at December 31, 2022 and March 31, 2023, subject to the IBOR reform which has not yet begun a process of transition to alternative benchmark rates. The Bank's exposure to IBOR through financial instruments includes U.S. dollar LIBOR maturing after June 30, 2023. These exposures could remain outstanding until the IBOR is suspended and the transition process begins in the future.

- (1) Non-derivative assets mainly relate to foreign trade loans in US\$.
- (2) Non-derivative liabilities correspond to loan obligations and term deposits in US\$.
- (3) Mostly relates to cross-currency interest rate swap products the tranches of which are based on the rates that are directly affected by the IBOR reform. The relevant notional amount for both tranches is shown separately to reflect the reform-related risks for each rate.

## **SCOTIABANK CHILE AND SUBSIDIARIES**

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### **Enterprise risk management**

Develop and implement methods to identify, assess, measure, and monitor the risk operational model, technological, data, and information security risks, perform a challenge to the first line of defense, and report the results to senior management and the Board of Directors.

- Business continuity management is the process that consists of developing, in advance, the necessary capacities to avoid or mitigate the impact of an event that causes a business disruption.
- Information technology (IT) and cybersecurity risk is the risk of financial loss, disruption, or reputational damage due to certain types of failures in IT systems.
- Data risk is the exposure to adverse financial or non-financial consequences due to mismanagement, misinterpretation or misuse of the Bank's data assets.
- Operational risk is the risk of loss derived from people, from inadequate processes and systems or their failures or from external events. Operational risk includes risk management with third parties and legal risk but excludes strategic risk and reputational risk.
- Model risk is one that produces adverse financial results (for example, capital, income, losses) and reputation, arising from poor specifications, incorrect assumptions, computation errors, lack of controls, among other things, in the design, development, implementation and/or use of models.
- Implement the risk management framework and the risk appetite framework as the monitoring of risk appetite metrics, responsible for the risk culture, the crisis recovery plan as well as determining the Bank's risk profile.

### **Compliance**

- Support management through the application of the compliance program and in implementation of the rules issued by regulatory bodies and corporate procedures of Scotiabank Chile and its subsidiaries; monitor and advise on the application of the Bank's code of conduct; and support senior management in the identification and management of the risk of non-compliance.
- Collaborate with Management to establish a crime prevention model as required by Law No.20393, on criminal liability of legal entities and ensure its effective implementation and application.

### **Prevention of money laundering and financing of terrorism**

- Prevent the use of the products of the Bank and its subsidiaries for the commission of crimes associated with money laundering and terrorist financing, reducing the associated reputational risk.

## SCOTIABANK CHILE AND SUBSIDIARIES

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### 3) Loss risk

Relates to the risk of financial loss faced by the Bank if a customer or counterparty in a financial instrument does not comply with its contractual obligations. It originates mainly from accounts receivable from customers and investment instruments.

The Bank manages credit loss through a number of tools that include procedures, models, validation, controls, behavioral monitoring, etc. This is part of a global strategy. Different limits and models are established based on the features of the customers and the environment in which they operate.

The process by which the Bank operates its policies and controls includes the following features and instances:

- Centralized loan process, where all powers are based on the credit committees.
- Clearly established discretionary credit limits.
- Credit committees specialized by business segments.
- Credit committees specialized by sectors of economic activity.

The main controls established by the Bank include:

- Control and monitoring of credit limits authorized by sector of economic activity.
- Generation of credit management reports.
- Early warnings of the commercial portfolio.
- Calculation and monthly control of allowances.
- Monitoring of impaired portfolio.
- Control of write-offs and loan recoveries.

The Bank also has differentiated models to establish the appropriate amount of potential losses, based on the following models based on individual and collective analysis of debtors:

#### Individual assessment:

Debtors having the characteristics described in Note 2 "Significant accounting policies", letter (aa) "Special allowances for credit losses" are considered as individually evaluated commercial portfolio.

In accordance with Chapter B-1 of the CNC for Banks issued by the CMF, the individual assessment considers the following segments:

- a) Regular portfolio: Includes those customers whose payment capacity allows them to meet their financial obligations and ranges from category A1 to A6.
- b) Substandard portfolio: Includes debtors with financial problems or who have been in arrears for more than 30 days. It ranges from category B1 to B4.
- c) Portfolio in default: Includes debtors with insufficient payment capacity in foreseeable situations. The categories used range from C1 to C6.

## SCOTIABANK CHILE AND SUBSIDIARIES

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### **Collective assessment - Collective expected loss models:**

The Bank has an adequate structure for the administration of credit loss models, with independence of functions in accordance with good practices and local regulations.

In addition, a model committee exists to which the development of the models, their validation and their follow-up are presented for approval, both from the performance and sufficiency of allowances standpoint, which allows for adequate control of collective allowances. The aforementioned validation is performed by an internal area different from the area developing such models, carrying out an objective review and without conflicts of interest.

There is a model risk management policy that has guidelines that allow developments to show a standard defined by the Bank, regardless of the team that performs the work. The guidelines cover different stages in the model life cycle such as: collective models methodology, monitoring and control, data validation, model validation and model development, and adequacy of allowances.

In addition, in order to have adequate support and analysis, there are technical notes that cover relevant points in the development of models, such as, for example, the recessive period to be considered or the discount rate that should be used in the calculation of the parameter of loss given default.

All models have a risk rating based on their use, maturity, typology, materiality and complexity.

Thus, the allowance models are integrated with the management of account administration, collections and account origination.

The different collective credit risk models are presented below according to the Bank's portfolios:

### **Non-retail collective commercial model**

This Model is applied to single customers, small businesses, separating customers belonging to commercial loan portfolio from customers belonging to retail portfolio (customers with loans other than commercial loans). Commercial customers with sales above MUS\$1 or debt above MCh\$500 are evaluated individually.

Customers are evaluated at Taxpayer ID level, which are grouped as follows: renegotiated customers, and non-renegotiated customers.

In addition, the commercial portfolio has a standard model published by CMF that is divided into three sub-matrices: lease, student and other commercial. These matrices are generally double-entry where an expected loss (EL) assigned according to the delinquency tranche and guarantee coverage must be applied. The model providing the greatest allowances between the internal or standard model is then applied.

## SCOTIABANK CHILE AND SUBSIDIARIES

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### **Retail collective commercial model**

This Model is applied to single customers (natural persons) or micro-enterprises with some classified commercial credit as defined by CMF. There are various business models for the retail segment and these are applied to each account as appropriate to calculate the probability of default (PD) and are: CAE Education, CORFO Education, Micro-enterprises (for new and old customers), general purpose mortgage loan and model for renegotiated customers.

In addition, the commercial portfolio has a standard model published by CMF that is divided into three sub-matrices: lease, student and other commercial. These matrices are generally double-entry where an EL assigned according to the delinquency tranche and guarantee coverage must be applied. The model providing the greatest allowances between the internal or standard model is then applied.

### **Mortgage model**

Mortgage model is applicable to customers with an operation classified as mortgage loans (for new and old customers). Customers are evaluated at Taxpayer ID No. level. In addition, has a standard model determined by CMF in a double-entry matrix where an EL must be applied by tranches of default and tranches of loan to value (LTV). The model that calculates the highest expected losses is then applied.

### **Consumption model**

It applies to customers with an operation classified as consumption. There are various consumption models and they are applied to each account as appropriate, seeking the lowest rating at the customer level for the PD calculation. Models are: quota consumption (for new and old customers), revolving consumption, renegotiated consumption (at customer level) and agreements.

### **CAT subsidiary allowance model**

The model used for subsidiary CAT uses the same formulation as for the collective consumption model, based on a statistical model with probability of default (PD) and a loss given default (LGD). Models are integrated with the management of the customer; e.g., for non-payment of obligations, considering the different CAT recovery and collection strategies.

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## Credit quality by class of financial asset – Individual assessment

For individual evaluation, credit quality is presented (A1 to C6), tabulating loans according to the class of financial asset.

Individual Evaluation	As at March 31, 2023							
	Owed by banks	Commercial loans	Commercial Leasing	Factoring	Consumer loans	Mortgage loans	Contingent loans	Total
	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$
A1	232,274	110,036	-	2,063	-	-	173,762	518,135
A2	7,464	3,989,329	50,181	4,212	-	-	608,484	4,659,670
A3	-	1,759,261	145,553	34,059	-	-	155,627	2,094,500
A4	-	3,426,596	326,196	155,646	-	-	128,233	4,036,671
A5	-	1,359,071	158,094	38,123	-	-	39,019	1,594,307
A6	-	729,876	63,390	14,173	-	-	32,714	840,153
B1	-	206,873	21,859	105	-	-	26,043	254,880
B2	-	81,000	3,811	-	-	-	528	85,339
B3	-	51,322	2,504	-	-	-	119	53,945
B4	-	69,006	2,512	-	-	-	452	71,970
C1	-	72,473	3,006	56	-	-	1,137	76,672
C2	-	9,023	6,640	-	-	-	-	15,663
C3	-	17,105	1,606	349	-	-	-	19,060
C4	-	15,080	1,932	164	-	-	29	17,205
C5	-	65,135	2,339	80	-	-	1,777	69,331
C6	-	52,387	350	765	-	-	2,861	56,363
<b>Total</b>	<b>239,738</b>	<b>12,013,573</b>	<b>789,973</b>	<b>249,795</b>	-	-	<b>1,170,785</b>	<b>14,463,864</b>

Individual Evaluation	As at December 31, 2022							
	Owed by banks	Commercial loans	Commercial Leasing	Factoring	Consumer loans	Mortgage loans	Contingent loans	Total
	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$
A1	58,819	109,382	-	6,519	-	-	188,465	363,185
A2	7,893	4,236,834	56,550	5,848	-	-	614,331	4,921,456
A3	125	2,079,331	151,174	30,338	-	-	176,284	2,437,252
A4	-	3,585,318	332,753	154,733	-	-	140,441	4,213,245
A5	-	1,207,527	158,638	33,742	-	-	54,755	1,454,662
A6	-	746,068	64,272	14,403	-	-	18,757	843,500
B1	-	220,504	16,462	307	-	-	27,222	264,495
B2	-	81,220	4,718	-	-	-	349	86,287
B3	-	58,098	1,528	14	-	-	366	60,006
B4	-	47,094	2,280	-	-	-	93	49,467
C1	-	65,370	3,116	56	-	-	1,794	70,336
C2	-	11,546	6,498	164	-	-	1,561	19,769
C3	-	9,636	1,656	349	-	-	25	11,666
C4	-	16,353	3,225	-	-	-	507	20,085
C5	-	63,625	2,199	147	-	-	1,395	67,366
C6	-	51,997	83	598	-	-	2,881	55,559
<b>Total</b>	<b>66,837</b>	<b>12,589,903</b>	<b>805,152</b>	<b>247,218</b>	-	-	<b>1,229,226</b>	<b>14,938,336</b>

# SCOTIABANK CHILE AND SUBSIDIARIES

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## Credit quality by class of financial asset – Collective assessment

For collective assessment, credit quality is presented (regular or in default), tabulating loans according to the class of financial asset.

As at March 31, 2023								
Group Evaluation	Owed by banks	Commercial loans	Commercial Leasing	Factoring	Consumer loans	Mortgage loans	Contingent loans	Total
	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$
Regular	-	1,799,655	32,364	751	3,566,439	13,423,706	518,985	19,341,900
Default	-	211,366	2,095	168	300,103	332,122	22,011	867,865
<b>Total</b>	<b>-</b>	<b>2,011,021</b>	<b>34,459</b>	<b>919</b>	<b>3,866,542</b>	<b>13,755,828</b>	<b>540,996</b>	<b>20,209,765</b>

As at December 31, 2022								
Group Evaluation	Owed by banks	Commercial loans	Commercial Leasing	Factoring	Consumer loans	Mortgage loans	Contingent loans	Total
	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$
Regular	-	1,848,830	33,185	715	3,599,766	13,274,625	520,507	19,277,628
Default	-	198,983	1,817	144	258,930	309,516	21,338	790,728
<b>Total</b>	<b>-</b>	<b>2,047,813</b>	<b>35,002</b>	<b>859</b>	<b>3,858,696</b>	<b>13,584,141</b>	<b>541,845</b>	<b>20,068,356</b>

## Financial assets at amortized cost

The following stages are defined for individual and collective assessment:

Stage	Description	Individual	Group
Stage 1	Assets without a significant increase in credit risk since initial recognition	A1 to A6	Regular
Stage 2	Assets with a significant increase in credit risk since initial recognition but without credit impairment	B1 to B4	
Stage 3	Credit-impaired assets	C1 to C6	Default

The classification of financial assets at amortized cost and contingent loans in these stages is as follows:

As at March 31, 2023	Stage 1 MCh\$	Stage 2 MCh\$	Stage 3 MCh\$	Total MCh\$
<b>Individual</b>				
Owed by banks	239,738	-	-	239,738
Loans and accounts receivable	13,503,698	466,134	254,294	14,224,126
<b>Group</b>				
Owed by banks	-	-	-	-
Loans and accounts receivable	19,341,900	-	867,865	20,209,765
<b>Total</b>	<b>33,085,336</b>	<b>466,134</b>	<b>1,122,159</b>	<b>34,673,629</b>

As at December 31, 2022	Stage 1 MCh\$	Stage 2 MCh\$	Stage 3 MCh\$	Total MCh\$
<b>Individual</b>				
Owed by banks	66,837	-	-	66,837
Loans and accounts receivable	14,166,463	460,255	244,781	14,871,499
<b>Group</b>				
Owed by banks	-	-	-	-
Loans and accounts receivable	19,277,628	-	790,728	20,068,356
<b>Total</b>	<b>33,510,928</b>	<b>460,255</b>	<b>1,035,509</b>	<b>35,006,692</b>



## SCOTIABANK CHILE AND SUBSIDIARIES

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### Collateral

For the collective and individual evaluation, the guaranteed amount used for the calculation of provisions is included below:

Individual	As at March 31, 2023			As at December 31, 2022		
	Loans	Guarantee	Provision	Loans	Guarantee	Provision
	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$
Commercial loans	13,053,341	4,033,256	221,238	13,642,273	3,849,362	224,892
Consumer loans	-	-	-	-	-	-
Mortgage loans	-	-	-	-	-	-
	<b>13,053,341</b>	<b>4,033,256</b>	<b>221,238</b>	<b>13,642,273</b>	<b>3,849,362</b>	<b>224,892</b>

Group (*)	As at March 31, 2023			As at December 31, 2022		
	Loans	Guarantee	Provision	Loans	Guarantee	Provision
	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$
Commercial loans	2,056,922	2,496,741	64,940	2,094,439	2,494,452	63,717
Consumer loans	2,494,304	-	145,046	2,511,571	-	135,328
Mortgage loans	13,717,686	23,373,736	40,096	13,544,965	22,940,236	39,106
	<b>18,268,912</b>	<b>25,870,477</b>	<b>250,082</b>	<b>18,150,975</b>	<b>25,434,688</b>	<b>238,151</b>

(\*) For the group portfolio, subsidiaries are not considered

### Individual portfolio risk profile by probability of default

The table below shows a tabulated breakdown by probability of default (PD) of the Bank's individual portfolio of secured and unsecured debt.

Trenches for Probability of Default	As at March 31, 2023		As at December 31, 2022	
	Secured	Unsecured	Secured	Unsecured
	MCh\$	MCh\$	MCh\$	MCh\$
0,0 - 0,1	181,173	6,206,467	152,217	6,460,827
0,11 - 0,4	386,996	1,707,504	469,869	1,969,860
1,01 - 3,0	1,732,647	2,306,487	1,749,926	2,466,228
3,01 - 6,0	917,449	681,408	725,807	731,412
6,01 - 11,0	447,925	392,228	420,998	422,502
11,01 - 17,0	112,649	142,230	111,004	153,491
17,01 - 25,0	40,163	45,175	31,356	54,930
25,01 - 50,0	85,911	40,005	74,486	34,987
50,01 +	153,085	101,211	143,238	101,543
<b>Total</b>	<b>4,057,998</b>	<b>11,622,715</b>	<b>3,878,901</b>	<b>12,395,780</b>

The information does not consider guarantees for substitution effect.

**SCOTIABANK CHILE AND SUBSIDIARIES**

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**Risk profile of the collective portfolio by probability of default**

The table below shows a tabulated breakdown by probability of default (PD) of the Bank's different collective portfolio banking.

Tranche for Probability of Default	3/31/2023 MCh\$	12/31/2022 MCh\$
Commercial		
0,84 - 3,81	679,521	639,489
3,81 - 8	434,630	425,967
8 - 12,41	256,338	320,398
12,41 - 12,722	219,177	235,382
12,722 - 25,27	85,952	91,214
25,27 +	381,303	381,989
<b>Total commercial</b>	<b>2,056,921</b>	<b>2,094,439</b>
Mortgage		
0,14 - 0,37	8,133,892	8,271,049
0,37 - 1,79	2,896,803	2,751,178
1,79 - 4,5	1,385,652	1,337,288
4,5 - 16,8	26,275	33,306
16,8 - 23,04	945,994	846,740
23,04 +	329,070	305,404
<b>Total mortgage</b>	<b>13,717,686</b>	<b>13,544,965</b>
Consumer		
0,82 - 2,36	551,885	562,855
2,36 - 5,61	694,442	708,322
5,61 - 9,94	390,433	402,908
9,94 - 15,59	257,438	265,886
15,59 - 40,58	312,052	302,268
40,58 +	288,054	269,332
<b>Total consumer</b>	<b>2,494,304</b>	<b>2,511,571</b>
<b>Total</b>	<b>18,268,911</b>	<b>18,150,975</b>

## SCOTIABANK CHILE AND SUBSIDIARIES

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### Offset of financial assets and liabilities

For accounting purposes, Scotiabank does not offset derivatives

### Credit limits to related groups

For groups related to Scotiabank, the total of their obligations may not exceed 5% of the Bank's effective equity, this limit increases to 25% only if that exceeding 5% corresponds to obligations with collateral (article 84, number 2 of the General Banking Law).

All Groups related to Scotiabank are within the regulatory limits, detailed as follows:

#### As at March 31, 2023

	Total Obligations	% Effective equity	
	MCh\$	Secured	Unsecured
BNS Group	521,953	12.5%	0.1%
Said Group	209,625	4.1%	1.0%
Generic group by management	157,814	3.1%	0.7%
Karen Ergas Group	39,287	0.2%	0.7%
Turn support group	31,279	0.0%	0.8%
Salvador Said Group	30,865	0.0%	0.7%
Víctor Carpio Group	17,635	0.3%	0.1%
Emilio Deik Group	11,091	0.1%	0.2%
Other related groups	53,762	1.0%	0.3%
<b>Total main debtors</b>	<b>1,073,311</b>		
<b>Regulatory Limits</b>		<b>25.0%</b>	<b>5.0%</b>

#### As at December 31, 2022

	Total Obligations	% Effective equity	
	MCh\$	Secured	Unsecured
BNS Group	631,263	15.1%	0.3%
Said Group	211,150	4.2%	0.9%
Generic group by management	148,478	2.9%	0.7%
Paz Group	37,891	0.2%	0.7%
Salvador Said Group	32,549	0.0%	0.8%
Turn support group	31,253	0.0%	0.8%
Other related groups	95,503	1.5%	0.8%
<b>Total main debtors</b>	<b>1,188,087</b>		
<b>Regulatory Limits</b>		<b>25.0%</b>	<b>5.0%</b>

### Concentration by industries

See information on concentration by industry in letter e) "Gross loans and allowances made grouped by type of economic activity of debtors and concentration of credit risk" in note 13 "Financial assets at amortized cost."

## SCOTIABANK CHILE AND SUBSIDIARIES

Notes to the Interim Consolidated Financial Statements

As at March 31, 2023 and 2022 and December 31, 2022

### Total allowances on loans

The total level of allowances on loans reached MCh\$621,143 as at March 31, 2023, which implies an increase of approximately 4.13% compared to the stock of allowances as at December 2022, which reached MCh\$596,532. Accordingly, and considering a decrease in total loans (decrease of 1.35% in the same period), the percentage of allowances on total loans rose from 1.80% in December 2022 to 1.90% in March 2023.

Risk rates and allowances	3/31/2023	12/31/2022
	MCh\$	MCh\$
Total allowances on loans	621,143	596,532
Total loans	32,722,110	33,168,784
<b>Allowance / Loans Percentage</b>	<b>1.90%</b>	<b>1.80%</b>

The increase in credit loss allowances in the period between January and December 2022 and March 2023 occurs mainly in retail and CAT Administradora de Tarjetas S.A.

## 4) Market risk

Refers to the risk of losses arising from adverse movements in market prices. It is associated with the volatility of the financial market and reflects the uncertainty faced by a financial institution in the face of possible adverse effects on the risk factors (market interest rates, exchange rates and prices) on the value of its assets, liabilities and equity. Market risks is classified as follows:

- **Interest rate risk**  
Risk of losses due to adverse movements in the intertemporal structure of the interest rate. This is caused by upward or downward movements of the yield curve.
- **Spread – Base risk**  
Spread risk is the risk of losses related to adverse changes in spreads existing in the performance of different financial assets and liabilities. These may reflect particular liquidity conditions of assets, credit and/or specific prepayment clauses whose exercise may result in a deterioration on the ability to generate future margin.
- **Exchange rate risk**  
Risk of losses due to adverse movements in exchange rates. This risk originates from financial mismatches between assets and liabilities, both effective and contingent.
- **Optionality risk**  
Risk of financial losses associated with positions in explicit or implicit options, whether purchased or delivered, such as those contained in mortgage loans and education loans.

## SCOTIABANK CHILE AND SUBSIDIARIES

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### Balance sheet management

The Bank's assets are mainly made up of mortgage loans (mainly denominated at a fixed rate), commercial loans (including those used to finance foreign trade operations), loans for education and consumption.

The Bank manages its balance sheet with the purpose of maximizing its net income from interest and adjustments, maintaining a high proportion of demand deposits for which interest is not paid and of short-term deposits, granting loans for longer periods allowing to take advantage in this way, the slope of the yield curve within an agreed financial risk management context.

The main risks of the Balance Sheet are due to the interest rate risk produced by long-term assets financed with short-term liabilities, and the risk of inflation, where the Bank lends in UF and is funded in Chilean pesos. To mitigate balance risks, the Bank has short-term interest and inflation risk limits, as well as long-term interest risk limits to maintain the level of risk desired by the institution.

The Bank also manages a portfolio of non-derivative financial instruments in order to take advantage of the differences in the yield curve, and at the same time maintain positions in liquid instruments in order to meet eventual resource needs.

Additionally, the Bank performs hedging derivatives to manage risks arising from its mortgage portfolio, its deposit portfolio and specific cases

The portfolio of financial assets held for trading at fair value through profit or loss of the Individual Bank, is detailed as follows:

As at March 31, 2023		(Individual Bank)				
		Purchase Value MCh\$	Purchase TIR %	Market Value MCh\$	Market TIR %	Unrecognized Result MCh\$
Papers Ch\$		2,973,962	7.65	2,858,745	8.63	(115,217)
PDBC		1,590,764	11.74	1,600,836	10.97	10,072
BCP		-	-	-	-	-
BTP		1,383,198	2.94	1,257,909	5.66	(125,289)
Time deposits Ch\$		-	-	-	-	-
Papers UF		297,935	1.65	291,747	2.20	(6,188)
BCU		-	-	-	-	-
BTU		297,935	1.65	291,747	2.20	(6,188)
Time deposits UF		-	-	-	-	-
Securitized bonds		-	-	-	-	-
Papers US\$		40,482	4.18	39,877	6.63	(605)
Time Deposits US\$		40,482	4.18	39,877	6.63	(605)
Total		3,312,379	7.07	3,190,369	8.02	(122,010)

**SCOTIABANK CHILE AND SUBSIDIARIES**

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As at December 31, 2022	(Individual Bank)				
	Purchase Value MCh\$	Purchase TIR %	Market Value MCh\$	Market TIR %	Unrecognized Result MCh\$
<b>Papers Ch\$</b>	<b>2,124,887</b>	<b>5.45</b>	<b>1,988,132</b>	<b>7.78</b>	<b>(136,755)</b>
PDBC	610,231	11.67	612,403	11.47	2,172
BCP	4,668	2.34	4,639	11.19	(29)
BTP	1,509,988	2.95	1,371,090	6.12	(138,898)
Time deposits Ch\$	-	-	-	-	-
<b>Papers UF</b>	<b>324,886</b>	<b>0.95</b>	<b>316,791</b>	<b>3.31</b>	<b>(8,095)</b>
BCU	35	0.25	34	6.11	(1)
BTU	324,851	0.95	316,757	3.31	(8,094)
Time deposits UF	-	-	-	-	-
Securitized bonds	-	-	-	-	-
<b>Papers US\$</b>	<b>65,077</b>	<b>4.22</b>	<b>62,489</b>	<b>6.63</b>	<b>(2,588)</b>
Time Deposits US\$	65,077	4.22	62,489	6.63	(2,588)
<b>Total</b>	<b>2,514,850</b>	<b>4.84</b>	<b>2,367,412</b>	<b>7.15</b>	<b>(147,438)</b>

**Trading activities/customers**

The Bank has a Trading area responsible for the active trading of highly liquid instruments, whether these are Banco Central de Chile, bank and/or corporate paper, interest rate and/or currency derivatives (including UF). This area is responsible for finding profit opportunities in a short-term horizon, taking advantage of transitory no arbitrations in prices and differentials in the yield curve (base and spread), but is also responsible for providing financial solutions to our customers.

**Value at risk**

The Bank uses value-at-risk (VaR) tools to quantify the risk associated with the trading portfolio positions. This includes papers and derivatives classified in the trading portfolio, as well as the exchange risk of mismatches in foreign currency derived from operations with customers and proprietary positions (directional) in currencies.

In line with our Head Office, market risk management uses the historical simulation method with a confidence level: 99% and 300 days of observations.

Complementarily, the market risks department extensively uses comparison tests in order to establish the predictive quality of its value at risk model (excess frequency test).

As at March 31, 2023, the total VaR (includes rate and currency) reached a value of MCh\$2,450 (MCh\$3,271 as at December 31, 2022).

## SCOTIABANK CHILE AND SUBSIDIARIES

Notes to the Interim Consolidated Financial Statements  
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The impact by the risk factor on the VaR at each closing date is shown below:

	3/31/2023	12/31/2022
	MCh\$	MCh\$
Bonds in UF	7	42
Derivatives UF	(1,707)	(315)
Bonds in Ch\$	21	(847)
Derivatives in Ch\$	467	(1,311)
Derivatives US\$	(636)	(76)
Basis US\$/Ch\$	(602)	(769)
Basis L3L6	-	-
Other	(1)	5
FX	1	-
<b>Total</b>	<b>(2,450)</b>	<b>(3,271)</b>

Where others, corresponds to the diversification effect, product of having books with different risk measurements.

### Interest rate flow sensitivity

Structural interest rate risk is measured using a metric that sensitizes the flows of asset and liability positions.

The metric considers financial assets, liabilities and derivatives not belonging to the trading portfolio. Items, or a portion thereof, that are previously designated as not sensitive to changes in interest rates are excluded, such as:

- Cash.
- Other assets and liabilities.
- Past due portfolio.
- Allowances.
- Capital and reserves.

Interest rate mismatches are built as follows:

- Cash flows are determined by the maturity of fixed rate transactions and by the revaluation period in variable rate transactions.
- Assets, liabilities and derivatives used in balance management should be grouped according to their currency of accrual: Chilean pesos (Ch\$), Unidad de Fomento (UF), U.S. dollars (US\$) and other foreign currencies combined.
- Flows consider only principal of transactions.
- Interest rate curves do not consider the spread between assets and liabilities.

**SCOTIABANK CHILE AND SUBSIDIARIES**

Notes to the Interim Consolidated Financial Statements  
As at March 31, 2023 and 2022 and December 31, 2022

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e) Adjustments:

To properly calculate the sensitivity of assets and liabilities to changes in interest rates, the flows of financial products having particular characteristics must be modified:

- i) The balance in chequing accounts is distributed in terms of up to 8 years for the local report and up to 5 years for regulatory report. Both as obtained in the stability models of demand accounts with no maturity.
- ii) The ability of customers to prepay loans modifies the risk profile of the balance sheet, as actual maturities differ from the contractual maturities.
- iii) For education loans, the expected flow should be estimated according to the factors that determine the maturity profile of this portfolio. In addition, all disbursements and resales that will be accounted for in the current year, related to those students who are pursuing their studies and that the Bank has committed to deliver the necessary funds, must be entered.

**Short-term sensitivity (Net interest income sensitivity)**

Quantifies the impact of an adverse change in interest rates in the short term. This impact discloses the deviation that the budgeted financial margin may experience at a year-end.

The interest rate shock is weighted by the residual term of each time band, i.e., a 100 bp shock is applied to the overnight band until it is gradually reduced to 8.33 bp in the eleventh month.

The calculation is made for each currency, then the individual results are aggregated to obtain the overall risk exposure.

$$St = ABS (\sum Spm)$$

Where:

St: Short-term sensitivity to a change in interest rates.

Sp: Sensitivity of a change in interest rate (100 bps) weighted by the annual residual term.

m: The currencies of each book measured: Ch\$, UF, US\$, MX.

**Long-term sensitivity (Economic value sensitivity)**

Quantifies the impact of an adverse change in interest rates on the Bank's equity, or in other words, represents the variation that the value of the share would experience in the event of a movement in the yield curve.

This impact is obtained by comparing the market value of the balance sheet structure with the present value of the mismatches discounted at market rates modified by a sensitivity factor equivalent to +/- 100bp.

$$Stl = ABS (\min (\sum St+m, \sum St-m))$$

Where:

Stl: Long-term sensitivity to a change in interest rates.

St: Sensitivity to an increase (+) and drop (-) in interest rates.

m: The currencies of each book measured: Ch\$, UF, US\$, MX.



## SCOTIABANK CHILE AND SUBSIDIARIES

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### Inflation position sensitivity

The sensitivity of the inflation position results from applying a 100 bp shock to the difference between assets and liabilities denominated in Unidad de Fomento (UF). The mismatch considers on and off-balance sheet transactions, except for those of the trading portfolio. Derivatives the maturity date of which falls within the known UF term are excluded from the measurement.

$$If = ABS (Pi) * 1\%$$

Where:

If: Inflation sensitivity

Pi: Inflation position

The Bank uses long-term sensitivity (EvE), short-term sensitivity (NII) and sensitivity to inflation risk to quantify the interest rate risk of the balance sheet book (banking book). These measures include all assets and liabilities, except for trading portfolios.

The impact on present value per currency of a parallel movement of 100 points is illustrated below.

#### As at March 31, 2023

	VPN	VPN + 1%	VPN - 1%
Ch\$	2,918,557	(104,587)	109,807
UF	2,420,410	(89,374)	71,934
US\$	(1,326,389)	5,120	(5,478)
MX	73,292	(1,770)	1,893
<b>Usage</b>	<b>(190,611)</b>		

#### As at December 31, 2022

	VPN	VPN + 1%	VPN - 1%
Ch\$	2,213,078	(118,632)	125,503
UF	2,132,627	(78,212)	58,401
US\$	(937,888)	6,190	(6,702)
MX	72,954	(1,852)	1,982
<b>Usage</b>	<b>(192,506)</b>		

# SCOTIABANK CHILE AND SUBSIDIARIES

Notes to the Interim Consolidated Financial Statements

As at March 31, 2023 and 2022 and December 31, 2022

The impact on the financial margin by currency of a parallel movement of 100 points is illustrated below:

## As at March 31, 2023

	Net present value				Financial Margin			
	Ch\$ MCh\$	UF MCh\$	US\$ MCh\$	MX MCh\$	Ch\$ MCh\$	UF MCh\$	US\$ MCh\$	MX MCh\$
1 Month	320,320	208,801	(878,458)	24,143	(3,070)	(2,048)	8,419	(231)
2 Months	(138,251)	(134,562)	(658,249)	1,758	1,210	1,136	5,760	(15)
3 Months	418,341	120,833	(263,493)	4,294	(3,312)	(995)	2,086	(34)
4 Months	207,445	(304,713)	119,013	2,231	(1,469)	2,126	(843)	(16)
5 Months	198,787	212,950	512,331	1,261	(1,242)	(1,359)	(3,202)	(8)
6 Months	325,895	163,402	126,334	985	(1,765)	(910)	(684)	(5)
7 Months	72,835	97,336	99,166	864	(334)	(466)	(455)	(4)
8 Months	215,267	(61,183)	22,892	831	(807)	213	(86)	(3)
9 Months	588,646	(135,269)	31,554	972	(1,717)	383	(92)	(3)
10 Months	195,634	53,762	(14,150)	920	(408)	(121)	29	(2)
11 Months	188,324	15,713	14,000	135	(235)	(25)	(18)	-
12 Months	330,251	(163,500)	10,742	267	(138)	67	(4)	-
<b>Total</b>					<b>(13,287)</b>	<b>(1,999)</b>	<b>10,910</b>	<b>(321)</b>

Inflation exposure

Usage 15,504

10,807

## As at December 31, 2022

	Net present value				Financial Margin			
	Ch\$ MCh\$	UF MCh\$	US\$ MCh\$	MX MCh\$	Ch\$ MCh\$	UF MCh\$	US\$ MCh\$	MX MCh\$
1 Month	(1,630,008)	223,940	(695,713)	13,238	(15,621)	2,083	(6,667)	127
2 Months	496,849	(3,955)	(512,508)	7,296	4,347	(91)	(4,484)	64
3 Months	1,106,315	178,698	(618,373)	6,022	8,758	1,363	(4,895)	48
4 Months	269,502	203,565	105,031	3,439	1,909	1,398	744	24
5 Months	426,786	(253,265)	387,466	1,807	2,667	(1,621)	2,422	11
6 Months	90,443	75,295	736,690	3,532	490	375	3,990	19
7 Months	14,575	(318,834)	77,155	351	67	(1,488)	354	2
8 Months	84,872	193,683	47,273	(727)	318	704	177	(3)
9 Months	(38,694)	(11,318)	26,217	216	(113)	(49)	76	1
10 Months	89,185	120,645	(29,486)	908	186	240	(62)	2
11 Months	195,360	(55,328)	(28,311)	866	244	(76)	(36)	1
12 Months	402,360	(40,822)	74,451	1,026	169	(19)	31	-
<b>Total</b>					<b>3,421</b>	<b>2,819</b>	<b>(8,350)</b>	<b>296</b>

Inflation exposure

Usage 10,576

8,762

Net present value, equivalent to the net present value of asset and liability flows.

**SCOTIABANK CHILE AND SUBSIDIARIES**

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**Accounting hedges**

Transactions under the accounting hedging modality are governed by the technical and procedure specifications described in the Accounting Hedging Policy, managed by the Finance Division. This policy indicates the strategies for hedging with derivatives, specific risk being hedged, effectiveness testing, accounting for hedging relationships and general descriptions related to this product.

As a general concept, a derivative position, which is hedging a certain financial instrument, that arises in the ALM book continues to belong to that book in the event that the hedged item has, for instance, been sold. This translates into no effect on the related regulatory reports and follows the logical determination to separate products and instruments from the trading book and the banking book, as established in RAN Chapter 21-7.

The Market Risk Management Department supervises the deals entered under this modality in the peak system, reviewing concepts such as type of strategy, type of product entered, currency, term and counterparty, making an effective comparison between the system and the confirmation forms received from the back-office area, in order to subsequently provide its final approval.

Additionally, for the management process, on a monthly basis it compares the amounts of results that were entered on a daily basis and the final results received from the Parent, making the related adjustments should differences exist.

**Stress tests**

The market risk management develops and reports to ALCO and local Board regularly stress exercises, which include parallel and non-parallel movements of the yield curve, volatility shocks and historical scenarios.

**Detail of exposures****Currency risk**

The Bank is exposed to the volatility in exchange rates in which its financial positions and cash flows are expressed or indexed. On an annual basis, the limits for the levels of net exposure by currencies and the total positions during the day and closing are reviewed at ALCO and Headquarters, which are monitored daily by the market risk management.

The Bank actively takes positions in US\$, in addition to having operations in other currencies due to products required by customers.

## SCOTIABANK CHILE AND SUBSIDIARIES

Notes to the Interim Consolidated Financial Statements

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The following tables show the exposures to the different currencies, whether of banking products or derivatives in their equivalent in local currency:

	As at March 31, 2023			As at December 31, 2022		
	Assets MCh\$	Liabilities MCh\$	Net MCh\$	Assets MCh\$	Liabilities MCh\$	Net MCh\$
US\$	50,856,409	50,753,511	102,898	52,013,637	51,886,787	126,850
CAD	19,294	18,673	621	20,894	19,638	1,256
BRL	13,427	13,377	50	10,290	10,258	32
PEN	40,319	40,808	(489)	41,688	42,411	(723)
AUD	234,562	236,132	(1,570)	226,590	228,690	(2,100)
CNY	129,524	128,692	832	96,315	94,972	1,343
DKK	-	-	-	-	-	-
JPY	311,524	305,568	5,956	371,766	366,629	5,137
CHF	477,510	486,667	(9,157)	505,914	514,589	(8,675)
NOK	4,148	3,991	157	2,953	2,868	85
NZD	66	49	17	550	535	15
GBP	174,420	172,307	2,113	163,933	158,653	5,280
SEK	19,431	18,944	487	21,339	20,908	431
HKD	1,314	1,174	140	75	-	75
ZAR	30	-	30	34	-	34
COP	75,133	76,623	(1,490)	44,171	45,099	(928)
MXN	55,496	54,598	898	106,450	102,536	3,914
EUR	1,126,979	1,125,365	1,614	1,143,322	1,122,988	20,334
Other currencies	1,421	1,412	9	1,401	-	1,401

### Balance Book interest rate risk

The Bank is exposed to the volatility in the structure of market interest rates over its structural exposures. As a result of the changes in interest rates, margins can increase, but these can also be reduced and even cause losses in the event of adverse movements.

The Board of Directors sets limits for the effects of mismatches in banking book (which includes all those positions that are not for trading) on the financial margin and on the economic value of its equity, compliance with which this must be reported monthly to CMF.

# SCOTIABANK CHILE AND SUBSIDIARIES

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The following chart shows the structural exposure by interest rate of assets and liabilities, considering the terms of change or renewal of rates; otherwise, the expiration dates of the transactions are considered

Range of days	As at March 31, 2023 Mismatch due to term				As at December 31, 2022 Mismatch due to term			
	Ch\$	UF	US\$	MX (*)	Ch\$	UF	US\$	MX (*)
00002-00030	31,250	95,284	(1,024,833)	24,142	(1,963,521)	79,692	(903,878)	13,238
00031-00060	(183,243)	(135,630)	(681,791)	1,758	450,206	(5,014)	(522,896)	7,296
00061-00090	371,941	119,790	(277,808)	4,293	1,058,222	177,663	(625,297)	6,022
00091-00120	164,468	(305,756)	103,524	2,230	225,528	202,531	96,155	3,439
00121-00150	154,215	211,907	500,413	1,260	381,267	(254,299)	381,079	1,807
00151-00180	274,775	162,359	117,937	984	38,087	74,261	731,092	3,531
00181-00210	28,395	96,291	85,944	863	(30,896)	(319,870)	69,832	350
00211-00240	171,350	(62,231)	8,867	831	40,232	192,644	39,586	(728)
00241-00270	545,552	(136,312)	19,154	971	(81,935)	(12,352)	17,761	215
00271-00300	153,196	52,716	(26,015)	919	46,502	119,608	(35,861)	908
00301-00330	138,528	14,661	5,257	135	145,175	(56,371)	(33,987)	865
00331-00360	287,108	(164,542)	2,377	266	358,198	(41,856)	68,557	1,025
00361-00720	(1,729,509)	1,512,734	(27,474)	1,543	(1,621,458)	664,568	(4,909)	1,647
00721-01080	1,402,258	12,845	(15,456)	1,543	1,730,977	534,739	(14,321)	1,647
01081-01440	639,912	(59,974)	(26,214)	18,203	835,601	(273,009)	(31,762)	19,065
01441-01800	292,943	130,896	(39,635)	1,098	354,972	4,844	(128,810)	1,217
01801-02160	(190,904)	328,271	(39,378)	1,098	(202,315)	542,512	(48,969)	1,291
02161-02520	(347,083)	468,832	(44,815)	1,098	(285,304)	432,428	(54,352)	1,170
02521-02880	474,018	44,457	(46,332)	1,961	502,825	288,415	(56,575)	1,170
02881-03240	866,841	(679,054)	(2,105)	33,222	909,200	(607,429)	(4,762)	50,764
03241-03600	116,307	(391,787)	(1)	-	180,130	(339,640)	1,697	(14,735)
03601-05400	61,633	1,502,394	(1)	-	68,120	1,146,473	-	-
05401-07200	187	(131,960)	(1)	-	198	(134,503)	-	-
07201-09000	115	(19,235)	(1)	-	121	(24,957)	-	-
09001-10800	97	1,323	(1)	-	101	736	-	-
10800->>>>	67	22	-	-	67	21	-	-
NRS	(706,898)	11,652	(980,044)	-	(1,266,764)	3,255	(722,220)	-

(\*) MX Any foreign currency other than the US dollar

## Regulatory limits

The following table shows the regulatory measurement of interest rate risk and indexation of banking book for the short and long-term.

	Amount 3/31/2023 MCh\$	Amount 12/31/2022 MCh\$
<b>Short-term (Margin)</b>		
Short-term interest rate risk	26,354	59,161
Readjustment risk	35,055	32,356
Lower income due to commissions sens.	-	-
<b>Total Short-term Risk</b>	<b>61,409</b>	<b>91,517</b>
Short-term risk limit (35% of the margin)	322,469	321,676
Short-term Limit Usage Percentage	19.04%	28.45%
<b>Long-term (Value)</b>		
Long-term interest rate risk	542,401	749,437
Interest rate optional risk	-	-
<b>Total Long-term Risk</b>	<b>542,401</b>	<b>749,437</b>
Long-term limit (30% of Capital)	1,242,790	1,236,825
Long-term Limit Usage Percentage	43.64%	60.59%

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### Balance book exposure (Bank)

Market risks arise from exposures to interest rate and price risks on trading positions and currency risk on its global positions.

The Banco Central de Chile establishes a regulatory limit for the sum of interest rate risks in trading positions (including derivatives) and currency risk. The Bank, at an individual level, must permanently observe these limits and report weekly to the CMF on its positions at risk and compliance with these limits. It must also report monthly to the CMF on the positions at risk consolidated with the subsidiaries and branches abroad. The regulatory limit establishes that the effective equity must be sufficient to cover the sum of 8% of the credit risk and market risk weighted assets.

The following tables show the regulatory measure of risks on the trading book:

	Amount 3/31/2023 MCh\$	Amount 12/31/2022 MCh\$
Interest rate risk	225,604	228,900
Currency risk	9,305	13,343
Shares risk	1,862	1,158
Currency optional risk	15	-
Consolidated risk-weighted assets	30,904,946	30,528,390
Credit Risk Regulatory Capital (8% APR)	2,029,134	2,003,712
Regulatory Market Risk Capital (8% APRM)	236,786	243,400
Regulatory Capital Operational Risk (8% APRO)	206,476	195,159
<b>Total Regulatory Capital</b>	<b>2,472,396</b>	<b>2,442,271</b>
Consolidated effective equity	4,142,633	4,122,749
Consumption % (includes RC and RM)	59.68%	59.24%
Basel Ratio (including market risk)	13.40%	13.50%

### 5) Enterprise risk management (operational risk, models risk, cybersecurity & IT Risk, business continuity and risk management)

The Bank recognizes cybersecurity & IT, data, operational, continuity and models risks as the main risks for the Bank. Within enterprise risk management are the cybersecurity & IT, data risk, model risk management, business continuity, operational risk management and lastly the enterprise risk management governance management, which is in charge of managing all the risks that the Bank defined as main risks.

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### **Cybersecurity & IT risk**

Cybersecurity & IT risk relates to the risk of financial loss, disruption or reputational damage due to some type of failure in IT systems. Cybersecurity risks are a subset of the unique IT risks that the Bank faces as a result of the use of interconnected systems and digital technologies.

The Board approves the related policies and frameworks that focus on safeguarding the Bank and its customers' information, ensuring that the Bank's IT environment is reliable, secure, resilient and robust in support of our business objectives.

Cybersecurity risk is addressed within the cybersecurity strategy, which is the adoption of the National Institute of Standards and Technology (NIST). Within this strategy, the functions of identify, detect, protect, respond and recover have been implemented. These functions contain a series of controls that manage cybersecurity risk and indicators have been established to measure it, one of them is the Security Risk Index (SRI) – Protect, that measures the risk of exposure of all technology platforms. Activities and action plans are constantly developed when the level of risk is outside the threshold.

### **Operational risk**

Operational risk is the risk of loss derived from people, from inadequate processes and systems or their failures or from external events. Operational risk includes risk management with third parties and legal risk but excludes strategic risk and reputational risk.

Operational risk exists, in a certain way, in each of the business and support activities of the Bank and its subsidiaries, and could give rise to financial losses, regulatory sanctions or damage to the reputation of the institution.

Operational risk management is a continuous process that goes across the organization, carried out by people at all levels of the Bank and its subsidiaries.

The process is designed to identify, evaluate, monitor and report risks and events, current and potential, mitigate the effects, as well as to provide reasonable assurance to the Board of Directors and senior management, on the status of exposure and management of operational risk of the Bank and its subsidiaries.

The Bank and its subsidiaries adopted the three lines of defense model, consistent with the risk management framework, which establishes the related responsibilities for managing operational risk.

The Bank manages its operational risks with a governance structure made up of the Board of Directors in its highest-ranking role in approving strategies and risk management, the enterprise risk management department, the non-financial risk management committee, the risks and control areas (second lines). In addition, the Bank has policies, processes and evaluation methodologies to ensure that operational risk is properly identified and managed through effective controls.

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As at March 31, 2023, the Bank and its subsidiaries have recognized MCh\$4,261 for operational risk events (MCh\$14,469 as at December 31, 2022).

Net loss expense, gross loss and expense recoveries from operational risk events	3/31/2023 MCh\$	12/31/2022 MCh\$
Internal fraud	-	(1,106)
External fraud	(4,845)	(11,417)
Labor practices and safety in the business	(38)	(56)
Customers, products and business practices	(28)	(170)
Damage to physical assets	(10)	(21)
Business interruption and system failures	(67)	(615)
Execution, delivery and process management	(433)	(4,336)
<b>Gross loss in the period due to operational risk events</b>	<b>(5,421)</b>	<b>(17,721)</b>
Internal fraud	-	-
External fraud	1,014	2,381
Labor practices and safety in the business	1	-
Customers, products and business practices	-	-
Damage to physical assets	4	3
Business interruption and system failures	-	123
Execution, delivery and process management	141	745
<b>Gross loss recoveries in the period due to operational risk events</b>	<b>1,160</b>	<b>3,252</b>
<b>Net loss in the period due to operational risk events</b>	<b>(4,261)</b>	<b>(14,469)</b>

### Operational incident management

The management on operational incidents begins with the identification of an incident by one of the operational risk coordinators present in each division of the Bank, they will be responsible for consolidating, preparing and communicating the related background information. Each incident is subject to an impact analysis and the need to generate an action plan to mitigate the impact and/or frequency of the incident and prevent its future occurrence. Operational incidents are reported to the related instances as appropriate with their related status and action plans and according to RAN Chapter 20-8 to the CMF.

### Data risk

Data risk is the exposure to adverse financial and non-financial consequences (e.g., loss of revenue, reputational risk, regulatory risk, suboptimal management decisions) caused by mismanagement, misinterpretation, or misuse of the Bank's data assets. This risk can arise from lack of data risk knowledge; insufficient data risk oversight, governance and controls; inappropriate data management and poor data quality; poor data security and protection; and inappropriate, unplanned or unethical data use.

The Data Risk Management Framework (DRMF) describes the general guiding principles of data risk management and defines the governance structure of the institutional data risk management program. The Data Risk Management Policy (DRMP) categorizes and explains data-related risks and describes the interaction model and the duties and responsibilities of the key stakeholders involved in data risk management within the organization.



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### **Model risk**

Model risk is that type of risk that produces adverse financial results (e.g., capital, loss, income) and reputational consequences arising from the design, development, implementation or use of models. This can originate from inadequate specifications, incorrect parameter assumptions, false assumptions or presumptions, mathematical computation errors, inaccurate, inadequate, or missing information, improper use, and lack of monitoring or controls. The model risk management department is in charge of managing model risk within the Bank and presenting it to the non-financial risk committees and the models committee.

The Bank's model risk management policy describes the general principles, policies and procedures that provide the framework for managing model risk. All models, whether produced by the Bank or supplied by vendors, that meet the Bank's definition of a model, are within the scope of this policy. Likewise, it clearly defines the roles and responsibilities of the key stakeholders involved in the risk management cycle of the models. The organizational units involved in model's risk management cycle have procedures at the unit level, where appropriate, which regulate the stages of the cycle for which they are responsible. The models committee, the non-financial risk committee and the Board of Directors supervise the Bank's reference framework for model risk management and approve the policy.

### **Self-assessment program on risks and control**

The Bank and its subsidiaries have a process map that considers the existing business and support functions within the entity, which is subject to an annual criticality assessment using qualitative variables.

The definition of the processes for which risk assessments and specific controls will be carried out each year, are prioritized according to such criticality, which is reviewed and approved by the non-financial risk committee. Notwithstanding the foregoing, this committee may suggest and approve changes to the defined annual program depending on relevant situations that have impacted processes, systems, people or external events during said period, such as regulatory changes, materialization of incidents, operational losses, among other aspects that said committee determines, which will imply an update of evaluation of risks and controls of one or more specific processes.

The Risk and Control Self-Assessment (RCSA) program forms an integral element of the Bank's operational risk management framework and policy.

The purpose of the RCSA program is to identify, document and assess relevant operational risks in a significant process, entity or business unit. The risk and control self-assessment process provides a systematic approach to identify risks and related internal controls, as well as deficiencies that affect the achievement of defined business objectives. Likewise, this process is a mean for supervising the actions of management to eliminate deficiencies identified and measure efficiency of the measures.

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**Cloud computing**

In compliance with the CISO Directive (Chief information security officer) on Cloud Outsourcing, TPRM (Third party risk management) has adopted the definition of Cloud Computing published in the National Institute of Standards and Technology (NIST) "NIST Definition of Cloud Computing - special publication No. 800-145".

Cloud computing refers to the practice of using a network of remote servers hosted on the Internet to store, manage, and process data, rather than a local server or personal computer. Cloud computing is a model for enabling convenient, on-demand network access to a shared pool of configurable computing resources (for example, networks, servers, storage, applications, and services) that can be rapidly supplied and released with minimal management effort and interaction by the service provider.

**Outsourcing of strategic and non-strategic services**

A service is strategic for the Bank when it has the greater potential to impact or have a significant influence (either quantitative or qualitative) on the Bank's operations or reputation. Services that are not classified in the previous category correspond to non-strategic services.

**Business continuity**

The Bank is committed to take reasonably necessary steps to ensure business continuity during conditions that could disrupt the operations of the workplace or its environment. To achieve this, all business units must incorporate business continuity management practices to create resilient, alternative and/or redundant mechanisms to guarantee the continuity of operations based on the criticality rating established by the business unit itself.

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### 6) Liquidity risk

Liquidity risk refers to the impossibility for:

- Comply in a timely manner with contractual obligations and adjusted behavior, if applicable.
- Liquidate positions without significant losses caused by abnormal trading volumes.
- Avoid regulatory sanctions for non-compliance with regulatory indices.
- Competitively finance commercial and treasury activities.

Two sources of risk are distinguished:

**(i) Endogenous:** risk situations derived from controllable corporate decisions.

- High liquidity achieved by a reduced base of liquid assets or mismatches of significant assets and liabilities.
- Low diversification or high concentration of financial and commercial assets in terms of issuers, terms and risk factors.
- Deficient management of value hedges, cash flows or credit in terms of hedge efficiency, correlation of changes in value, sensitivity ratios of the item hedged and the derivative, among others.
- Adverse corporate reputational effects that translate into non-competitive access to financing or lack thereof.

**(ii) Exogenous:** Risk situations resulting from uncontrollable financial market movements.

- Extreme movements or unexpected corrections /events in the international and local markets.
- Regulatory changes, interventions by the monetary authority, among others.

Liquidity risk management for the Bank and its subsidiaries is the process that aims to identify, measure, limit and control this risk, based on a policy framework that sets the criteria, defines the metrics, organizes activities and imposes procedures that the institution must follow to achieve an effective management.

The Bank's Board of Directors approves this liquidity management policy and supervises its compliance through the Bank's Audit division. Likewise, is responsible for defining the appetite for liquidity risk and periodically reviewing the Institution's liquidity strategy.

The CEO, as the main person responsible for managing the Bank's liquidity risk, must conduct the business within the current legal framework and in accordance with established policies, limits and procedures. He/She chairs the assets and liabilities committee, a body in which he/she actively participates in liquidity risk management. The CEO delegates authority to manage liquidity risk to other members of the senior management, committees and appropriate departments.

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Daily management of liquidity is the responsibility of the treasury unit, particularly, ALM management, which is in charge of implementing efficient investment and financing strategies compared to our significant competitors. For such purpose, it must adjust the liability maturity profile considering revenue, capital and liquidity recorded in the current and forecasted scenarios, minimizing the risk caused by an excessive mismatch or high concentration of liabilities.

The tools used to measure and control liquidity risk are:

- Accumulated mismatches at different terms.
- Proportion of liquid assets/enforceable liabilities.
- Concentration of depositors.
- Liquidity stress tests.
- Measurement of liquidity ratios such as the liquidity coverage ratio and net stable financing.

Finally, and based on continuous monitoring, the Bank reviews all aspects of the liquidity management process considering the potential risks to which it is exposed in this matter. Liquidity contingency planning is a critical component of this review, and its objective is to provide a framework to establish appropriate actions in the face of liquidity crisis events. For such purpose, the Bank has a "liquidity contingency plan" that is reviewed and approved on an annual basis by the local Board of Directors and is recommended by our Headquarters.

In order to become aware of and quantify the risk profile, Management focuses on the maturity flows, the concentration of financing, the maintenance of sufficient liquid assets, the quantification of assets committed and liquidity stress tests. The development, implementation and quantification of metrics is performed by the market risk management with A&C of global risk management market risk management (GRM MRM).

As at March 31, 2023 All currencies	Individual Crisis		Systemic crisis		Global Crisis	
	30 days	100 days	30 days	100 days	30 days	100 days
Liquidity gap	(786,503)	(1,579,300)	(676,632)	(1,601,735)	(422,150)	(945,405)
Liquid assets hedge	3,274,191	3,270,739	3,274,191	3,270,739	3,274,191	3,270,739
Liquidity Need/Excess	2,487,688	1,691,439	2,597,559	1,669,004	2,852,041	2,325,334

As at December 31, 2022 All currencies	Individual Crisis		Systemic crisis		Global Crisis	
	30 days	100 days	30 days	100 days	30 days	100 days
Liquidity gap	(162,678)	(1,068,397)	(53,662)	(1,066,160)	97,076	(461,666)
Liquid assets hedge	2,339,764	3,100,861	2,339,764	3,100,861	2,339,764	3,100,861
Liquidity Need/Excess	2,177,086	2,032,464	2,286,102	2,034,701	2,436,840	2,639,195

The established limit structure and its daily control ensure that liquidity management falls within the margins established by ALCO and approved by the Board of Directors. This is strengthened by the proper segregation of duties, accountability and control by opposition defined in the Bank's organizational structure and its subsidiaries, allowing liquidity management to be performed without conflict of interest.

Supplementing the liquidity management, liquidity stress tests are performed. Indeed, such tests estimate the impact that the different internal, systemic and global liquidity scenarios have on the financing of the Bank and its subsidiaries, through the analysis of liquidity gaps, coverage of liquid assets, amount of additional financing (liquidity excess), horizon of survival, state of internal and regulatory limits.

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Scotiabank Chile controls its exposure to liquidity risks at the individual and consolidated level through a tight term mismatch approach, which is complemented by the measurement of liquid assets, concentration and liquidity ratios.

In addition, it has complementary tools that allow managing the concentration of assets and liabilities compared to sources, counterparties, terms and currencies.

Regarding the measurement of adjusted term mismatches, the Bank separates its exposures into two large groups of currencies.

- **Local currency:** includes operations designated in domestic currency, including revalued currencies under local indexation units.
- **Foreign currency:** refers to operations designated in some foreign currency or whose settlement is in foreign currency.

These measurements report mismatches up to a horizon of 90 days, including the flows from operations with financial derivatives. Additionally, the institution projects the movements of income and expense flows for the next 10 days.

As at March 31, 2023					Available Margin			
Consolidated Bank	Mismatches				7 days	15 days	30 days	90 days
	7 days	15 days	30 days	90 days	7 days	15 days	30 days	90 days
	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$
<b>Domestic currency</b>								
Expenses	(4,032,609)	(4,882,594)	(6,559,092)	(10,073,980)				
Income	3,142,467	5,069,389	7,029,962	10,193,487				
<b>Mismatch</b>	<b>(890,142)</b>	<b>186,795</b>	<b>470,870</b>	<b>119,507</b>	-	-	-	-
<b>Foreign currency</b>								
Expenses	(1,255,983)	(1,878,879)	(3,357,285)	(5,930,283)				
Income	781,463	968,312	1,434,136	2,846,416				
<b>Mismatch</b>	<b>(474,520)</b>	<b>(910,567)</b>	<b>(1,923,149)</b>	<b>(3,083,867)</b>	-	-	1,230,816	-
<b>Consolidated currencies</b>								
Expenses	(5,288,592)	(6,761,473)	(9,916,377)	(16,004,263)				
Income	3,923,930	6,037,701	8,464,098	13,039,903				
<b>Mismatch</b>	<b>(1,364,662)</b>	<b>(723,772)</b>	<b>(1,452,279)</b>	<b>(2,964,360)</b>	-	-	1,701,686	3,343,570
					<b>Basic Capital</b>			
					3,153,965			
					<b>2 Basic Capital</b>			
					6,307,930			
					Limit File C46 "Liquidity situation"			

As at December 31, 2022					Available Margin			
Consolidated Bank	Mismatches				7 days	15 days	30 days	90 days
	7 days	15 days	30 days	90 days	7 days	15 days	30 days	90 days
	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$
<b>Domestic currency</b>								
Expenses	(4,048,782)	(4,551,607)	(6,306,585)	(12,378,842)				
Income	2,606,698	3,656,794	5,920,206	12,296,783				
<b>Mismatch</b>	<b>(1,442,084)</b>	<b>(894,813)</b>	<b>(386,379)</b>	<b>(82,059)</b>	-	-	-	-
<b>Foreign currency</b>								
Expenses	(1,024,595)	(1,605,258)	(2,782,452)	(6,388,563)				
Income	1,251,190	1,435,934	1,881,943	3,890,052				
<b>Mismatch</b>	<b>226,595</b>	<b>(169,324)</b>	<b>(900,509)</b>	<b>(2,498,511)</b>	-	-	2,244,035	-
<b>Consolidated currencies</b>								
Expenses	(5,073,377)	(6,156,865)	(9,089,037)	(18,767,405)				
Income	3,857,888	5,092,728	7,802,149	16,186,835				
<b>Mismatch</b>	<b>(1,215,489)</b>	<b>(1,064,137)</b>	<b>(1,286,888)</b>	<b>(2,580,570)</b>	-	-	1,857,656	3,708,518
					<b>Basic Capital</b>			
					3,144,544			
					<b>2 Basic Capital</b>			
					6,289,088			
					Limit File C46 "Liquidity situation"			

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**Volume and composition of liquid assets**

	3/31/2023	12/31/2022
	MCh\$	MCh\$
Available funds	303,339	293,151
Exchange and overnight	612,072	723,273
Escrow fund	231,370	341,007
Financial investments	2,759,032	3,297,830
<b>Total liquid assets</b>	<b>3,905,813</b>	<b>4,655,261</b>

**Composition of main sources of financing**

	3/31/2023	12/31/2022
	MCh\$	MCh\$
Deposits and other on-demand obligations	4,992,065	5,096,474
Deposits and term loans	13,978,816	14,070,551
Obligations with banks	5,229,395	5,358,338
Debt instruments issued	8,894,932	8,688,099
Other financial obligations	8,848,572	9,439,561
<b>Total</b>	<b>41,943,780</b>	<b>42,653,023</b>

Maturities of assets and liabilities reported as at March 31, 2023 and December 31, 2022 are detailed as follows:

As at March 31, 2023	On-demand	Up to 1 month	More than 1 up to 3 months	More than 3 up to 1 year	More than 1 up to 3 years	More than 3 up to 5 years	More than 5 years
	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$
Available	900,422	-	-	-	-	-	-
Effective loans	59,033	1,014,778	1,916,757	3,559,425	31,268,301	72,934	295,357
Loans in LCHR	14	1,661	2,904	12,294	91,091	-	-
Leased contracts	-	-	53,698	201,421	596,064	62,584	66,060
Covenants	6,617	107,377	-	-	-	-	-
Financial investments	28,247	2,611,980	73,073	136,787	465,432	1,235	5,077
Other asset accounts	657,024	-	-	-	-	-	544,595
<b>TOTAL ASSET</b>	<b>1,651,357</b>	<b>3,735,796</b>	<b>2,046,432</b>	<b>3,909,927</b>	<b>32,420,888</b>	<b>136,753</b>	<b>911,089</b>
On-demand obligations	(2,273,439)	-	-	(1,813,900)	(906,907)	-	-
Time deposits, bonds and other	(107,468)	(3,857,663)	(3,229,900)	(6,286,456)	(4,157,108)	(2,029,817)	(4,712,699)
Covenants	-	(118,264)	-	(2,192,863)	(837,163)	-	-
Obligations due to LCHR	(4,727)	-	(320)	(14,630)	(32,788)	(20,814)	(44,790)
Obligations within the country	-	-	-	-	-	-	-
Obligations abroad	(12,887)	(27,534)	(232,912)	(1,464,270)	(251,450)	(307,357)	-
Other liability accounts	(610,497)	-	(839)	-	-	-	(518,957)
<b>TOTAL LIABILITY</b>	<b>(3,009,018)</b>	<b>(4,003,461)</b>	<b>(3,463,971)</b>	<b>(11,772,119)</b>	<b>(6,185,416)</b>	<b>(2,357,988)</b>	<b>(5,276,446)</b>

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As at December 31, 2021	On-demand	Up to 1 month	More than 1 up to 3 months	More than 3 up to 1 year	More than 1 up to 3 years	More than 3 up to 5 years	More than 5 years
	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$
Available	1,262,127	-	-	-	-	-	-
Effective loans	37,241	939,812	1,782,947	3,801,981	31,593,880	73,609	300,655
Loans in LCHR	15	1,744	2,987	12,620	94,714	-	-
Leased contracts	-	-	53,786	196,882	609,165	66,138	70,685
Covenants	4,881	220,540	-	-	-	-	-
Financial investments	242,789	1,604,127	833,397	15,092	5,645	973	76,314
Other asset accounts	752,011	-	-	-	-	-	524,016
<b>TOTAL ASSET</b>	<b>2,299,064</b>	<b>2,766,223</b>	<b>2,673,117</b>	<b>4,026,575</b>	<b>32,303,404</b>	<b>140,720</b>	<b>971,670</b>
On-demand obligations	(2,289,726)	-	-	(1,875,508)	(937,754)	-	-
Time deposits, bonds and other	(63,149)	(3,096,660)	(3,571,556)	(7,388,116)	(3,592,103)	(2,021,970)	(4,492,584)
Covenants	(63,411)	(149,746)	-	-	(3,030,026)	-	-
Obligations due to LCHR	(1)	(5,177)	(352)	(14,683)	(33,555)	(21,859)	(46,579)
Obligations within the country	(1)	-	-	-	-	-	-
Obligations abroad	(135)	(75,971)	(433,721)	(1,313,248)	(268,793)	(332,266)	-
Other liability accounts	(715,077)	-	(2,400)	(138,567)	-	-	(511,169)
<b>TOTAL LIABILITY</b>	<b>(3,131,500)</b>	<b>(3,327,554)</b>	<b>(4,008,029)</b>	<b>(10,730,122)</b>	<b>(7,862,231)</b>	<b>(2,376,095)</b>	<b>(5,050,332)</b>

## 7) Counterparty risk

As a result of the activity with customers, the Bank has counterparty exposures due to the probability that its debtors could not comply with payments generated due to financial derivative contracts. The Bank limits credit risk levels by setting exposure limits in terms of individual debtors, which in turn are aggregated into groups of debtors, industry segments and countries. Such risks are permanently monitored by the risk division and the limits by debtor, debtor groups, products, industry and country are reviewed at least once a year and approved by the Board of Directors and the senior risk committee.

Exposure to credit risks is managed through regular analysis on the capacity of debtors and potential debtors to meet payments in accordance with the contractual terms of the loans and is mitigated by obtaining admissible guarantees.

The Bank controls its positions in derivative contracts with its counterparties. This exposure to credit risk is managed as part of the limits on loans to customers, together with potential exposures due to market fluctuations. Likewise, it adjusts the valuation of the contracts according to the credit quality of the counterparty and the expected credit risk exposure given the current contracts.

3/31/2023	Fair Value Asset MCh\$	Credit risk adjustment MCh\$
Total	(584,252)	15,156

12/31/2022	Fair Value Asset MCh\$	Credit risk adjustment MCh\$
Total	(527,841)	13,141

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### **Note 48 Disclosure on regulatory capital and capital adequacy ratios.**

#### **Capital management**

The Bank's capital management objective is to maintain adequate equity strength and thus ensure capital adequacy, complying with internal objectives and regulatory capital adequacy requirements, which allows the Bank to sustain its business strategy and face possible stress scenarios that may materialize in the short and medium-term, maintaining its solvency and credit rating. It should be noted that the capital levels maintained by the Bank exceed the levels required by current regulations.

For this purpose, the Bank has a capital and profitability management committee, whose objective is to provide strategic guidelines to maximize the Bank's profitability within the internal and regulatory risk appetite, in accordance with the objectives established by the Board of Directors and the policies defined for this purpose, and a Capital Management Department, reporting to the Chief Financial Officer, responsible for the permanent monitoring and control of capital adequacy, this unit is responsible for ensuring capital levels that allow sustained and profitable growth of the business units, and the monitoring of early warnings defined in the risk appetite framework that both this Committee and the Board of Directors have approved as part of the Corporate Governance structure for capital matters.

All the aspects relevant to capital management are contained in the capital management policy, which includes a permanent internal evaluation process for the availability of capital, the definition of standards for conducting stress tests and the calculation of regulatory and internal capital.

#### **Implementation of Basel III**

In 2019, the CMF initiated the regulatory process for the implementation of Basel III standards in Chile, in accordance with the provisions of Law No.21130 modernizing Banking Legislation. Through the present date, the CMF enacted the different standards to adapt the Basel III standard to local banks, which are applicable beginning on December 1, 2021. These regulations describe requirements and conditions applicable to: equity definition and calculations of risk-weighted assets (Pillar 1), the issuance of hybrid capital instruments and subordinated bonds, the criteria for determining additional equity requirements for banks with deficiencies identified in the supervisory process (Pillar 2), requirements on disclosures to the market (Pillar 3), and definitions for the determination of capital buffers (countercyclical and conservation), and additional requirements to which banks defined as systemically important (systemic buffer) may be subject, among others.

As at December 1, 2021, in accordance with the implementation schedule of the CMF and the regulatory convergence process towards the Basel III standards, the new determination of the calculation of Risk-Weighted Assets (RWA) starts being implemented, as described in the following regulations, RAN 21-6 for Credit Risk Weighted Assets, RAN 21-7 for Market Risk Weighted Assets and RAN 21-8 for Operational Risk Weighted Assets.

#### **Capital requirements**

In accordance with the General Banking Law, the Bank must maintain minimum effective equity to risk-weighted consolidated assets ratio of 8%, net of allowances required, and a minimum basic capital ratio of 4.5% over risk-weighted assets and 3% on total consolidated assets, net of allowances required. In addition, and in accordance with the regulatory implementation schedule of said law, capital buffers such as the conservation buffer, the systemically important buffer, the countercyclical buffer and/or Pillar 2 capital charges must be complied with.



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For these purposes, effective equity is determined based on capital and reserves or basic capital with the following adjustments:

Adding bonds with no maturity and/or preference shares that meet the requirements and conditions contained in RAN 21-2, if any.

Adding subordinated bonds that meet the requirements established in RAN 21-3 with a limit of 50% of the Basic Capital.

Additional allowances are added with a limit of 1.25% of credit risk weighted assets.

Note that, regarding the equity adjustments, described in RAN 21-1, they are applicable at 15% from December 1, 2022.

Basic capital and effective equity levels at each closing date are detailed as follows:

## Information on regulatory capital and capital adequacy indicators

Total Assets, risk weighted assets and components of effective equity as per Basel III	Local Consolidated 3/31/2023	Local Consolidated 12/31/2022
	MCh\$	MCh\$
Total assets as per the statement of financial position	45,724,592	46,460,625
Investment in subsidiaries not subject to consolidation	-	-
Assets discounted from regulatory capital , other than item 2	(43,876)	(44,299)
Credit equivalent	(4,269,293)	(4,621,630)
Contingent loans	1,687,067	1,771,354
Assets generated by the intermediation of financial instruments	-	-
<b>Total assets for regulatory purposes</b>	<b>43,098,490</b>	<b>43,566,050</b>
Assets weighted by credit risk, estimated according to standard methodologies (APRC)	25,364,170	25,046,401
Assets weighted by credit risk, estimated according to internal methodologies (APRC)	-	-
Assets weighted by market risk (APRM)	2,959,825	3,042,505
Assets weighted by operational risk (APRO)	2,580,951	2,439,484
<b>Risk-weighted Assets (APR)</b>	<b>30,904,946</b>	<b>30,528,390</b>
<b>Risk-weighted Assets , after application of the output floor (APR)</b>	<b>30,904,946</b>	<b>30,528,390</b>
Equity of Owners	3,049,333	3,047,091
Non-controlling interest	132,525	140,227
Goodwill	-	-
Excess of minority investments	-	-
<b>Common equity level 1 equivalent (CET1)</b>	<b>3,181,858</b>	<b>3,187,318</b>
Additional deductions to common capital level 1, other than item 2	(41,654)	(51,339)
<b>Common Equity level 1 (CET1)</b>	<b>3,140,204</b>	<b>3,135,979</b>
Voluntary provisions (Additional ) imputed as additional equity level 1 (AT1)	-	-
Subordinated bonds imputed as additional equity level 1 (AT1)	154,525	152,642
Preferred shares imputed to additional equity level 1 (AT1)	-	-
Bonds with no fixed term of maturity imputed to additional equity level 1 (AT1)	-	-
Discounts applied to AT1	-	-
<b>Additional equity level 1 (AT1)</b>	<b>154,525</b>	<b>152,642</b>
<b>Capital level 1</b>	<b>3,294,729</b>	<b>3,288,621</b>
Voluntary provisions (Additional ) imputed as additional equity level 2 (AT2)	164,248	164,248
Subordinated bonds imputed as additional equity level 1 (AT1)	683,656	669,880
<b>Equivalent level 2 equity (T2)</b>	<b>847,904</b>	<b>834,128</b>
Discounts applied to AT2	-	-
<b>Capital Level 2 (T2)</b>	<b>847,904</b>	<b>834,128</b>
<b>Effective equity</b>	<b>4,142,633</b>	<b>4,122,749</b>
<b>Additional Basic Capital required for the constitution of the conservation reserve</b>	<b>381,605</b>	<b>381,605</b>
<b>Additional Basic Capital required to set up the countercyclical reserve</b>	<b>-</b>	<b>-</b>
<b>Additional Basic Capital required for banks qualified as systemic</b>	<b>95,401</b>	<b>95,401</b>
<b>Additional Capital required for the evaluation on the adequacy of effective equity (Pillar 2)</b>	<b>-</b>	<b>-</b>

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## Information on regulatory capital and capital adequacy indicators

Item No.	Solvency indicators and regulatory compliance indicators according to Basel III (in % with two decimals)	Local Consolidated 3/31/2023 %	Local Consolidated 12/31/2022 %
1	<b>Leverage Indicator (T1_I18/T1_I7)</b>	<b>7.29%</b>	<b>7.20%</b>
1.a	a Leverage indicator that the bank must meet, considering the minimum requirements	3.00%	3.00%
2	<b>Common equity indicator (T1_I18/T1_I11.b)</b>	<b>10.16%</b>	<b>10.27%</b>
2.a	a Indicator of basic capital that the bank must meet, considering the minimum requirements	4.81%	4.81%
2.b	Equity reserves deficit	0.00%	0.00%
3	<b>Equity indicator level 1 (T1_I25/T1_I11.b)</b>	<b>10.66%</b>	<b>10.77%</b>
3a	a Level 1 capital indicator that the bank must meet, considering the minimum requirements	6.31%	6.31%
4	<b>Effective equity indicator (T1_I31/T1_I11.b)</b>	<b>13.40%</b>	<b>13.50%</b>
4.a	Effective equity indicator that the bank must meet, considering the minimum requirements	8.31%	8.31%
4.b	Effective equity indicator that the bank must comply with, considering the charge for article 35bis, if applicable	8.31%	8.31%
4.c	Effective equity indicator that the bank must meet, considering the minimum requirements, conservation reserve and countercyclical reserve	9.56%	9.56%
5	<b>Solvency Rating</b>	<b>A</b>	<b>A</b>
	Regulatory compliance indicators for solvency		
	<b>Voluntary provisions (additional) imputed in Tier 2 capital (T2) in relation to APRC (T1_I26/(T1_I8.a or 8.b))</b>	<b>0.65%</b>	<b>0.66%</b>
	<b>Subordinated bonds imputed in Tier 2 capital (T2) in relation to Common Equity Tier 1 (CET1)</b>	<b>21.77%</b>	<b>21.36%</b>
8	<b>Additional Tier 1 capital (AT1) in relation to basic capital (T1_I24/T1_I18)</b>	<b>4.92%</b>	<b>4.87%</b>
9	<b>Voluntary provisions (additional) and subordinated bonds that are charged to additional tier 1 capital (AT1) in relation to RWAs ((T1_I19+T1_I20)/T1_I11.b)</b>	<b>0.50%</b>	<b>0.50%</b>

**SCOTIABANK CHILE AND SUBSIDIARIES**

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**Note 49 Subsequent events**

The Interim Consolidated Financial Statements were approved by the Audit Committee of Scotiabank Chile on April 27, 2023.

In the view of the Bank's Management and its subsidiaries, between April 1, 2023 and the date of issuance of these Interim Consolidated Financial Statements, no other subsequent events have occurred that could have a significant effect on the figures presented herein or on the economic and financial position of the Bank and its subsidiaries.

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**CHRISTIAN HURTADO F.**

Chief Accountant

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**LUIS ALVAREZ P.**

Finance Division Manager

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**DIEGO MASOLA**

Chief Executive Officer