



Scotiabank

SCOTIABANK CHILE AND SUBSIDIARIES

Consolidated Financial Statements
as at December 31, 2023 and 2022
and for the years then ended

(With the Independent Auditors' Report Thereon)

SCOTIABANK CHILE AND SUBSIDIARIES**CONTENTS**

Independent Auditor's Report
Consolidated Statements of Financial Position
Consolidated Statements of Income for the year
Consolidated Statements of Other Comprehensive Income
Consolidated Statements of Cash Flows
Consolidated Statements of Changes in Equity
Notes to the Consolidated Financial Statements

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



Independent Auditor's Report

The Shareholders and Directors of
Scotiabank Chile:

Opinion

We have audited the accompanying consolidated financial statements of Scotiabank Chile and its Subsidiaries, which comprise the consolidated statements of financial position as at December 31, 2023 and 2022, and the related consolidated statements of income, other comprehensive income, changes in equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Scotiabank Chile and its Subsidiaries as at December 31, 2023 and 2022, and the results of their operations and their cash flows for the years then ended in accordance with accounting standards and instructions issued by the Chilean Financial Market Commission (CMF).

Basis for the opinion

We conducted our audits in accordance with Auditing Standards Generally Accepted in Chile. Our responsibilities under those standards are further described in paragraphs under section "Auditors' Responsibilities for the Audit of the Consolidated Financial Statements" of our report. We are independent of Scotiabank Chile and its Subsidiaries in accordance with the ethical requirements that are relevant to our audits of the consolidated financial statements, and we have fulfilled our ethical responsibilities in accordance with these and other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the standards and instructions provided by the Chilean Financial Market Commission. This responsibility includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, Management is responsible for assessing whether events or conditions exist, which, considered as a whole, may cast significant doubt as to Scotiabank Chile and its Subsidiaries' ability to continue as a going concern for, at least, twelve months from the reporting period, without limiting to such period.



Auditors' responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Generally Accepted Auditing Standards in Chile will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for the one resulting from error, as fraud may involve collusion, forgery, intentional omissions, concealment, misrepresentations or Management's override of controls. A misstatement is considered material if, individually or in the aggregate, it could influence the judgment of a reasonable user of these consolidated financial statements.

As part of an audit conducted in accordance with Generally Accepted Auditing Standards in Chile, we also:

- Exercise professional judgement and maintain professional scepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. Those procedures include an examination, on a test basis, of evidence supporting the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of Scotiabank Chile and its Subsidiaries. Accordingly, we express no such opinion.
- We evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by Management, as well as evaluating the overall presentation of the consolidated financial statements.
- We conclude whether, in our judgment, events or conditions exist that may cast significant doubt on Scotiabank Chile and Subsidiaries' ability to continue as a going concern for a reasonable period of time.

We are required to communicate to those charged with governance, among other matters, the planned timing and scope of the audit, and significant audit findings, including any significant deficiencies and material weaknesses in internal control that we identified during our audit.

A handwritten signature in black ink, appearing to read 'Jorge Maldonado G.', with a stylized flourish below it.

Jorge Maldonado G.

KPMG Ltda.

Santiago, January 25, 2024

SCOTIABANK CHILE AND SUBSIDIARIES

Consolidated Statements of Financial Position.....	1
Consolidated Statements of Income for the year.....	3
Consolidated Statements of Other Comprehensive Income.....	5
Consolidated Statements of Cash Flows	6
Consolidated Statements of Changes in Equity.....	8
Note 1 General information	9
Note 2 Significant accounting policies.....	10
Note 3 New accounting pronouncements issued and adopted, or issued but not yet adopted.....	39
Note 4 Changes in accounting policies	46
Note 5 Significant events.....	49
Note 6 Business segments.....	49
Note 7 Cash and cash equivalents.....	52
Note 8 Financial assets held for trading at fair value through profit or loss	53
Note 9 Financial assets not held for trading mandatorily measured at fair value through profit or loss	55
Note 10 Financial assets and financial liabilities designated at fair value through profit or loss.....	55
Note 11 Financial assets at fair value through other comprehensive income.....	55
Note 12 Derivative instruments for accounting hedge	60
Note 13 Financial assets at amortized cost	66
Note 14 Investment in companies.	88
Note 15 Intangible assets	91
Note 16 Property and equipment	93
Note 17 Right-of-use lease assets and lease liabilities under lease contracts	94
Note 18 Taxes	96
Note 19 Other assets.....	101
Note 20 Non-current assets and disposal groups held for sale and liabilities included in disposal groups held for sale	102
Note 21 Financial liabilities held for trading at fair value through profit or loss	104
Note 22 Financial liabilities at amortized cost	105
Note 23 Regulatory capital financial instruments issued.....	111
Note 24 Provisions for contingencies	114
Note 25 Provisions for dividends, interest payments and repricing of issued regulatory capital financial instruments	117
Note 26 Special allowances for credit losses	118
Note 27 Other liabilities	119
Note 28 Equity	120
Note 29 Contingencies and commitments.....	126

Note 30	Interest income and expenses.....	130
Note 31	Indexation income and expenses	132
Note 32	Fee and commission income and expenses	134
Note 33	Net financial result	135
Note 34	Gain or loss from investments in companies.....	136
Note 35	Gain or loss from non-current assets and disposal groups not qualifying as discontinued operations....	137
Note 36	Other operating income and expenses.....	138
Note 37	Expenses for employee benefit obligations	139
Note 38	Administrative expenses.....	140
Note 39	Depreciation and amortization	141
Note 40	Impairment of non-financial assets	142
Note 41	Credit loss expense	142
Note 42	Gain or loss from discontinued operations	144
Note 43	Related party disclosures	145
Note 44	Fair Value of financial assets and liabilities	151
Note 45	Maturity per remaining balances of financial assets and liabilities	156
Note 46	Financial and non-financial assets and liabilities by currency	158
Note 47	Risk Management and Reporting	160
Note 48	Disclosure on regulatory capital and capital adequacy ratios	194
Note 49	Subsequent events	198

SCOTIABANK CHILE AND SUBSIDIARIES

Consolidated Statements of Financial Position

As at December 31, 2023 and 2022

	Notes	12/31/2023 MCh\$	12/31/2022 MCh\$
ASSETS			
Cash and deposits in banks	7	1,209,884	1,268,178
Transactions pending settlement	7	389,141	565,421
Financial assets held for trading at fair value through profit or loss			
Derivative instruments	8	5,694,324	6,813,293
Financial debt securities	8	193,820	419,339
Other	8	56,197	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	2,188,905	2,360,643
Other	11	-	-
Derivative instruments for accounting hedge	12	317,308	395,111
Financial assets at amortized cost			
Rights under resale agreements and securities lending agreements	13	226,394	216,976
Financial debt securities	13	1,387,601	-
Loans and advances to banks	13	25,223	66,830
Loans and accounts receivable from customers - Commercial Loans	13	13,738,775	15,421,175
Loans and accounts receivable from customers - Mortgage Loans	13	13,846,343	13,544,491
Loans and accounts receivable from customers - Consumer Loans	13	3,814,689	3,606,586
Investments in companies	14	34,220	26,093
Intangible Assets	15	255,425	240,400
Property and equipment	16	84,327	90,636
Right-of-use assets under lease contracts	17	159,569	174,082
Current taxes	18	2,413	53,478
Deferred tax assets	18	360,658	330,907
Other assets	19	708,531	756,372
Non-current assets and disposal groups held for sale	20	19,734	15,175
TOTAL ASSETS		44,713,481	46,460,625

SCOTIABANK CHILE AND SUBSIDIARIES

Consolidated Statements of Financial Position

As at December 31, 2023 and 2022

	Notes	12/31/2023 MCh\$	12/31/2022 MCh\$
LIABILITIES			
Transactions pending settlement	7	333,372	510,643
Financial liabilities held for trading at fair value through profit or loss			
Derivative instruments	21	4,606,750	6,213,012
Other	21	-	-
Financial liabilities designated at fair value through profit or loss	10	-	-
Derivative instruments for accounting hedge	12	1,455,656	1,536,880
Financial liabilities at amortized cost			
Deposits and other on-demand liabilities	22	4,850,696	5,076,459
Term and other on-demand deposits	22	13,181,368	13,972,388
Liabilities under repurchase agreements and securities lending	22	163,647	205,943
Bank borrowings	22	5,368,647	5,342,212
Debt financial instruments issued	22	8,186,492	7,707,165
Other financial liabilities	22	156,392	120,225
Lease liabilities	17	149,308	160,376
Regulatory capital financial instruments issued	23	1,201,214	987,943
Provisions for contingencies	24	55,274	49,891
Provisions for dividends, interest payments and repricing of issued regulatory capital financial instruments	25	122,388	146,260
Special allowances for credit losses	26	193,134	191,256
Current taxes	18	63,222	1,724
Deferred tax liabilities	18	795	573
Other liabilities	27	1,050,148	1,050,357
Liabilities included in disposal groups held for sale	20	-	-
TOTAL LIABILITIES		41,138,503	43,273,307
EQUITY			
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	5,044	2,588
Items that can be reclassified to profit or loss	28	(41,189)	(142,226)
Retained earnings from previous years	28	1,436,903	1,095,630
Profit for the year	28	407,961	487,533
Less: Provisions for dividends, payment of interest and repricing of issued regulatory capital financial instruments	28	(122,388)	(146,260)
Attributable to the owners of the Bank:	28	3,436,157	3,047,091
Non-controlling interest	28	138,821	140,227
TOTAL EQUITY		3,574,978	3,187,318
TOTAL LIABILITIES AND EQUITY		44,713,481	46,460,625

SCOTIABANK CHILE AND SUBSIDIARIES

Consolidated Statements of Income for the year
for the years ended December 31, 2023 and 2022

	Notes	12/31/2023 MCh\$	12/31/2022 MCh\$
Interest income		2,488,415	1,757,297
Interest expense		(1,637,454)	(1,111,306)
Net interest income	30	850,961	645,991
Indexation income		787,378	1,337,421
Indexation expense		(417,263)	(846,233)
Net indexation income	31	370,115	491,188
Fee and commission income	32	295,236	289,578
Fee and commission expense	32	(97,570)	(88,643)
Net fee and commission income	32	197,666	200,935
<i>Net financial result for :</i>			
Financial assets and liabilities held for trading	33	185,942	115,228
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	8,289	5,898
Foreign currency translation differences, indexation and accounting hedge of foreign currencies	33	(89,832)	(60,778)
Reclassifications of financial assets due to change in business model	33	-	-
Other financial result	33	(2,918)	3,216
Net financial result	33	101,481	63,564
Equity in net income of investees	34	6,362	6,513
Gain or loss from non-current assets and disposal groups not qualifying as discontinued operation	35	845	4,246
Other operating income	36	50,795	24,592
TOTAL OPERATING INCOME		1,578,225	1,437,029
Expenses for employee benefit obligations	37	(307,418)	(274,477)
Administrative expenses	38	(241,090)	(230,526)
Depreciation and amortization	39	(66,914)	(60,583)
Impairment of non-financial assets	40	(264)	(584)
Other operating expenses	36	(49,436)	(34,682)
TOTAL OPERATING EXPENSES		(665,122)	(600,852)
OPERATING INCOME BEFORE CREDIT LOSSES		913,103	836,177

SCOTIABANK CHILE AND SUBSIDIARIES

Consolidated Statements of Income for the year
for the years ended December 31, 2023 and 2022

	Notes	12/31/2023 MCh\$	12/31/2022 MCh\$
<i>Credit loss expenses for:</i>			
Allowances for credit losses on loans and advances to banks and loans and accounts receivable from customers	41	(493,988)	(382,709)
Special allowances for credit losses	41	(1,467)	13,120
Recovery of written-off loans	41	76,228	69,980
Impairment for credit risk on other financial assets at amortized cost and financial assets at fair value	41	(2,699)	(51)
Credit loss expense	41	<u>(421,926)</u>	<u>(299,660)</u>
OPERATING INCOME		<u>491,177</u>	<u>536,517</u>
Profit or loss from continuing operations before taxes		491,177	536,517
Income tax expense	18	<u>(74,612)</u>	<u>(21,461)</u>
Profit or loss from continuing operations after taxes		416,565	515,056
Profit or loss from discontinued operations before taxes	42	-	-
Taxes from discontinued operations	18	-	-
Income from discontinued operations after taxes	42	-	-
CONSOLIDATED PROFIT FOR THE YEAR		<u>416,565</u>	<u>515,056</u>
Attributable to:			
Owners of the Bank	28	407,961	487,533
Non-controlling interest		8,604	27,523
Earnings per share attributable to equity owners:			
Basic and diluted earnings	28	\$ 33.32	\$39.82

SCOTIABANK CHILE AND SUBSIDIARIES

Consolidated Statements of Other Comprehensive Income
for the years ended December 31, 2023 and 2022

	12/31/2023 MCh\$	12/31/2022 MCh\$
CONSOLIDATED PROFIT FOR THE YEAR	416,565	515,056
Other comprehensive income for the period from :		
ITEMS THAT WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS		
Remeasurements of the net defined benefit liability (asset) and actuarial results for other employee benefit plans	(64)	(33)
Changes in the fair value of equity instruments designated at fair value through other comprehensive income	2,503	35
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	-	-
OTHER COMPREHENSIVE INCOME THAT WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS BEFORE TAX	2,439	2
Income tax on other comprehensive income that will not be reclassified to profit or loss	17	9
TOTAL OTHER COMPREHENSIVE INCOME THAT WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS AFTER TAX	2,456	11
ITEMS THAT CAN BE RECLASSIFIED TO PROFIT OR LOSS		
Changes in the fair value of financial assets at fair value through other comprehensive income	44,127	24,068
Translation differences for foreign entities	-	-
Accounting hedges of net investments in foreign entities	-	-
Cash flow hedge accounting	94,661	67,120
Undesignated items of hedging accounting instruments	-	-
Other	256	(120)
OTHER COMPREHENSIVE INCOME THAT CAN BE RECLASSIFIED TO PROFIT OR LOSS BEFORE TAXES	139,044	91,068
Income tax on other comprehensive income that can be reclassified to profit or loss	(38,011)	(24,113)
TOTAL OTHER COMPREHENSIVE INCOME THAT CAN BE RECLASSIFIED TO PROFIT OR LOSS AFTER TAXES	101,033	66,955
OTHER TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	103,489	66,966
CONSOLIDATED COMPREHENSIVE INCOME FOR THE PERIOD	520,054	582,022
Attributable to:		
Owners of the Bank	511,454	554,494
Non-controlling interest	8,600	27,528

SCOTIABANK CHILE AND SUBSIDIARIES

Consolidated Statements of Cash Flows
for the years ended December 31, 2023 and 2022

	Notes	12/31/2023 MCh\$	12/31/2022 MCh\$
A) CASH FLOWS FROM OPERATING ACTIVITIES			
CONSOLIDATED INCOME BEFORE TAXES FOR THE PERIOD		491,177	536,517
Debit (credit) to profit or loss not representing movements in cash flows:			
Income tax expense	18	(116,139)	39,260
Changes in deferred tax assets and liabilities	18	41,527	(60,721)
Depreciation and amortization	39	66,914	60,583
Impairment of assets	40-41	2,963	635
Allowances for credit losses	41	495,455	369,589
Net income from assets received in lieu of payment or awarded in legal auction	35	(697)	(345)
Net gain (loss) from non-current assets held for sale	35	(798)	(4,438)
Net gain (loss) from disposal groups held for sale	35	-	-
Net interest income	30	(850,961)	(645,991)
Net indexation income	31	(370,115)	(491,188)
Net fee and commission income	32	(197,666)	(200,935)
Equity share of profit (loss) from investments in related companies	34	(6,362)	(6,513)
Effect of fair value adjustment on derivative instruments		(4,562)	543,527
Other operating income	36	-	-
Other debits (credits) to profit or loss not representing movements in cash flows		(85,756)	206,103
Changes due to increase / decrease of assets and liabilities affecting the operating flow:			
(Increase) decrease in financial debt securities		(1,271,535)	165,035
(Increase) decrease in loans and advances to banks		42,081	(63,431)
(Increase) decrease under resale agreements and securities lending agreements		1,991	68,424
(Increase) decrease in loans and advances to customers		1,390,297	(2,476,103)
Increase (decrease) in other assets		50,366	144,990
Increase (decrease) in non-current assets and disposal groups held for sale		(4,560)	(998)
Net change in financial derivative contracts / financial derivative contracts for hedge		(486,152)	(222,361)
Net variation on deposits and other on-demand liabilities		16,556	(815,750)
Net variation on det financial instruments issued		448,866	561,873
Net variation on regulatory capital financial instruments issued		157,440	69,578
Net change in other financial obligations		31,769	40,610
(Decrease) increase in deposits and other on-demand liabilities		(221,840)	(2,118,757)
(Decrease) increase in liabilities under repurchase agreements and securities lending		(45,493)	(171,302)
(Decrease) increase in term and other on-demand deposits		(767,218)	4,791,107
(Decrease) increase in other liabilities		506	429,896
Interest received		2,295,245	1,627,901
Interest paid		(1,397,200)	(1,113,378)
Indexation received		369,674	(277,163)
Indexation paid		(367,530)	(149,749)
Fees and commissions received	32	295,236	289,578
Fees and commissions paid	32	(97,570)	(88,643)
Taxes and fines paid	38	(132)	(217)
Collection of remaining balance of taxes from previous years		50,880	-
Total net cash flows generated from (used in) operating activities		(43,343)	1,037,223

SCOTIABANK CHILE AND SUBSIDIARIES

Consolidated Statements of Cash Flows
for the years ended December 31, 2023 and 2022

	Notes	12/31/2023 MCh\$	12/31/2022 MCh\$
B) CASH FLOWS FROM INVESTING ACTIVITIES:			
Acquisitions of investments in companies	14	-	-
Disposals of investments in companies	14	-	3
Dividends received from investments in companies	34	756	427
Acquisitions of Property and equipment	16	(8,328)	(10,750)
Disposals of Property and equipment		1,716	6,629
Acquisitions of intangible assets	15	(59,733)	(51,145)
Disposals of intangible assets		-	-
Disposal of assets received in lieu of payment or awarded		12,661	11,980
Net change in investment securities		(227,776)	(242,727)
Total net cash flows generated from (used in) investing activities		(280,704)	(285,583)
C) CASH FLOWS FROM FINANCING ACTIVITIES			
Attributable to the interest of the owners:			
Proceeds from issuance of letters of credit		-	-
Redemption and payment of interest / principal on letters of credit		-	-
Issuance of current bonds		1,130,564	1,123,737
Redemption and payment of interest / principal on current bonds		(1,370,361)	(1,576,367)
Issuance of mortgage bonds		-	-
Redemption and payment of interest / principal on mortgage bonds		-	-
Payment of interest/principal on lease contracts	17	(15,422)	(14,666)
Subordinated bonds issuance		138,504	148,854
Payment of interest and principal on subordinated bonds	23	(116,434)	(57,287)
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)
Attributable to non-controlling interest			
Payment of dividends an/or withdrawals of paid-in capital made with respect to subsidiaries related to non-controlling interest		(10,006)	(16,759)
Total net cash flows generated from (used in) financing activities		(389,415)	(562,242)
D) INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS FOR THE PERIOD		(713,462)	189,398
EFFECT OF EXCHANGE RATE FLUCTUATIONS ON CASH HELD		11,752	(5,457)
INITIAL BALANCE OF CASH AND CASH EQUIVALENTS		2,241,570	2,057,629
FINAL BALANCE OF CASH AND CASH EQUIVALENTS		1,539,860	2,241,570

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

SCOTIABANK CHILE AND SUBSIDIARIES

Consolidated Statements of Changes in Equity
for the years ended December 31, 2023 and 2022

	Equity attributable to owners				Non-controlling interest	Total Equity
	Capital	Reserves	Accumulated other comprehensive income	Retained earnings from previous years and profit for the year		
	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$
Opening balances as at January 1, 2023	1,368,421	381,405	(139,638)	1,436,903	140,227	3,187,318
Payment of ordinary shares dividends	-	-	-	(146,260)	(10,006)	(156,266)
Provision for payment of ordinary shares dividends	-	-	-	23,872	-	23,872
Subtotal: Transactions with the owners for the period	1,368,421	381,405	(139,638)	1,314,515	130,221	3,054,924
Profit for the year	-	-	-	407,961	8,604	416,565
Other comprehensive income (loss) for the period	-	-	103,493	-	(4)	103,489
Subtotal: Comprehensive income (loss) for the period	-	-	103,493	407,961	8,600	520,054
Closing balances as at December 31, 2023	1,368,421	381,405	(36,145)	1,722,476	138,821	3,574,978
Opening balances as at January 1, 2022	1,368,421	373,966	(206,599)	1,137,959	127,420	2,801,167
Effects of CNC application for banks accumulated 2022	-	7,439	-	157	2,038	9,634
Payment of ordinary shares dividends	-	-	-	(169,754)	(16,759)	(186,513)
Provision for payment of ordinary shares dividends	-	-	-	(18,992)	-	(18,992)
Subtotal: Transactions with the owners in the period	1,368,421	381,405	(206,599)	949,370	112,699	2,605,296
Profit for the year	-	-	-	487,533	27,523	515,056
Other comprehensive income (loss) for the period	-	-	66,961	-	5	66,966
Subtotal: Comprehensive income (loss) for the period	-	-	66,961	487,533	27,528	582,022
Closing balances as at December 31, 2022	1,368,421	381,405	(139,638)	1,436,903	140,227	3,187,318

SCOTIABANK CHILE AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

As at December 31, 2023 and 2022

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.

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.

SCOTIABANK CHILE AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

As at December 31, 2023 and 2022

Note 2 Significant accounting policies

(a) Basis of preparation

The Consolidated Financial Statements, which comprise the Consolidated Statements of Financial Position, Consolidated Statements of Income, Consolidated Statements of Other Comprehensive Income, Consolidated Statements of Cash Flows and Consolidated Statements of Changes in Equity of Scotiabank Chile and its subsidiaries, have been prepared in accordance with accounting criteria issued by the *Comision para el Mercado Financiero* (hereinafter, the "CMF"), and in relation to all issues not addressed in them and as long as they do not contradict its instructions, must apply the generally accepted accounting principles, which relate to the technical standards 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.

(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.

The 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 either directly or indirectly and is shown separately in the Bank's equity and profit or loss.

These Consolidated Financial Statements are presented for comparative purposes as follows:

- Consolidated Statements of Financial Position as at December 31, 2022 and 2023.
- Consolidated Statements of Income for the year, Consolidated Statements of Other Comprehensive Income, Statements of Changes in Equity and Statements of Cash Flows for the twelve-month period between January 1 and December 31, 2023 and for the twelve-month period of between January 1 and December 31, 2022.

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.

SCOTIABANK CHILE AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

As at December 31, 2023 and 2022

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 Financial Statements are detailed as follows:

Company	Direct	Indirect	Direct	Indirect
	December 2023	December 2023	December 2022	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	-
Scotia Operadora de Tarjetas S.A. (*)	99.90	0.10	-	-

(*) On August 1, 2023, Scotia Operadora de Tarjetas S.A. was incorporated. This company will be exclusively engaged in the operation of credit cards, debit cards and payment cards with provision of funds, in accordance with the provisions in the standards issued by the Banco Central de Chile and the CMF.

On September 4, 2023, through Exempt Resolution No. 6443, issued by the Board of the CMF, Scotiabank was authorized to incorporate Scotia Operadora de Tarjetas de Pago S.A. as a banking support company in accordance with Article 74 a) of the General Banking Law.

SCOTIABANK CHILE AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

As at December 31, 2023 and 2022

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 Consolidated Statements of Income, the Consolidated Statements of Other Comprehensive Income, Consolidated Statements of Changes in Equity and the 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 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 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\$873.93 per US\$1 as at December 31, 2023 (Ch\$850.20 as at December 31, 2022).

The "accounting representation exchange rate" means those exchange rates that must be applied to reflect in Chilean pesos the assets and liabilities that are recorded in foreign currencies, and to make the adjustments to the equivalent accounts in Chilean currency. The accounting representation exchange rate of the different currencies relates to the Bank's best estimate of market prices at the accounting close date.

SCOTIABANK CHILE AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

As at December 31, 2023 and 2022

The loss of MCh\$89,832 as at December 31, 2023, related to "Foreign currency translation differences, indexation and accounting hedge of foreign currencies" (loss of MCh\$60,778 as at December 31, 2022), shown in the 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 Consolidated Financial Statements the nature and financial effects arising from its business activities and the economic environments in which it operates, in accordance with IFRS8 "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 IAS24 "Related Party Disclosures" 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 Consolidated Financial Statements.

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

(h) Consolidated Statements of Changes in Equity

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

The 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 Consolidated Financial Statements

As at December 31, 2023 and 2022

(i) 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 year, 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 year.
- 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.

SCOTIABANK CHILE AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

As at December 31, 2023 and 2022

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 Consolidated Statements 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.

SCOTIABANK CHILE AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

As at December 31, 2023 and 2022

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 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

Notes to the Consolidated Financial Statements

As at December 31, 2023 and 2022

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 IFRS9: 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 stage. The allowance 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 Consolidated Statements of Income for the year.

SCOTIABANK CHILE AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

As at December 31, 2023 and 2022

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 Consolidated Statements of Income for the year.

(k) Cash and deposits in banks

For purposes of the 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 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 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

Notes to the Consolidated Financial Statements

As at December 31, 2023 and 2022

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 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 Consolidated Statements of Income for the year.

(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 Consolidated Statements 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 December 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 Consolidated Statements of Income.

SCOTIABANK CHILE AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

As at December 31, 2023 and 2022

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 (see Note 12.d.2); 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 year. The fair value measurement adjustment of the hedged item is presented in the 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 year. Gains or losses from the changes in the fair value of the hedging derivative are recognized in profit or loss for the year. 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 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 year.

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 year. However, the gain or loss from measuring the fair value the hedged portfolio is recorded in the 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 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

Notes to the Consolidated Financial Statements

As at December 31, 2023 and 2022

(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) Financial debt securities

Financial debt securities include the balances of debt instruments of Government and Banco Central de Chile and Other financial debt securities issued in Chile and abroad.

iii) 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.

iv) 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 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.

SCOTIABANK CHILE AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

As at December 31, 2023 and 2022

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 Consolidated Statements of Financial Position.

For finance leases when the Bank acts as a lessee, it recognizes the cost of leased assets in the 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.

v) 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 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.

SCOTIABANK CHILE AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

As at December 31, 2023 and 2022

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.

vi) *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.

SCOTIABANK CHILE AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

As at December 31, 2023 and 2022

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 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 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. 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 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.

SCOTIABANK CHILE AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

As at December 31, 2023 and 2022

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 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 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 plant	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.

SCOTIABANK CHILE AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

As at December 31, 2023 and 2022

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.

SCOTIABANK CHILE AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

As at December 31, 2023 and 2022

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 IAS12 "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 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 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 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.

(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.

SCOTIABANK CHILE AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

As at December 31, 2023 and 2022

In order to classify these assets as "Non-current assets held for sale and discontinued operations", in accordance with IFRS5, 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 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 "Financial assets and liabilities held for trading" in the Consolidated Statements of Income.

SCOTIABANK CHILE AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

As at December 31, 2023 and 2022

(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 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 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 Consolidated Statements of Income.

SCOTIABANK CHILE AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

As at December 31, 2023 and 2022

(y) Provisions and contingent liabilities

Provisions are liabilities of uncertain timing or amount. A provision is recognized in the 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 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 payments 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.

SCOTIABANK CHILE AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

As at December 31, 2023 and 2022

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	Allowance (%)
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

Notes to the Consolidated Financial Statements

As at December 31, 2023 and 2022

To determine the amount of allowances for the normal and substandard portfolio, the first step is to determine the exposure affected by allowances, which comprises the carrying amount of loans plus contingent loans, less the amounts that would be recovered through the execution of the guarantees, financial guarantee or collateral, supporting the transactions. The related loss percentages are applied to such exposure, which are composed of the probability of default (PD) and the loss given default (LGD) established for the category in which the debtor and/or its qualified guarantor is classified, as applicable. For collateral, the Bank must demonstrate that the value assigned to this deduction reasonably reflects the value it would obtain on the disposal of the assets or equity instruments.

Collateral and sureties may be considered to the extent that the documentation evidencing the surety explicitly refers to specific loans, so that the scope of coverage is clearly defined and the claim against the guarantor or co-debtor is unquestionable. The credit quality of the direct debtor or group of debtors, as the case may be, may be substituted, in the proportion related to the exposure supported, by the credit quality of the guarantor or co-debtor.

For the substitution of the debtor's credit risk for the credit quality of the guarantor or co-debtor, this methodology will only be applicable when the guarantor or co-debtor is an entity rated in a category similar to investment grade by a local or international rating agency recognized by the CMF. The substitution method also applies when the guarantor or co-debtor is:

- the Chilean Treasury, CORFO or FOGAPE, assigning them category A1 for such purpose. For loans granted for the financing of higher education studies, granted in accordance with Law No. 20027, the Government may be considered as a qualified guarantor for 90% of the loan.
- Indirect debtors, other than those mentioned in the preceding point, that have audited financial statements and have been classified by the Bank, strictly applying the provisions of No. 2 of Chapter B-1 of the Compendium of accounting standards issued by the CMF, in a category up to A3 and above that of the direct debtor.

Notwithstanding the above-mentioned, the Bank should keep a minimum allowance percentage of 0.50% on loans and contingent loans from the normal portfolio. This minimum ratio must be met for the Bank considered individually and for the local consolidated report (the Bank and its subsidiaries in Chile).

For the purposes of establishing the allowance for credit losses in default, an expected loss rate is first determined, deducting the amounts recoverable through execution of guarantees and, if specific information is available, the present value of the recoveries obtained through collection actions, net of associated expenses. Once the expected loss range has been determined, the related allowance percentage is applied to the exposure amount comprising the loans plus the contingent loans of the same debtor.

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.

SCOTIABANK CHILE AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

As at December 31, 2023 and 2022

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.

To determine the allowances, the related group evaluations require the creation of groups of loans with homogeneous characteristics in terms of type of debtors and conditions agreed, in order to establish, through technically based estimates and following prudential criteria, both the payment behavior of the related group and the recoveries of its defaulted loans. Banks may use two alternative methods to determine allowances for retail loans that are assessed on a group basis.

Under the first method, the Bank will use the experience gathered that explains the payment behaviour shown by each group of debtors sharing similar characteristics and recovery through the execution of guarantees and collection actions where applicable, to directly estimate a percentage of expected losses that will be applied to the amount of the loans of the related group.

Under the second, banks will segment debtors into homogeneous groups, as indicated above, associating with each group a certain probability of default and a recovery percentage based on a substantiated historical analysis. The amount of allowances to be made will be obtained by multiplying the total amount of loans of the related group by the estimated default and loss given default percentages.

In both methods, the estimated losses must be related to the type of portfolio and the term of the operations. For consumer loans, guarantees will not be considered for purposes of estimating the expected loss.

However, for establishing allowances purposes, the Bank must recognize minimum allowances in accordance with the standard method established by the CMF. The use of this prudential minimum base for allowances in no case exempts the Bank from its responsibility to have its own methodologies to determine allowances that are sufficient to protect the credit risk of each of its portfolios, and must therefore have both methods.

Allowances will be recorded considering the higher value obtained between the related standard method and the internal method.

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

SCOTIABANK CHILE AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

As at December 31, 2023 and 2022

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.

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.

During 2023, a bimonthly follow-up on additional provisions was performed, where it was decided to maintain the volume of provisions made, also taking into consideration that the hedge has been maintained at adequate levels according to internal guidelines, the Bank is expected to maintain the follow-up defined in the guidelines to define possible adjustments in 2024.

Additionally, during the year ended December 31, 2023, the subsidiary CAT made a voluntary specific provision of MCh\$ 25,000. This was performed to maintain adequate hedge levels, and its release will depend on the evolution of these indicators, which will be monitored during 2024.

SCOTIABANK CHILE AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

As at December 31, 2023 and 2022

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 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.

(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 Consolidated Statements of Financial Position.

SCOTIABANK CHILE AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

As at December 31, 2023 and 2022

(ac) Use of judgments and estimates

The preparation of the 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 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 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.

Adjustments mainly relate to the indexation associated with changes in the value of Unidad de Fomento (UF), which amounted to Ch\$36,789.36 as at December 31, 2023 (Ch\$35,110.98 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 Consolidated Statements of Financial Position and no income for these items will be recognized in the Consolidated Statements of Income, unless they are effectively received.

SCOTIABANK CHILE AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

As at December 31, 2023 and 2022

(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 Consolidated Statements of Other Comprehensive Income.

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

SCOTIABANK CHILE AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

As at December 31, 2023 and 2022

(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 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 that year.

The calculation of diluted earnings per share is determined on the profit attributable to the Bank for a year, divided by the sum of the number of outstanding shares plus the weighted-average number of ordinary shares that would be issued in the event of converting into ordinary shares all potential dilutive ordinary shares.

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

SCOTIABANK CHILE AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

As at December 31, 2023 and 2022

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. The regulations will become effective beginning in April 2023, when banks must send the first Liquidity Self-Assessment Report (IAL) in simplified format. All of the topics included in the regulations will be required in April 2025.

Exempt Resolution No.368, January 8, 2024: The CMF released Norma de Caracter General No.501, which establishes the minimum information to be included in the policies for regular transactions and regulates the public disclosure of transactions with related parties performed. The topics contained in these regulations will become effective beginning on September 1, 2024.

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
IFRS17 Insurance Contracts	Annual periods beginning on or after January 1, 2023.
Amendments to IFRS	Mandatory application date
Disclosure of Accounting Policies (Amendments to IAS1 and IFRS Practice Statement 2 Making Materiality Judgements)	Annual periods beginning on or after January 1, 2023.
Definition of Accounting Estimates (Amendments to IAS8)	Annual periods beginning on or after January 1, 2023.
Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS12)	Annual periods beginning on or after January 1, 2023.
International Tax Reform Pillar Two Model Rules (Amendments to IAS12)	Annual periods beginning on or after January 1, 2023.

IFRS17 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 IFRS17 to January 1, 2023. Early adoption is permitted if IFRS9 and IFRS15 have been adopted. The Board also decided to extend the temporary exemption to IFRS9 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 Consolidated Financial Statements.

SCOTIABANK CHILE AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

As at December 31, 2023 and 2022

Disclosure of Accounting Policies (Amendments to IAS1 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 IAS1 "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 Consolidated Financial Statements.

Definition of Accounting Estimates (Amendments to IAS8)

In February 2021, the Board issued amendments to IAS8 "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 Consolidated Financial Statements.

SCOTIABANK CHILE AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

As at December 31, 2023 and 2022

Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS12)

In May 2021, the Board issued amendments to IAS12 "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.

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 Consolidated Financial Statements.

International Tax Reform Pillar Two Model Rules (Amendments to IAS12)

In May 2023, the Board issued amendments to IAS12 to respond to concerns from stakeholders on possible implications of the imminent implementation of International Tax Reform—Pillar Two Model Rules – Amendments to IAS 12 of the Organisation for Economic Co-operation and Development (OECD) on income taxes.

The amendments include the following aspects:

- Introduce an exception to the requirements of IAS12 Income Taxes regarding the recognition and disclosure of deferred taxes related to the implementation of the OECD Pillar Two model rules, which is effective immediately and is applied retrospectively, in accordance with the guidelines set out in IAS8 Accounting Policies, Changes in Accounting Estimates and Errors. Likewise, it establishes that the entity must disclose that it has applied the exception indicated.
- Disclosure requirements during the period that the Pillar Two model is enacted, but not yet effective. An entity should disclose information that is known or can be reasonably estimated and that assist users of financial statements to understand the entity's exposure to income taxes that may arise from the Pillar Two model.
- Disclosure requirements are applicable for annual periods beginning on or after January 1, 2024.

The Bank's Management assessed the impact of the adoption of this Standard and determined there are no effects on its 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 IAS1)	Annual periods beginning on or after January 1, 2024. Early adoption is permitted
Sale or Contribution of Assets Between and Investor and its Associate or Joint Venture (Amendments to IFRS10 and IAS28)	Effective date deferred indefinitely.
Lease Liability in a Sale and Leaseback (Amendments to IFRS16)	Annual periods beginning on or after January 1, 2024. Early adoption is permitted
Non-current Liabilities with Covenants (Amendments to IAS1)	Annual periods beginning on or after January 1, 2024.
Supplier Finance Arrangements (Amendments to IFRS7 and IAS7)	Annual periods beginning on or after January 1, 2024.
Lack of Exchangeability (Amendment to IAS21)	Annual periods beginning on or after January 1, 2025. Early adoption is permitted

Classification of Liabilities as Current or Non-current (Amendments to IAS1)

The International Accounting Standards Board amended IAS1 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 IAS1 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.
- 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 IAS32 "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 IAS8 "Accounting Policies, Changes in Accounting Estimates and Errors" in their next annual financial statements.

SCOTIABANK CHILE AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

As at December 31, 2023 and 2022

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

Sale or Contribution of Assets Between and Investor and its Associate or Joint Venture (Amendments to IFRS10 and IAS28).

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 IFRS3 "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 IFRS16)

In September 2022, the Board issued amendments to IFRS16 "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 IFRS16 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 IFRS16 for leaseback sales, which support the consistent application of the standard.

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

Non-current Liabilities with Covenants (Amendments to IAS1)

The International Accounting Standards Board issued in October 2022 the amendment to IAS1 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 assessed the impact of the adoption of this Standard and determined there are no effects on its Consolidated Financial Statements.

SCOTIABANK CHILE AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

As at December 31, 2023 and 2022

Supplier Finance Arrangements (Amendments to IAS7 and IFRS7)

In May 2023, the International Accounting Standards Board issued amendments to IAS7 Statement of Cash Flows and IFRS7 Financial Instruments: Disclosures, which establish additional disclosure requirements to be included in the notes related to Supplier Finance Arrangements, which will supplement the requirements currently established in IFRS Standards and will provide information that will allow the users (investors) to assess the effects of these arrangements on the entity's liabilities and cash flows, as well as its exposure to liquidity risk.

Amendments include the requirement to disclose the type and effect of non-cash changes in the carrying amounts of financial liabilities that are part of a supplier finance arrangement.

The amendments are applicable to supplier finance arrangements that have all the following characteristics:

- The finance supplier pays the amounts owed by a company (the buyer) to its suppliers.
- The company agrees to pay in accordance with the terms and conditions of the arrangements on the same date or at a later date than its suppliers are paid.
- The company has extended payment terms or suppliers benefit from early payment terms, compared to the due date for payment of the related invoice.

No amendments are included regarding the classification and presentation of the related liabilities and cash flows and are not applicable to finance arrangements related to accounts receivable or inventories.

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

Lack of Exchangeability (Amendment to IAS21)

On August 15, 2023, the International Accounting Standards Board (IASB) issued the amendment to IAS21 — The Effects of Changes in Foreign Exchange Rates, "Lack of Exchangeability" to respond to commentary from stakeholders and concerns on the diversity in practice when accounting for the lack of exchangeability between currencies. These amendments establish criteria that will allow companies to assess whether a currency is exchangeable into another currency and when it is not, so that they can determine the exchange rate to be used and the disclosures to be provided, in the event that the currency is not exchangeable.

The amendments establish that a currency is exchangeable into another currency at a measurement date when an entity can exchange that currency into another currency within a timeframe that includes a normal administrative delay and through a market or exchange mechanism in which the exchange transaction would create enforceable rights and obligations. If an entity can only obtain an insignificant amount of the other currency at the measurement date for the specified purpose, such currency is not exchangeable into the other currency.

The assessment of whether a currency is exchangeable into another currency depends on an entity's ability to obtain the other currency and not on its intention or decision to do so.

SCOTIABANK CHILE AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

As at December 31, 2023 and 2022

When a currency is not exchangeable into another currency at a measurement date, an entity is required to estimate the spot exchange rate at that date. An entity's purpose when estimating the spot exchange rate is to reflect the rate at which an orderly exchange transaction would take place at the measurement date between market participants under economic conditions prevailing. The amendments do not specify how an entity estimates the spot exchange rate to meet such objective. An entity may use an observable exchange rate without adjustment or another estimation technique. Examples of an observable exchange rate include:

- A spot exchange rate for a purpose other than that for which an entity assesses exchangeability.
- The first exchange rate at which an entity can obtain the other currency for the specified purpose after currency exchangeability is restored (first subsequent exchange rate).

An entity using another estimation technique may use any observable exchange rate (including rates of exchange transactions in foreign exchange markets or mechanisms that do not create enforceable rights and obligations) and adjust that exchange rate, as required, to meet the objective established previously.

An entity is required to apply the amendments for annual reporting periods beginning on or after January 1, 2025. Early adoption is permitted. If an entity applies the amendments for an earlier period, it is required to disclose that fact.

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

SCOTIABANK CHILE AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

As at December 31, 2023 and 2022

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 of 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
Total	(2,153)	(929)	(3,082)

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
Total	4,206	193	4,013

SCOTIABANK CHILE AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

As at December 31, 2023 and 2022

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 application adjustment	Revolving credit facilities	Credit card	Total
	MCh\$	MCh\$	MCh\$
Commercial	944	304	1,248
Consumer	303	10,755	11,058
Total	1,247	11,059	12,306

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 application adjustment	Amount MCh\$
Deferred tax asset - suspension of accrual	435
Deferred tax assets - special provisions for credit risk	52
Total deferred tax assets	487

The credit for deferred tax liabilities consists of:

Concept- First application adjustment	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
Total deferred tax liability	4,090

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 application adjustment	Amount MCh\$
Minority interest - CAT Administradora de Tarjetas S.A.	2,041
Minority interest - Scotia Azul Sociedad de Leasing Inmobiliario S.A.	(3)
Net effect of minority interest	2,038

SCOTIABANK CHILE AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

As at December 31, 2023 and 2022

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 IFRS9, 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 adjustments	2022 MCh\$	2021 MCh\$	Total adjustments MCh\$
Impairment of financial investments	(157)	(716)	(873)
Commercial loans - suspension of accruals	(3,725)	-	(3,725)
Consumer loans - suspension of accruals	(310)	-	(310)
Mortgage loans - suspension of accruals	953	-	953
Commercial loans - renegotiations of transactions written-off	852	-	852
Consumer loans - renegotiations of transactions written-off	2,012	-	2,012
Mortgage loans - renegotiations of transactions written-off	1,149	-	1,149
Special allowances for credit losses	12,306	-	12,306
Deferred tax asset	487	-	487
Deferred tax liability	(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
Net effect not from earnings (equity)	7,439	(716)	6,723

Other changes in accounting policies

During the year ended December 31, 2023, there have been no significant changes in accounting policies that affect the interpretation of these Consolidated Financial Statements.

SCOTIABANK CHILE AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

As at December 31, 2023 and 2022

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 IFRS8 "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 Banking (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

Notes to the Consolidated Financial Statements

As at December 31, 2023 and 2022

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.

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

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.

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 December 31, 2023					
	Retail MCh\$	Wholesale MCh\$	CAT MCh\$	Treasury MCh\$	Other MCh\$	Total MCh\$
Net interest income	540,642	312,208	278,882	(281,276)	505	850,961
Other income	125,544	215,272	90,017	273,238	16,831	720,902
Equity in net income of investees	-	-	-	-	6,362	6,362
Total operating income	666,186	527,480	368,899	(8,038)	23,698	1,578,225
Operating expenses	(314,819)	(123,884)	(126,937)	(4,150)	(28,418)	(598,208)
Depreciation and amortization	(36,262)	(10,800)	(12,037)	(4,816)	(2,999)	(66,914)
Credit losses expense	(166,494)	(45,145)	(212,117)	-	1,830	(421,926)
Segment operating profit (loss)	148,611	347,651	17,808	(17,004)	(5,889)	491,177
Income tax expense						(74,612)
Profit (loss) for the period						416,565
Spot Volumes						
Assets (loans)	18,779,138	10,923,353	1,662,208	-	35,108	31,399,807
Liabilities (Core and Term deposits)	6,920,590	5,472,610	-	3,459,397	2,179,467	18,032,064

	As at December 31, 2022					
	Retail MCh\$	Wholesale MCh\$	CAT MCh\$	Treasury MCh\$	Other MCh\$	Total MCh\$
Net interest income	460,619	251,850	212,135	(279,693)	1,080	645,991
Other income	126,404	157,282	82,566	419,056	(783)	784,525
Equity in net income of investees	-	-	-	-	6,513	6,513
Total operating income	587,023	409,132	294,701	139,363	6,810	1,437,029
Operating expenses	(295,243)	(110,464)	(110,292)	(7,559)	(16,711)	(540,269)
Depreciation and amortization	(31,707)	(10,166)	(11,003)	(848)	(6,859)	(60,583)
Credit losses expense	(139,014)	(47,803)	(111,376)	-	(1,467)	(299,660)
Segment operating profit (loss)	121,059	240,699	62,030	130,956	(18,227)	536,517
Income tax expense						(21,461)
Profit (loss) for the period						515,056
Spot Volumes						
Assets (loans)	18,453,225	12,335,780	1,664,943	-	118,304	32,572,252
Liabilities (Core and Term deposits)	6,139,951	5,673,146	-	6,786,197	449,553	19,048,847

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

Notes to the Consolidated Financial Statements

As at December 31, 2023 and 2022

Note 7 Cash and cash equivalents

The detail of cash and cash equivalents is as follows:

	12/31/2023 MCh\$	12/31/2022 MCh\$
Cash and deposits in banks		
Cash	160,130	293,138
Deposits in Banco Central de Chile (i)	670,316	341,007
Deposits in foreign Central Banks	-	-
Deposits in domestic Banks	12,316	5,968
Deposits in foreign Banks	367,122	628,065
Subtotal - Cash and deposits in Banks	1,209,884	1,268,178
Net trading operations pending settlement (ii)	55,769	54,778
Other cash equivalents (iii)	274,207	918,614
Total cash and cash equivalents	1,539,860	2,241,570

- (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:

	12/31/2023 MCh\$	12/31/2022 MCh\$
Assets		
Notes in charge of other banks (exchange)	33,243	34,652
Transfer of funds pending receipt	355,898	530,769
Subtotal assets	389,141	565,421
Liabilities		
Transfer of funds pending delivery	(333,372)	(510,643)
Subtotal liabilities	(333,372)	(510,643)
Net trading operations pending settlement	55,769	54,778

- (iii) Refers to financial instruments that meet the criteria to be considered as "cash equivalents" as defined by IAS7, 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.

SCOTIABANK CHILE AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

As at December 31, 2023 and 2022

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:

	12/31/2023 MCh\$	12/31/2022 MCh\$
Derivative instruments		
Forwards	780,562	1,227,883
Swaps	4,913,421	5,585,410
Call options	298	-
Put options	43	-
Forwards	-	-
Other	-	-
Financial debt securities		
Government and Banco Central de Chile	34,446	214,863
Other debt financial instruments issued in Chile	147,934	196,121
Debt financial instruments issued abroad	11,440	8,355
Other debt financial instruments		
Investments in mutual funds	48,839	90,175
Equity instruments	7,358	5,264
Loans originated and acquired by the entity	-	-
Other	-	-
Total	5,944,341	7,328,071

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

As at December 31, 2023	Notional amounts of contracts with final maturity (1)							Fair Value Assets MCh\$
	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	
		MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	
Forward								
	Future arbitration	-	469,274	684,558	498,664	229,805	17,530	29,937
	Paper forward	-	-	-	-	-	-	-
	Exchange insurance	-	12,664,619	7,165,032	6,463,092	1,719,169	508,657	540,366
	Inflation insurance	-	1,215,589	1,660,201	3,254,867	3,298,199	1,440,015	210,259
	Subtotal forward	-	14,349,482	9,509,791	10,216,623	5,247,173	1,966,202	780,562
Options								
	Call option	-	1,098	7,952	9,044	-	-	298
	Put option	-	1,092	-	-	-	-	43
	Subtotal options	-	2,190	7,952	9,044	-	-	341
Swap								
	Cross currency swap	-	1,120,657	2,098,402	6,479,584	14,643,182	8,215,231	3,058,845
	Rate Swap	-	4,782,210	10,090,550	32,661,452	21,343,124	11,915,337	1,854,576
	Subtotal swap	-	5,902,867	12,188,952	39,141,036	35,986,306	20,130,568	4,913,421
	Total	-	20,254,539	21,706,695	49,366,703	41,233,479	22,096,770	5,694,324

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

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

As at December 31, 2022	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
		MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$
Forward								
	Future arbitration	-	387,348	464,712	521,998	308,790	68,222	-
	Paper forward	-	20,685	-	-	-	-	-
	Exchange insurance	-	8,327,025	7,213,782	8,452,776	2,623,041	786,049	639,437
	Inflation insurance	-	791,312	3,606,313	4,127,076	3,599,745	1,265,890	4,349,518
	Subtotal forward	-	9,526,370	11,284,807	13,101,850	6,531,576	2,120,161	4,988,955
Options								
	Call option	-	-	-	-	-	-	-
	Put option	-	-	-	-	-	-	-
	Subtotal options	-	-	-	-	-	-	-
Swap								
	Cross currency swap	-	1,236,105	2,858,651	7,744,920	14,383,830	9,888,402	14,405,853
	Rate Swap	-	4,679,594	12,152,237	22,050,888	20,937,549	14,918,159	19,677,894
	Subtotal swap	-	5,915,699	15,010,888	29,795,808	35,321,379	24,806,561	34,083,747
	Total	-	15,442,069	26,295,695	42,897,658	41,852,955	26,926,722	39,072,702

(1) The maturity amounts 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 December 31, 2023	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\$	MCh\$
Debt financial instruments								
Debt financial instruments issued by Banco Central de Chile	-	1,999	-	19,534	-	-	-	21,533
Bonds or promissory notes issued by the Treasury	-	195	350	230	5,998	3,801	2,567	12,913
Other Treasury debt financial instruments	-	-	-	-	-	-	-	-
Government and Banco Central de Chile:	-	2,194	350	19,764	5,998	3,801	2,567	34,446
Debt financial instruments issued by other domestic banks	-	-	1,973	124,823	9,065	5,081	3,031	143,972
Domestic corporate bonds and commercial paper	-	-	-	-	1,915	883	1,435	3,962
Other debt financial instruments issued in Chile	-	-	-	-	-	-	-	-
Other debt financial instruments issued in Chile	-	-	1,973	124,823	10,980	5,964	4,466	147,934
Debt financial instruments issued by foreign Central Banks	-	-	-	-	-	-	-	-
Debt financial instruments of foreign governments and fiscal entities abroad	-	-	-	2,622	-	-	8,739	11,440
Debt financial instruments of other foreign banks	-	-	-	-	-	-	-	-
Bond and commercial paper of companies abroad	-	-	-	-	-	-	-	-
Other debt financial instruments issued abroad	-	-	-	-	-	-	-	-
Debt financial instruments issued abroad	-	-	-	2,622	-	-	8,739	11,440
Other financial instruments								
Investments in mutual funds	38,588	10,251	-	-	-	-	-	48,839
Equity instruments	7,358	-	-	-	-	-	-	7,358
Loans originated and acquired by the entity	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Investments in mutual funds	45,946	10,251	-	-	-	-	-	56,197
Total	45,946	12,445	2,323	147,209	16,978	9,765	15,772	250,017

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

As at December 31, 2022	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\$	MCh\$
Debt financial instruments								
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	-	-	-	-	-	-	-	-
Government and Banco Central de Chile:	-	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	-	-	-	-	-	-	-	-
Other debt financial instruments issued in Chile	-	2,791	19,615	136,582	32,311	-	5,110	196,121
Debt financial instruments issued by foreign Central Banks	-	-	-	-	-	-	-	-
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	-	-	-	-	-	-	-	-
Debt financial instruments issued abroad	-	-	-	8,502	-	-	-	8,355
Other financial instruments								
Investments in mutual funds	86,674	3,501	-	-	-	-	-	90,175
Equity instruments	5,264	-	-	-	-	-	-	5,264
Loans originated and acquired by the entity	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Investments in mutual funds	91,938	3,501	-	-	-	-	-	95,439
Total	91,938	6,557	142,776	177,011	44,181	30,433	23,832	514,778

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

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

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

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

As at December 31, 2023 and 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:

	12/31/2023 MCh\$	12/31/2022 MCh\$
Debt financial instruments	2,188,905	2,360,643
Other	-	-
Total	2,188,905	2,360,643

SCOTIABANK CHILE AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

As at December 31, 2023 and 2022

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

As at December 31, 2023	Nominal amounts							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\$	
Debt financial instruments								
Debt financial instruments issued by Banco Central de Chile	-	-	-	406,000	-	-	-	395,919
Bonds or promissory notes issued by the Treasury	761	-	50,000	110,000	855,598	63,789	755,073	1,782,154
Other Treasury debt financial instruments	-	-	1	9	1,024	1,171	8,627	10,832
Government and Banco Central de Chile:	761	-	50,001	516,009	856,622	64,960	763,700	2,188,905
Debt financial instruments issued by other domestic banks	-	-	-	-	-	-	-	-
Domestic corporate bonds and commercial paper	-	-	-	-	-	-	-	-
Other debt financial instruments issued in Chile	-	-	-	-	-	-	-	-
Other debt financial instruments issued in Chile	-	-	-	-	-	-	-	-
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	-	-	-	-	-	-	-	-
Debt financial instruments issued abroad	-	-	-	-	-	-	-	-
Other financial instruments	-	-	-	-	-	-	-	-
Total	761	-	50,001	516,009	856,622	64,960	763,700	2,188,905

SCOTIABANK CHILE AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
As at December 31, 2023 and 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 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\$	
Debt financial instruments								
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
Government and Banco Central de Chile:	-	195,500	300,002	122,013	336,715	640,865	860,120	2,360,643
Debt financial instruments issued by other domestic banks	-	-	-	-	-	-	-	-
Domestic corporate bonds and commercial paper	-	-	-	-	-	-	-	-
Other debt financial instruments issued in Chile	-	-	-	-	-	-	-	-
Other debt financial instruments issued in Chile	-	-	-	-	-	-	-	-
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	-	-	-	-	-	-	-	-
Debt financial instruments issued abroad	-	-	-	-	-	-	-	-
Other financial instruments	-	-	-	-	-	-	-	-
Total	-	195,500	300,002	122,013	336,715	640,865	860,120	2,360,643

As at December 31, 2023, the Financial assets at fair value through other comprehensive income portfolio includes a net unrealized loss of MCh\$110,969 (MCh\$165,795 as at December 31, 2022) recorded as valuation adjustments in equity and a net realized gain of MCh\$935 (net loss of MCh\$655 as at December 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 Consolidated Financial Statements
As at December 31, 2023 and 2022

c) Movements in financial assets at fair value through other comprehensive income are detailed as follows:

As at December 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\$
As at January 1, 2023	2,360,643	(919)	-	-	-	-	2,360,643	(919)
Net changes (purchase/sale) for the period	(263,236)	89	-	-	-	-	(263,236)	89
Change in fair value	53,479	-	-	-	-	-	53,479	-
Transfers to stage 1	-	-	-	-	-	-	-	-
Transfers to stage 2	-	-	-	-	-	-	-	-
Transfers to stage 3	-	-	-	-	-	-	-	-
Impact of transfers in Expected Credit Losses	-	-	-	-	-	-	-	-
Reductions due to discounts	(219)	-	-	-	-	-	(219)	-
Accrued interest	31,487	-	-	-	-	-	31,487	-
Remeasures of Expected Credit Losses at year-end	-	-	-	-	-	-	-	-
Changes in assumptions	306	-	-	-	-	-	306	-
Exchange rate adjustments	6,445	-	-	-	-	-	6,445	-
Balance as at December 31, 2023	2,188,905	(830)	-	-	-	-	2,188,905	(830)

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\$
As at January 1, 2022	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	-
Balance as at December 31, 2022	2,360,643	(919)	-	-	-	-	2,360,643	(919)

SCOTIABANK CHILE AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

As at December 31, 2023 and 2022

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

As at December 31, 2023	Amortized cost	Fair Value	Unrealized gains/(losses), gross
	MCh\$	MCh\$	MCh\$
Government and Banco Central de Chile			
Debt financial instruments issued by Banco Central de Chile	393,433	395,919	2,486
Bonds and promissory notes issued by the Treasury	1,895,604	1,782,154	(113,450)
Other treasury debt financial instruments	10,837	10,832	(5)
Other debt financial instruments issued in Chile			
Debt financial instruments issued by other domestic banks	-	-	-
Domestic corporate bonds and commercial paper	-	-	-
Other debt financial instruments issued in Chile	-	-	-
Debt financial instruments issued abroad	-	-	-
Total	2,299,874	2,188,905	(110,969)

As at December 31, 2022	Amortized cost	Fair Value	Unrealized gains/(losses), gross
	MCh\$	MCh\$	MCh\$
Government and Banco Central de Chile			
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
Other debt financial instruments issued in Chile			
Debt financial instruments issued by other domestic banks	-	-	-
Domestic corporate bonds and commercial paper	-	-	-
Other debt financial instruments issued in Chile	-	-	-
Debt financial instruments issued abroad	-	-	-
Total	2,526,438	2,360,643	(165,795)

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

Note 12 Derivative instruments for accounting hedge

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

	12/31/2023		12/31/2022	
	Asset	Liability	Asset	Liability
	(in favor) MCh\$	(against) MCh\$	(in favor) MCh\$	(against) MCh\$
Designated derivatives in fair value hedging relationships	90,533	(56,982)	81,407	(41,951)
Designated derivatives in cash flow hedging relationships	226,775	(1,398,674)	313,704	(1,494,929)
Total derivatives designated in hedging relationships	317,308	(1,455,656)	395,111	(1,536,880)

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

As at December 31, 2023		Notional amounts 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\$
Fair value hedging derivatives										
Future arbitration	-	-	-	-	-	-	-	-	-	-
Inflation insurance	-	-	-	-	-	-	-	-	-	-
Call option	-	-	-	-	-	-	-	-	-	-
Put option	-	-	-	-	-	-	-	-	-	-
Cross currency swap	-	48,733	-	123,242	205,454	142,907	358,187	89,698	(49,673)	
Rate Swap	-	-	-	406,000	12,850	-	157,020	835	(7,309)	
Subtotal	-	48,733	-	529,242	218,304	142,907	515,207	90,533	(56,982)	
Cash flow hedge derivative										
Future arbitration	-	-	-	-	-	-	-	-	-	-
Inflation insurance	-	36,773	36,773	275,796	11,032	-	-	2,699	-	-
Call option	-	-	-	-	-	-	-	-	-	-
Put option	-	-	-	-	-	-	-	-	-	-
Cross currency swap	-	92,883	339,628	1,110,721	2,752,110	1,570,213	2,007,263	220,557	(1,381,257)	
Rate Swap	-	-	-	-	-	109,650	396,363	3,519	(17,417)	
Subtotal	-	129,656	376,401	1,386,517	2,763,142	1,679,863	2,403,626	226,775	(1,398,674)	
Total	-	178,389	376,401	1,915,759	2,981,446	1,822,770	2,918,833	317,308	(1,455,656)	

As at December 31, 2022		Notional amounts 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\$
Fair value hedging derivatives										
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)	
Subtotal	-	182,429	696,455	-	228,039	167,901	623,402	81,407	(41,951)	
Cash flow hedge derivative										
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)	
Subtotal	-	159,848	761,237	982,891	1,878,296	2,493,962	2,114,332	313,704	(1,494,929)	
Total	-	342,277	1,457,692	982,891	2,106,335	2,661,863	2,737,734	395,111	(1,536,880)	

SCOTIABANK CHILE AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

As at December 31, 2023 and 2022

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

As at December 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\$	
Hedged item								
Government instruments and Banco Central de Chile	-	-	-	347,262	122,432	32,667	235,377	737,738
Other instruments issued in Chile	-	-	-	-	-	-	-	-
Other instruments issued abroad	-	-	-	-	-	-	-	-
Consumption	-	-	-	-	-	-	-	-
Mortgage	-	-	-	-	-	-	-	-
Commercials	-	-	-	-	-	-	-	-
Term deposit	-	-	-	-	-	-	-	-
Current bonds	-	-	-	-	57,600	109,759	332,658	500,017
Subordinated bonds	-	-	-	-	-	-	-	-
Mortgage bonds	-	-	-	-	-	-	-	-
Promissory notes	-	64,744	-	160,861	50,023	-	-	275,628
Total	-	64,744	-	508,123	230,055	142,426	568,035	1,513,383

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\$	
Hedged item								
Government instruments and Banco Central de Chile	-	-	-	-	-	-	-	-
Other instruments issued in Chile	-	-	-	-	-	-	-	-
Other instruments issued abroad	-	-	-	-	-	-	-	-
Consumption	-	-	-	-	-	-	-	-
Mortgage	-	-	-	-	-	-	-	-
Commercials	-	-	-	-	-	-	-	-
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
Total	-	140,856	795,440	-	419,777	136,685	660,124	2,152,882

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

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 December 31, 2023	Nominal amount of the hedging instrument	Carrying amount of the hedging instrument	
		Assets	Liabilities
	MCh\$	MCh\$	MCh\$
Cash flow hedges:			
Interest rate risk			
Rate Swap	506,013	3,519	(17,417)
Cross currency swap	-	-	-
Exchange rate risk			
Cross currency swap	1,606,969	142,373	(44,761)
Inflation risk			
Inflation insurances	360,374	2,699	-
Cross currency swap	6,265,849	78,184	(1,336,496)
Subtotal	8,739,205	226,775	(1,398,674)
Fair value hedges:			
Interest rate risk			
Rate Swap	575,870	835	(7,309)
Inflation risk			
Cross currency swap	878,523	89,698	(49,673)
Subtotal	1,454,393	90,533	(56,982)
Total	10,193,598	317,308	(1,455,656)

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

SCOTIABANK CHILE AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

As at December 31, 2023 and 2022

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 December 31, 2023, the Bank has recorded a gain, net of tax of MCh\$43,815 (loss of MCh\$24,816 as at December 31, 2022) in other comprehensive income for the adjustment of cash flow hedging instruments.

As at December 31, 2023, a loss was recognized in profit or loss from cash flow hedging derivatives of MCh\$61,700 (loss of MCh\$726,600 as at December 31, 2022), which includes the non-effective part for changes in fair value of the hedging relation and the effects on profit or loss of the hedge as long as the hedged item affects profit or loss.

SCOTIABANK CHILE AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

As at December 31, 2023 and 2022

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 December 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	-	10,167	74,350	86,967	489,972	338,222	398,996	1,398,674
Hedged Item - Liabilities	-	(856)	(6,860)	(66,204)	(92,416)	(31,843)	(28,596)	(226,775)
Net cash flows	-	9,311	67,490	20,763	397,556	306,379	370,400	1,171,899

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)
Net cash flows	-	17,789	67,656	40,324	236,771	432,618	386,067	1,181,225

i) Cash flows forecast for interest rate risk:

As at December 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								
Inflows	-	-	-	-	4,746	5,265	7,406	17,417
Outflows	-	-	-	-	(2,054)	(754)	(711)	(3,519)
Net flows	-	-	-	-	2,692	4,511	6,695	13,898
Hedging instruments								
Inflows	-	-	-	-	2,054	754	711	3,519
Outflows	-	-	-	-	(4,746)	(5,265)	(7,406)	(17,417)
Net flows	-	-	-	-	(2,692)	(4,511)	(6,695)	(13,898)

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								
Inflows	-	-	2,857	-	-	25,772	1,443	30,072
Outflows	-	-	-	-	-	-	-	-
Net flows	-	-	2,857	-	-	25,772	1,443	30,072
Hedging instruments								
Inflows	-	-	-	-	-	-	-	-
Outflows	-	-	(2,857)	-	-	(25,772)	(1,443)	(30,072)
Net flows	-	-	(2,857)	-	-	(25,772)	(1,443)	(30,072)

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

ii) Cash flows forecast for inflation risk:

As at December 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								
Inflows	-	10,167	74,350	86,967	474,718	313,318	376,976	1,336,496
Outflows	-	(856)	(6,860)	(7,868)	(24,039)	(14,796)	(26,464)	(80,883)
Net flows	-	9,311	67,490	79,099	450,679	298,522	350,512	1,255,613
Hedging instruments								
Inflows	-	856	6,860	7,868	24,039	14,796	26,464	80,883
Outflows	-	(10,167)	(74,350)	(86,967)	(474,718)	(313,318)	(376,976)	(1,336,496)
Net flows	-	(9,311)	(67,490)	(79,099)	(450,679)	(298,522)	(350,512)	(1,255,613)

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								
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)
Net flows	-	17,789	67,214	80,276	273,341	426,186	381,629	1,246,435
Hedging instruments								
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)
Net flows	-	(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 December 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								
Inflows	-	-	-	-	10,509	19,638	14,614	44,761
Outflows	-	-	-	(58,336)	(66,324)	(16,292)	(1,421)	(142,373)
Net flows	-	-	-	(58,336)	(55,815)	3,346	13,193	(97,612)
Hedging instruments								
Inflows	-	-	-	58,336	66,324	16,292	1,421	142,373
Outflows	-	-	-	-	(10,509)	(19,638)	(14,614)	(44,761)
Net flows	-	-	-	58,336	55,815	(3,346)	(13,193)	97,612

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								
Inflows	-	-	-	-	-	21,945	17,055	39,000
Outflows	-	-	(2,415)	(39,952)	(36,570)	(41,285)	(14,060)	(134,282)
Net flows	-	-	(2,415)	(39,952)	(36,570)	(19,340)	2,995	(95,282)
Hedging instruments								
Inflows	-	-	2,415	39,952	36,570	41,285	14,060	134,282
Outflows	-	-	-	-	-	(21,945)	(17,055)	(39,000)
Net flows	-	-	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.

	12/31/2023 MCh\$	12/31/2022 MCh\$
<u>Fair value hedges</u>		
Gain (loss) recorded on the hedged items	17,878	(7,876)
Gain (loss) recorded on hedging instruments	(26,680)	11,177
Ineffectiveness	(8,802)	3,301
<u>Cash flow hedges</u>		
Ineffectiveness	(2,918)	3,216

SCOTIABANK CHILE AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

As at December 31, 2023 and 2022

The ineffectiveness and the reclassified amount of the cash flow hedge reserve to profit or loss for the year, by type of risk management, are presented below.

As at December 31, 2023	Hedge ineffectiveness recognized in the result for the period MCh\$	Amount reclassified from the cash flow hedge reserve to profit for the year MCh\$
Interest rate risk	253	(252)
Exchange rate risk	84	(298)
Inflation rate risk	(3,255)	(61,150)
Total	(2,918)	(61,700)

As at December 31, 2022	Hedge ineffectiveness recognized in the result for the period MCh\$	Amount reclassified from the cash flow hedge reserve to profit for the year MCh\$
Interest rate risk	(75)	(56,652)
Exchange rate risk	235	(7,309)
Inflation rate risk	3,056	(662,639)
Total	3,216	(726,600)

Note 13 Financial assets at amortized cost

Financial assets at amortized cost are detailed as follows:

	12/31/2023 MCh\$	12/31/2022 MCh\$
Rights under resale agreements and securities lending agreements	226,394	216,976
Debt financial instruments	1,387,601	-
Loans and advances to banks	25,223	66,830
Loans and advances to customers	31,399,807	32,572,252
Total	33,039,025	32,856,058

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

a) Rights under resale agreements and securities lending agreements

The detail is as follows:

	12/31/2023 MCh\$	12/31/2022 MCh\$
Operations with domestic banks	-	-
Operations with foreign banks	-	-
Operations with other domestic entities		
Repurchase contracts	226,410	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)	(16)	(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)	-	-
Total	226,394	216,976

The detail of the balance of rights for resale agreements and securities lending agreements separated by maturity period is as follows:

As at December 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\$
Operations with domestic banks	-	-	-	-	-	-	-	-
Operations with foreign banks	-	-	-	-	-	-	-	-
Operations with other domestic entities	-	-	-	-	-	-	-	-
Repurchase contracts	-	208,964	16,589	857	-	-	-	226,410
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)	-	(16)	-	-	-	-	-	(16)
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)	-	-	-	-	-	-	-	-
Total	-	208,948	16,589	857	-	-	-	226,394

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\$
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)	-	-	-	-	-	-	-	-
Total	-	209,978	6,998	-	-	-	-	216,976

SCOTIABANK CHILE AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
As at December 31, 2023 and 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	
	Carrying amount	Expected Credit Loss	Carrying amount	Expected Credit Loss	Carrying amount	Expected Credit Loss	Carrying amount	Expected Credit Loss
	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$
Balance as at January 1, 2023	216,985	(9)	-	-	-	-	216,985	(9)
New assets originated or purchased	10,721,020	(16)	-	-	-	-	10,721,020	(16)
Payments and written-off assets	(10,729,936)	9	-	-	-	-	(10,729,936)	9
Transfers to stage 1	-	-	-	-	-	-	-	-
Transfers to stage 2	-	-	-	-	-	-	-	-
Transfers to stage 3	-	-	-	-	-	-	-	-
Impact on ECL of transfers	-	-	-	-	-	-	-	-
Rebates on discounts	-	-	-	-	-	-	-	-
Accrued interest	18,341	-	-	-	-	-	18,341	-
Year-end remeasurements Expected Credit Losses	-	-	-	-	-	-	-	-
Changes in assumptions	-	-	-	-	-	-	-	-
Exchange rate adjustments	-	-	-	-	-	-	-	-
Balance as at December 31, 2023	226,410	(16)	-	-	-	-	226,410	(16)

	Stage 1		Stage 2		Stage 3		Total	
	Carrying amount	Expected Credit Loss	Carrying amount	Expected Credit Loss	Carrying amount	Expected Credit Loss	Carrying amount	Expected Credit Loss
	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$
Balance as at January 1, 2022	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	-	-	-	-	-	-	-	-
Balance as at December 31, 2022	216,985	(9)	-	-	-	-	216,985	(9)

b) Financial debt securities

As at December 31, 2023 and 2022, the detail of financial debt securities is as follows:

	12/31/2023	12/31/2022
	MCh\$	MCh\$
Government and Banco Central de Chile	1,359,476	-
Other debt financial instruments issued in Chile	28,125	-
Debt financial instruments issued abroad	-	-
Total	1,387,601	-

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

The reconciliation of the changes in the caption "Financial debt securities" is presented below:

	Stage 1		Stage 2		Stage 3		Total	
	Carrying amount	Expected Credit Loss	Carrying amount	Expected Credit Loss	Carrying amount	Expected Credit Loss	Carrying amount	Expected Credit Loss
	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$
Balance as at January 1, 2023	-	-	-	-	-	-	-	-
New assets originated or purchased	1,372,489	(2,781)	-	-	-	-	1,372,489	(2,781)
Payments and written-off assets	-	-	-	-	-	-	-	-
Transfers to stage 1	-	-	-	-	-	-	-	-
Transfers to stage 2	-	-	-	-	-	-	-	-
Transfers to stage 3	-	-	-	-	-	-	-	-
Impact on ECL of transfers	-	-	-	-	-	-	-	-
Rebates on discounts	-	-	-	-	-	-	-	-
Accrued interest	17,893	-	-	-	-	-	17,893	-
Year-end remeasurements Expected Credit Losses	-	-	-	-	-	-	-	-
Changes in assumptions	-	-	-	-	-	-	-	-
Exchange rate adjustments	-	-	-	-	-	-	-	-
Balance as at December 31, 2023	1,390,382	(2,781)	-	-	-	-	1,390,382	(2,781)

	Stage 1		Stage 2		Stage 3		Total	
	Carrying amount	Expected Credit Loss	Carrying amount	Expected Credit Loss	Carrying amount	Expected Credit Loss	Carrying amount	Expected Credit Loss
	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$
Balance as at January 1, 2022	-	-	-	-	-	-	-	-
New assets originated or purchased	-	-	-	-	-	-	-	-
Payments and written-off assets	-	-	-	-	-	-	-	-
Transfers to stage 1	-	-	-	-	-	-	-	-
Transfers to stage 2	-	-	-	-	-	-	-	-
Transfers to stage 3	-	-	-	-	-	-	-	-
Impact on ECL of transfers	-	-	-	-	-	-	-	-
Rebates on discounts	-	-	-	-	-	-	-	-
Accrued interest	-	-	-	-	-	-	-	-
Year-end remeasurements Expected Credit Losses	-	-	-	-	-	-	-	-
Changes in assumptions	-	-	-	-	-	-	-	-
Exchange rate adjustments	-	-	-	-	-	-	-	-
Balance as at December 31, 2022	-	-	-	-	-	-	-	-

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

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

i) Loans and advances to banks

Owed by banks as at December 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	25,238	-	-	25,238	(15)	-	-	(15)	25,223
Liquidity interbank loans	-	-	-	-	-	-	-	-	-
Commercial interbank loans	-	-	-	-	-	-	-	-	-
Overdrafts on checking accounts	-	-	-	-	-	-	-	-	-
Foreign trade loans Chilean exports	25,238	-	-	25,238	(15)	-	-	(15)	25,223
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	25,238	-	-	25,238	(15)	-	-	(15)	25,223
Banco Central de Chile	-	-	-	-	-	-	-	-	-
Checking accounts deposits for derivative transactions with a central counterparty	-	-	-	-	-	-	-	-	-
Other deposits not available	-	-	-	-	-	-	-	-	-
Other loans	-	-	-	-	-	-	-	-	-
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	-	-	-	-	-	-	-	-	-
Total	25,238	-	-	25,238	(15)	-	-	(15)	25,223

SCOTIABANK CHILE AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

As at December 31, 2023 and 2022

Owed by 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 Consolidated Financial Statements
As at December 31, 2023 and 2022

ii) Loans and advances to customers

Loans and accounts receivable from customers As at December 31, 2023 (in MCh\$)	Financial assets before provisions						Allowances 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 Individual	Group	Evaluation Individual	Evaluation Individual	Group		Evaluation Individual	Group	Evaluation Individual	Evaluation Individual	Group				
Commercial Loans:															
Commercial loans	8,339,756	1,157,924	785,866	312,190	144,076	10,739,812	(60,157)	(9,949)	(25,575)	(105,368)	(32,831)	(233,880)	(11,511)	(245,391)	
Foreign trade loans Chilean exports	1,028,341	238	15,651	6,752	-	1,050,982	(12,912)	(7)	(2,419)	(5,439)	-	(20,777)	-	(20,777)	
Foreign trade loans Chilean imports	386,868	1,257	2,833	3,975	85	395,018	(12,916)	(35)	(209)	(2,781)	(48)	(15,989)	-	(15,989)	
Foreign trade loans between third countries	289	-	-	-	-	289	(12)	-	-	-	-	(12)	-	(12)	
Debtors in checking accounts	36,409	11,980	3,694	3,662	3,574	59,319	(635)	(368)	(675)	(2,123)	(1,997)	(5,798)	-	(5,798)	
Credit card debtors	6,170	6,400	1,039	27	93	13,729	(267)	(252)	(183)	(13)	(46)	(761)	-	(761)	
Factoring operations	290,505	406	29,210	3,632	136	323,889	(4,181)	(14)	(646)	(1,214)	(48)	(6,103)	-	(6,103)	
Commercial financial leasing operations	757,705	28,570	37,906	14,858	1,854	840,893	(3,501)	(709)	(1,476)	(3,681)	(508)	(9,875)	(246)	(10,121)	
Student loans	-	533,833	-	-	104,960	638,793	-	(8,017)	-	-	(12,943)	(20,960)	-	(20,960)	
Other loans and accounts receivable	329	230	18	4,034	32	4,643	(18)	(11)	-	(2,635)	(16)	(2,680)	-	(2,680)	
Subtotal	10,846,372	1,740,838	876,217	349,130	254,810	14,067,367	(94,599)	(19,362)	(31,183)	(123,254)	(48,437)	(316,835)	(11,757)	(328,592)	13,738,775
Mortgage Loans:															
Loans with letters of credit	-	66,066	-	-	8,221	74,287	-	(109)	-	-	(167)	(276)	-	(276)	
Loans with endorsable mortgage mutuels	-	31,132	-	-	2,503	33,635	-	(12)	-	-	(15)	(27)	-	(27)	
Loans with mutual funds financed with mortgage bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other loans with mutual funds for housing	-	13,282,349	-	-	388,033	13,670,382	-	(26,655)	-	-	(17,538)	(44,193)	-	(44,193)	
Financial leasing operations for housing	-	32,269	-	-	2,803	35,072	-	(199)	-	-	(366)	(565)	-	(565)	
Other loans and accounts receivable	-	73,614	-	-	4,722	78,336	-	(152)	-	-	(156)	(308)	-	(308)	
Subtotal	-	13,485,430	-	-	406,282	13,891,712	-	(27,127)	-	-	(18,242)	(45,369)	-	(45,369)	13,846,343
Consumer Loans															
Consumer loans in installments	-	1,462,079	-	-	154,933	1,617,012	-	(48,747)	-	-	(63,561)	(112,308)	-	(112,308)	
Checking accounts debtors	-	70,057	-	-	7,393	77,450	-	(1,438)	-	-	(2,783)	(4,221)	-	(4,221)	
Credit card debtors	-	2,192,441	-	-	260,014	2,452,455	-	(107,255)	-	-	(108,770)	(216,025)	-	(216,025)	
Consumer financial leasing operations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other loans and accounts receivable	-	325	-	-	9	334	-	(7)	-	-	(1)	(8)	-	(8)	
Subtotal	-	3,724,902	-	-	422,349	4,147,251	-	(157,447)	-	-	(175,115)	(332,562)	-	(332,562)	3,814,689
Total	10.846.372	18.951.170	876.217	349.130	1.083.441	32.106.330	(94.599)	(203.936)	(31.183)	(123.254)	(241.794)	(694.766)	(11.757)	(706.523)	31.399.807

SCOTIABANK CHILE AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
As at December 31, 2023 and 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		Substandard portfolio	Default portfolio		Total	Regular portfolio		Substandard portfolio	Default portfolio		Subtotal			
	Evaluation	Group	Evaluation	Evaluation	Group		Evaluation	Group	Evaluation	Evaluation	Group				
	Individual		Individual	Individual			Individual		Individual	Individual					
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 Consolidated Financial Statements
As at December 31, 2023 and 2022

iii) Contingent loans

Exposure to credit risk for contingent loans	Exposure for contingent loans before allowances						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	Evaluation	Group		Evaluation	Group	Evaluation	Evaluation	Group		
As at December 31, 2023 (in MCh\$)	Individual	Group	Individual	Individual	Group		Individual	Group	Individual	Individual	Group		
Guarantees and Sureties	524,805	-	4,146	-	-	528,951	(2,125)	-	(947)	-	-	(3,072)	525,879
Letters of credit for merchandise circulation operations	28,757	-	-	-	-	28,757	(424)	-	-	-	-	(424)	28,333
Debt purchase commitments in local currency abroad	-	-	-	-	-	-	-	-	-	-	-	-	-
Transactions related to contingent events	305,903	197	19,762	1,211	-	327,073	(2,988)	(3)	(4,546)	(815)	-	(8,352)	318,721
Lines of credit of free disposal of immediate cancellation	71,453	552,503	632	249	25,548	650,385	(553)	(6,038)	(97)	(157)	(8,030)	(14,875)	635,510
Lines of credit of free disposal	-	-	-	-	-	-	-	-	-	-	-	-	-
Loans for senior studies Law No. 20027 (CAE)	-	2,464	-	-	-	2,464	-	(38)	-	-	-	(38)	2,426
Other irrevocable loan commitments	74,585	-	-	-	-	74,585	(446)	-	-	-	-	(446)	74,139
Other contingent loans	-	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal	1,005,503	555,164	24,540	1,460	25,548	1,612,215	(6,536)	(6,079)	(5,590)	(972)	(8,030)	(27,207)	1,585,008

Exposure to credit risk for contingent loans	Exposure for contingent loans before allowances						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	Evaluation	Group		Evaluation	Group	Evaluation	Evaluation	Group		
As at December 31, 2022 (in MCh\$)	Individual	Group	Individual	Individual	Group		Individual	Group	Individual	Individual	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 Consolidated Financial Statements
As at December 31, 2023 and 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 allowances constituted by category of credit risk in the period As at December 31, 2023 (in MCh\$)	Movement in provisions constituted by category in the period			
	Individual evaluation			Total
	Regular portfolio	Substandard portfolio	Default portfolio	
Owed by Banks				
Balance as at January 1, 2023	7	-	-	7
Constitution / (release) of allowances for:				
Change in measurement without portfolio reclassification during the period	(13)	-	-	(13)
Change in the measurement due to portfolio reclassification from the beginning to the end of the portfolio year from 01/01/2023 to 12/31/2023:				
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	73	-	-	73
New loans for conversion from contingent to loan	-	-	-	-
New loans purchased	-	-	-	-
Sale or transfers of loans	-	-	-	-
Payment of loans	(52)	-	-	(52)
Application of provisions due to write-offs	-	-	-	-
Recovery of written-off loans	-	-	-	-
Exchange differences	-	-	-	-
Other changes in provisions	-	-	-	-
Balance as at December 31, 2023	15	-	-	15

Summary of movement in allowances 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			
	Individual evaluation			Total
	Regular portfolio	Substandard portfolio	Default portfolio	
Owed by Banks				
Balance as at January 1, 2022	2	-	-	2
Constitution / (release) of allowances for:				
Change in measurement without portfolio reclassification during the period	(6)	-	-	(6)
Change in the measurement due to portfolio reclassification from the beginning to the end of the portfolio year from 01/01/2022 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	-	-	-	-
Balance as at December 31, 2022	7	-	-	7

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

ii) Commercial loans

Summary of the movement in allowances constituted by category of credit risk in the period	Movement in allowances constituted by portfolio in the period								Total
	As at December 31, 2023 (in MCh\$)	Regular portfolio		Substandard portfolio	Default portfolio		Subtotal	Deductible guarantees FOGAPE Covid-19	
		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		22,855	12,062	14,012	26,867	21,863	97,659	(1,240)	96,419
Change in the measurement due to portfolio reclassification from the beginning to the end of the portfolio year from 01/01/2023 to 12/31/2023:									
Regular individual up to substandard		(9,385)	-	22,772	-	-	13,387	-	13,387
Regular individual up to individual default		(117)	-	-	2,439	-	2,322	-	2,322
Substandard up to individual default		-	-	(15,270)	37,882	-	22,612	-	22,612
Substandard up to regular individual		4,904	-	(7,483)	-	-	(2,579)	-	(2,579)
Individual default up to Substandard		-	-	645	(3,635)	-	(2,990)	-	(2,990)
Individual default up to Regular individual		-	-	-	-	-	-	-	-
Regular group up to default group		-	(14,522)	-	-	33,762	19,240	-	19,240
Group default up to group regular		-	723	-	-	(9,280)	(8,557)	-	(8,557)
Individual (regular, substandard, default) up to group (regular, default)		(335)	278	(271)	(299)	345	(282)	-	(282)
Group (regular, default) up to Individual (regular, substandard ,default)		1,620	(980)	251	794	(472)	1,213	(58)	1,155
New originated loans		104,514	5,729	16,919	21,764	5,706	154,632	44	154,676
New loans for conversion from contingent to loan		2,641	1,245	576	128	384	4,974	-	4,974
New loans purchased		-	-	-	-	-	-	-	-
Sale or transfers of loans		-	(1,231)	-	-	(50)	(1,281)	-	(1,281)
Payment of loans		(122,097)	(8,706)	(33,521)	(26,287)	(11,173)	(201,784)	(3,546)	(205,330)
Application of provisions due to write-offs		-	(29)	-	(40,910)	(31,192)	(72,131)	-	(72,131)
Recovery of written-off loans		-	14	-	-	3	17	-	17
Changes in models and methodologies		-	-	-	-	-	-	-	-
Exchange differences		1,720	4	165	286	(7)	2,168	-	2,168
Other changes in provisions		-	-	-	-	-	-	-	-
Balance as at December 31, 2023		94,599	19,362	31,183	123,254	48,437	316,835	11,757	328,592

Summary of the movement in allowances constituted by category of credit risk in the period	Movement in allowances constituted by portfolio in the period								
	As at December 31, 2022 (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, 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 the measurement due to portfolio reclassification from the beginning to the end of the portfolio year from 01/01/2022 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 Consolidated Financial Statements
As at December 31, 2023 and 2022

iii) Mortgage 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		
	Group Evaluation		Total
	Regular portfolio	Default portfolio	
As at December 31, 2023 (in MCh\$)			
Mortgage loans			
Balance as at January 1, 2023	27,489	12,161	39,650
Constitution/(release) of provisions due to:			
Change in measurement without portfolio reclassification during the period	11,885	3,675	15,560
Change in the measurement due to portfolio reclassification from the beginning to the end of the portfolio year from 01/01/2023 to 12/31/2023:			
Group regular up to group default	(11,307)	14,814	3,507
Group default up to group regular	250	(2,521)	(2,271)
New originated loans	1,333	28	1,361
New loans purchased	-	-	-
Sale or transfers of loans	-	-	-
Payment of loans	(2,517)	(2,008)	(4,525)
Application of provisions due to write-offs	(6)	(7,907)	(7,913)
Recovery of written-off loans	-	-	-
Changes in models and methodologies	-	-	-
Exchange differences	-	-	-
Other changes in provisions	-	-	-
Balance as at December 31, 2023	27,127	18,242	45,369

Summary of the movement in provisions constituted by category of credit risk in the period	Movement in provisions constituted by portfolio in the period		
	Group Evaluation		Total
	Regular portfolio	Default portfolio	
As at December 31, 2022 (in MCh\$)			
Mortgage loans			
Balance as at January 1, 2022	23,266	12,333	35,599
Constitution/(release) of provisions due to:			
Change in measurement without portfolio reclassification during the period	9,835	2,739	12,574
Change in the measurement due to portfolio reclassification from the beginning to the end of the portfolio year from 01/01/2022 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	-	-	-
Balance as at December 31, 2022	27,489	12,161	39,650

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

iv) Consumer loans

Summary of the movement in allowances constituted by category of credit risk in the period	Movement in provisions constituted by portfolio in the period		
	Group evaluation		Total
	Regular portfolio	Default portfolio	
As at December 31, 2023 (in MCh\$)			
Consumer loans			
Balance as at January 1, 2023	146,883	105,227	252,110
Constitution/(release) of provisions due to:			
Change in measurement without portfolio reclassification during the period	80,065	229,980	310,045
Change in the measurement due to portfolio reclassification from the beginning to the end of the portfolio year from 01/01/2023 to 12/31/2023:			
Group regular up to group default	(61,360)	168,485	107,125
Group default up to group regular	8,642	(27,428)	(18,786)
New originated loans	24,039	41,979	66,018
New loans for conversion from contingent to loan	62,100	9,336	71,436
New loans purchased	-	-	-
Sale or transfers of loans	-	-	-
Payment of loans	(104,231)	(48,058)	(152,289)
Application of provisions due to write-offs	(292)	(304,408)	(304,700)
Recovery of written-off loans	1,590	-	1,590
Changes in models and methodologies	-	-	-
Exchange differences	11	2	13
Other changes in provisions	-	-	-
Balance as at December 31, 2023	157,447	175,115	332,562

Summary of the movement in allowances constituted by category of credit risk in the period	Movement in provisions constituted by portfolio in the period		
	Group evaluation		Total
	Regular portfolio	Default portfolio	
As at December 31, 2022 (in MCh\$)			
Consumer loans			
Balance as at January 1, 2022	100,590	59,225	159,815
Constitution/(release) of provisions due to:			
Change in measurement without portfolio reclassification during the period	68,361	131,108	199,469
Change in the measurement due to portfolio reclassification from the beginning to the end of the portfolio year from 01/01/2022 to 12/31/2022:			
Group regular up to group default	(36,224)	94,368	58,144
Group default up to group regular	4,394	(14,959)	(10,565)
New originated loans	29,159	27,044	56,203
New loans for conversion from contingent to loan	73,604	7,011	80,615
New loans purchased	-	-	-
Sale or transfers of loans	-	-	-
Payment of loans	(93,355)	(31,359)	(124,714)
Application of provisions due to write-offs	(130)	(167,245)	(167,375)
Recovery of written-off loans	483	33	516
Changes in models and methodologies	-	-	-
Exchange differences	1	1	2
Other changes in provisions	-	-	-
Balance as at December 31, 2022	146,883	105,227	252,110

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

v) Contingent loans

Summary of the movement in allowances constituted by category of credit risk in the period As at December 31, 2023 (in MCh\$)	Movement in allowances 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	(3,847)	25,818	(11,833)	(4,535)	(1,464)	4,139
Change in the measurement due to portfolio reclassification from the beginning to the end of the portfolio year from 01/01/2023 to 12/31/2023:						
Regular individual up to substandard	(491)	-	1,012	-	-	521
Regular individual up to individual default	(5)	-	-	412	-	407
Substandard up to individual default	-	-	(82)	844	-	762
Substandard up to regular individual	55	-	(81)	-	-	(26)
Individual default up to Substandard	-	-	421	(87)	-	334
Individual default up to individual regular	-	-	-	-	-	-
Group regular up to group default	-	(884)	-	-	17,318	16,434
Group default up to group regular	-	183	-	-	(5,282)	(5,099)
Individual (regular, substandard, default) up to group (regular, default)	(12)	6	(4)	-	1	(9)
Group (regular, default) up to Individual (regular, substandard, default)	109	(41)	8	5	-	81
New contingent loans granted	7,667	2,075	13,895	515	105	24,257
Contingent loans due to conversion to loans	(2,715)	(27,172)	(493)	(89)	(9,720)	(40,189)
Changes in models and methodologies	-	-	-	-	-	-
Exchange differences	55	-	41	4	-	100
Other changes in provisions	-	-	-	-	-	-
Balance as at December 31, 2023	6,536	6,079	5,590	972	8,030	27,207

Summary of the movement in allowances constituted by category of credit risk in the period As at December 31, 2022 (in MCh\$)	Movement in allowances constituted by portfolio in the period					
	Regular portfolio		Substandard portfolio	Default portfolio		Total
	Evaluation	Group		Evaluation	Group	
	Individual			Individual		
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 the measurement due to portfolio reclassification from the beginning to the end of the portfolio year from 01/01/2022 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 individual regular	-	-	-	-	-	-
Group regular up to group default	-	(805)	-	-	10,554	9,749
Group default up to group regular	-	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 Consolidated Financial Statements
As at December 31, 2023 and 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 December 31, 2023 (in MCh\$)	Loans and exposure to contingent loans			Loans within		Allowances constituted		Total
	Country	Abroad	Total	Country	Abroad	Sub-Total	Deductible guarantees FOGAPE Covid 19	
Owed by banks	-	25,238	25,238	-	(15)	(15)	-	(15)
Commercial loans								
Agriculture and Livestock	394,887	-	394,887	(14,249)	-	(14,249)	(536)	(14,785)
Sowing and harvesting of fruits	-	-	-	-	-	-	-	-
Forestry	46,418	-	46,418	(1,608)	-	(1,608)	(172)	(1,780)
Fishing	67,624	-	67,624	(1,776)	-	(1,776)	(97)	(1,873)
Mining	333,953	-	333,953	(1,468)	-	(1,468)	(135)	(1,603)
Oil and natural gas	743	-	743	(4)	-	(4)	-	(4)
Product Manufacturing Industry								
Food, beverages and tobacco	524,023	-	524,023	(12,961)	-	(12,961)	(513)	(13,474)
Textile, leather and footwear	19,866	-	19,866	(1,553)	-	(1,553)	(136)	(1,689)
Wood and furniture	60,971	-	60,971	(1,859)	-	(1,859)	(184)	(2,043)
Cellulose, paper and printing	67,499	-	67,499	(4,215)	-	(4,215)	(153)	(4,368)
Chemicals and petroleum derivatives	289,810	-	289,810	(3,898)	-	(3,898)	(509)	(4,407)
Metallic, non-metallic, machinery and others	741,687	-	741,687	(18,292)	-	(18,292)	(1,024)	(19,316)
Electricity, gas and water	1,382,505	-	1,382,505	(4,076)	-	(4,076)	(33)	(4,109)
Home building	346,875	-	346,875	(5,940)	-	(5,940)	(295)	(6,235)
Non-residential constructions (office, civil works)	221,437	-	221,437	(7,618)	-	(7,618)	(448)	(8,066)
Wholesale trade	1,040,765	103,174	1,143,939	(61,330)	(122)	(61,452)	(2,820)	(64,272)
Retail trade restaurants and hotels	412,498	-	412,498	(23,383)	-	(23,383)	(1,726)	(25,109)
Transport and storage	607,207	44,733	651,940	(11,614)	(37)	(11,651)	(957)	(12,608)
Telecommunications	643,127	-	643,127	(5,294)	-	(5,294)	(57)	(5,351)
Financial Services	1,270,825	21,109	1,291,934	(21,101)	(17)	(21,118)	(121)	(21,239)
Business services	-	-	-	-	-	-	-	-
Real estate services	3,009,124	106,598	3,115,722	(52,061)	(95)	(52,156)	(1,142)	(53,298)
Student loans	638,793	-	638,793	(20,960)	-	(20,960)	-	(20,960)
Public administration, defense and police	17,130	-	17,130	(14)	-	(14)	-	(14)
Social services and other community services	687,432	-	687,432	(13,088)	-	(13,088)	(694)	(13,782)
Personnel services	966,554	-	966,554	(28,202)	-	(28,202)	(5)	(28,207)
Subtotal	13,791,753	275,614	14,067,367	(316,564)	(271)	(316,835)	(11,757)	(328,592)
Mortgage loans	13,891,712	-	13,891,712	(45,369)	-	(45,369)	-	(45,369)
Consumer loans	4,147,251	-	4,147,251	(332,562)	-	(332,562)	-	(332,562)
Contingent loans exposure	1,612,215	-	1,612,215	(27,207)	-	(27,207)	-	(27,207)

Composition of economic activity As at December 31, 2022 (in MCh\$)	Loans and exposure to contingent loans			Loans within		Allowances constituted		Total
	Country	Abroad	Total	Country	Abroad	Sub-Total	Deductible guarantees FOGAPE Covid 19	
Owed by banks	58,659	8,178	66,837	-	(7)	(7)	-	(7)
Commercial loans								
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)
Subtotal	15,398,214	327,733	15,725,947	(287,859)	(356)	(288,215)	(16,557)	(304,772)
Mortgage loans	13,584,141	-	13,584,141	(39,650)	-	(39,650)	-	(39,650)
Consumer loans	3,858,696	-	3,858,696	(252,110)	-	(252,110)	-	(252,110)
Contingent loans exposure	1,771,071	-	1,771,071	(25,495)	-	(25,495)	-	(25,495)

SCOTIABANK CHILE AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
As at December 31, 2023 and 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 December 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%	1,118,062	44,998	24,480	13,358	22,636	1,223,534	(91)	(37)	(47)	(47)	(377)	(599)
40% < PVG <= 80%	9,819,757	308,166	129,082	67,896	140,403	10,465,304	(6,432)	(3,291)	(2,505)	(1,756)	(4,270)	(18,254)
80% < PVG <= 90%	1,984,289	51,229	18,433	10,408	20,736	2,085,095	(11,603)	(3,689)	(2,404)	(1,897)	(4,610)	(24,203)
PVG >90%	111,180	2,794	268	775	2,762	117,779	(969)	(272)	(47)	(190)	(835)	(2,313)
Total	13,033,288	407,187	172,263	92,437	186,537	13,891,712	(19,095)	(7,289)	(5,003)	(3,890)	(10,092)	(45,369)

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)
Total	12,946,607	302,938	123,267	74,829	136,500	13,584,141	(21,593)	(5,273)	(3,675)	(2,970)	(6,139)	(39,650)

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

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

Concentration of debt owed by banks and commercial loans with their provisions established by classification category As at December 31, 2023										Owed by banks and Commercial Loans													Group Default		Provision deductible guarantees FOGAPE Covid-19	
Regular portfolio										Individual Substandard portfolio					Default portfolio						Regular portfolio	Group Default portfolio	Total	Total		
(in MCh\$)	A1	A2	A3	A4	A5	A6	Subtotal	B1	B2	B3	B4	Subtotal	C1	C2	C3	C4	C5	C6	Subtotal	Total	portfolio	portfolio	Total	Total		
Owed by banks																										
Liquidity interbank loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Commercial interbank loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Overdrafts on checking accounts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Foreign trade loans - Chilean exports	12,354	12,884	-	-	-	-	25,238	-	-	-	-	-	-	-	-	-	-	-	-	25,238	-	-	-	25,238		
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	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Subtotal	12,354	12,884	-	-	-	-	25,238	-	-	-	-	-	-	-	-	-	-	-	-	25,238	-	-	-	25,238		
Provisions constituted	4	11	-	-	-	-	15	-	-	-	-	-	-	-	-	-	-	-	-	15	-	-	-	15		
% provisions constituted	0.03%	0.09%	0.00%	0.00%	0.00%	0.00%	0.06%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.06%	0.00%	0.00%	0.00%	0.06%		
Commercial loans																										
Commercial loans	73,434	2,517,757	1,486,926	2,324,797	968,176	968,666	8,339,756	298,377	203,642	208,603	75,244	785,866	121,169	35,861	21,119	17,868	70,493	45,680	312,190	9,437,812	1,157,924	144,076	1,302,000	10,739,812	11,511	
Foreign trade loans - Chilean exports	-	414,466	178,528	209,573	180,564	45,210	1,028,341	11,578	427	3,646	-	15,651	-	485	-	-	999	5,268	6,752	1,050,744	238	-	238	1,050,982	-	
Foreign trade loans - Chilean imports	-	4,365	59,096	147,048	103,853	72,506	386,868	2,473	158	101	101	2,833	-	90	-	-	2,899	986	3,975	393,676	1,257	85	1,342	395,018	-	
Foreign trade loans between third countries	-	-	-	199	-	90	289	-	-	-	-	-	-	-	-	-	-	-	289	-	-	-	-	289	-	
Debtors in checking accounts	-	11,742	3,220	5,421	6,968	9,058	36,409	1,931	772	777	214	3,694	459	410	80	283	989	1,441	3,662	43,765	11,980	3,574	15,554	59,319		
Credit card debtors	8	558	885	616	1,083	3,020	6,170	573	256	158	52	1,039	-	2	4	11	9	1	27	7,236	6,400	93	6,493	13,729		
Factoring operations	628	34,679	19,817	117,092	83,484	34,805	290,505	26,120	3,090	-	-	29,210	2,131	-	-	-	721	780	3,632	323,347	406	136	542	323,889		
Commercial financial leasing operations	-	55,039	140,392	328,084	169,212	64,978	757,705	14,450	12,945	6,116	4,395	37,906	3,383	6,507	1,263	1,095	560	2,050	14,858	810,469	28,570	1,854	30,424	840,893		
Student loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	533,833	104,960	638,793	638,793	-		
Other loans and accounts receivable	-	63	23	32	12	199	329	-	-	-	18	-	-	-	-	1,291	627	2,116	4,034	4,381	230	32	262	4,643		
Subtotal	74,070	3,038,669	1,888,887	3,132,862	1,513,352	1,198,532	10,846,372	355,502	221,290	219,419	80,006	876,217	127,142	43,355	23,757	19,257	77,297	58,322	349,130	12,071,719	1,740,838	254,810	1,995,648	14,067,367		
Provisions constituted	27	3,623	2,998	28,842	29,691	29,418	94,599	7,323	6,883	10,157	6,820	31,183	2,543	4,335	5,939	7,703	50,242	52,492	123,254	249,036	19,362	48,437	67,799	316,835		
% provisions constituted	0.04%	0.12%	0.16%	0.92%	1.96%	2.45%	0.87%	2.06%	3.11%	4.63%	8.52%	3.56%	2.00%	10.00%	25.00%	40.00%	65.00%	90.00%	35.30%	2.06%	1.11%	19.01%	3.40%	2.25%		

Concentration of debt owed by banks and commercial loans with their provisions established by classification category As at December 31, 2022										Owed by banks and Commercial Loans													Group Default		Provision deductible guarantees FOGAPE Covid-19	
Regular portfolio										Individual Substandard portfolio					Default portfolio						Regular portfolio	Group Default portfolio	Total	Total		
(in MCh\$)	A1	A2	A3	A4	A5	A6	Subtotal	B1	B2	B3	B4	Subtotal	C1	C2	C3	C4	C5	C6	Subtotal	Total	portfolio	portfolio	Total	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		
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		
Subtotal	58,819	7,893	125	-	-	-	66,837	-	-	-	-	-	-	-	-	-	-	-	-	66,837	-	-	-	66,837		
Provisions constituted	-	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%	0.01%		
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	98,686	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	299	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	11,060	44,441	1,425	370	254	145	2,194	358	51	37	155	422	1,351	2,374	49,009	11,798	2,140	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	98	6,327	12,038		
Factoring operations	6,520	5,948	30,338	154,733	33,742	14,403	245,584	307	14	-	321	56	164	340	-	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		
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	4,299,322	2,260,843	4,072,804	1,399,907	824,743	12,973,430	237,273	85,938	59,640	49,374	432,225	68,542	18,208	11,641	19,578	65,971	52,678	236,618	13,642,273	1,882,730	200,944	2,083,674	15,725,947		
Provisions constituted	42	4,464	3,652	35,174	23,347	21,690	88,279	13,225	9,513	7,856	1,794	32,368	1,371	1,821	2,910	7,831	42,889	47,412	104,225	224,892	24,775	38,548	63,323	288,215		
% provisions constituted	0.04%	0.10%	0.16%	0.86%	1.57%	2.62%	0.66%	5.52%	11.07%	13.17%	3.63%	7.49%	2.00%	10.00%	23.00%	40.00%	65.00%	90.00%	44.05%	1.65%	1.22%	19.18%	3.04%	1.83%		

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

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

Concentration of credit risk by days past due As at December 31, 2023 (in MCh\$)	Financial Assets before provision						Allowances 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	Group	Individual	Individual					Group
Owed by banks																	
0 day	25,238	-	-	-	-	-	25,238	(15)	-	-	-	-	(15)	-	(15)	25,223	
1 to 29 days	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
30 to 59 days	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
60 to 89 days	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
>= 90 days	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Subtotal	25,238	-	-	-	-	-	25,238	(15)	-	-	-	-	(15)	-	(15)	25,223	
Commercial loans																	
0 day	10,724,642	1,618,990	754,181	82,335	51,626	13,231,774	(93,174)	(12,646)	(23,020)	(28,729)	(9,819)	(167,388)	(10,669)	(178,057)	13,053,717		
1 to 29 days	120,360	68,811	84,286	28,654	16,231	318,342	(1,378)	(2,391)	(5,849)	(10,421)	(3,589)	(23,628)	(392)	(24,020)	294,322		
30 to 59 days	1,313	35,312	23,428	17,420	14,370	91,843	(45)	(2,659)	(1,403)	(4,120)	(3,138)	(11,365)	(116)	(11,481)	80,362		
60 to 89 days	57	17,725	14,210	4,641	11,706	48,339	(2)	(1,666)	(895)	(1,757)	(2,603)	(6,923)	(90)	(7,013)	41,326		
>= 90 days	-	-	112	216,080	160,877	377,069	-	-	(16)	(78,227)	(29,288)	(107,531)	(490)	(108,021)	269,048		
Subtotal	10,846,372	1,740,838	876,217	349,130	254,810	14,067,367	(94,599)	(19,362)	(31,183)	(123,254)	(48,437)	(316,835)	(11,757)	(328,592)	13,738,775		
Mortgage loans																	
0 day	-	12,940,343	-	-	92,945	13,033,288	-	(15,805)	-	-	(3,290)	(19,095)	-	(19,095)	13,014,193		
1 to 29 days	-	357,137	-	-	50,050	407,187	-	(5,206)	-	-	(2,083)	(7,289)	-	(7,289)	399,898		
30 to 59 days	-	127,064	-	-	45,199	172,263	-	(3,326)	-	-	(1,677)	(5,003)	-	(5,003)	167,260		
60 to 89 days	-	60,886	-	-	31,551	92,437	-	(2,790)	-	-	(1,100)	(3,890)	-	(3,890)	88,547		
>= 90 days	-	-	-	-	186,537	186,537	-	-	-	-	(10,092)	(10,092)	-	(10,092)	176,445		
Subtotal	-	13,485,430	-	-	406,282	13,891,712	-	(27,127)	-	-	(18,242)	(45,369)	-	(45,369)	13,846,343		
Consumer loans																	
0 day	-	3,416,340	-	-	156,292	3,572,632	-	(103,310)	-	-	(52,632)	(155,942)	-	(155,942)	3,416,690		
1 to 29 days	-	200,542	-	-	57,037	257,579	-	(30,214)	-	-	(22,051)	(52,265)	-	(52,265)	205,314		
30 to 59 days	-	73,396	-	-	45,943	119,339	-	(15,387)	-	-	(18,178)	(33,565)	-	(33,565)	85,774		
60 to 89 days	-	34,624	-	-	32,097	66,721	-	(8,536)	-	-	(16,368)	(24,904)	-	(24,904)	41,817		
>= 90 days	-	-	-	-	130,980	130,980	-	-	-	-	(65,886)	(65,886)	-	(65,886)	65,094		
Subtotal	-	3,724,902	-	-	422,349	4,147,251	-	(157,447)	-	-	(175,115)	(332,562)	-	(332,562)	3,814,689		
Total loans	10,871,610	18,951,170	876,217	349,130	1,083,441	32,131,568	(94,614)	(203,936)	(31,183)	(123,254)	(241,794)	(694,781)	(11,757)	(706,538)	31,425,030		

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

Concentration of credit risk by days past due As at December 31, 2022 (in MCh\$)	Financial Assets before provision						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	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 Consolidated Financial Statements

As at December 31, 2023 and 2022

i) Lease operations

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

	12/31/2023 Interest and			12/31/2022 Interest and		
	Account receivable	deferred VAT	Net balance receivable	Account receivable	deferred VAT	Net balance receivable
	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$
On-demand	1,332	(31)	1,301	1,184	(36)	1,148
Up to one month	35,351	(7,235)	28,116	31,960	(6,518)	25,442
More than one up to three months	67,662	(13,981)	53,681	62,450	(12,804)	49,646
More than three months up to one year	284,338	(60,914)	223,424	266,468	(55,610)	210,858
More than one up to three years	481,922	(110,621)	371,301	479,963	(105,661)	374,302
More than three up to five years	167,776	(42,640)	125,136	178,545	(43,179)	135,366
More than five years	101,847	(28,841)	73,006	114,578	(31,317)	83,261
Total	1,140,228	(264,263)	875,965	1,135,148	(255,125)	880,023

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 Consolidated Statements of Financial Position.

As at December 31, 2023, MCh\$241,081 corresponds to finance leases on real estate (MCh\$250,125 as at December 31, 2022) and MCh\$634,884 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 Consolidated Financial Statements

As at December 31, 2023 and 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	12/31/2023 MCh\$	12/31/2022 MCh\$
Par value	38,571	55,049
Provisions	(1,281)	(1,728)
Net value of provisions	37,290	53,321
Sale value	47,442	67,317
Sale result (1)	10,152	13,996
 (Loss) profit in sale (2)	 3,480	 5,212
Income received in advance	6,672	8,784

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

(2) The gain (loss) on sale is included in the Consolidated Statements of Income 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 Consolidated Statements of Financial Position.

k) Sale of Loans

During the year from January 1 through December 31, 2023, loans of the commercial portfolio were assigned recording a gain of MCh\$1,274 and MCh\$324 for the sale of loans written off from the retail portfolio (MCh\$1,224 as at December 31, 2022), in the caption "Gain or loss on derecognition of financial assets and liabilities at amortized cost and financial assets at fair value through other comprehensive income".

During the year from January 1 through December 31, 2023, the subsidiary Bandesarrollo Sociedad de Leasing Inmobiliario S.A., recorded a realized gain from the assignment of portfolio of MCh\$70 (MCh\$118 as at December 31, 2022), in the caption "Gain or loss on 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 Consolidated Financial Statements

As at December 31, 2023 and 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.

	12/31/2023	12/31/2022
	MCh\$	MCh\$
Housing loan portfolio	2,934	3,862
Carrying amount of associated liabilities	2,626	3,646

As at December 31, 2023, the subsidiary Bandesarrollo Sociedad de Leasing Inmobiliario S.A. recognizes a liability pending repayment of MCh\$2,626 (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 Consolidated Financial Statements

As at December 31, 2023 and 2022

Note 14 Investment in companies.

The detail of investments in companies is as follows:

	12/31/2023 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	24,350	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	9,829	7,308
Minority investments in other companies abroad	41	41
Total Investments in companies	34,220	26,093

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

	Ownership %	Tax ID No	Country	Company's equity as at 12/31/2023 MCh\$	Investment as at 12/31/2023 MCh\$	Investment as at 12/31/2022 MCh\$
Transbank S.A.	22.69	96.689.310-9	Chile	133,894	24,350	18,744
Total					24,350	18,744

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.

	12/31/2023 MCh\$	12/31/2022 MCh\$
Assets and liabilities		
Current assets	1,362,961	1,272,126
Non-current assets	164,517	132,911
Current liabilities	1,357,443	1,297,169
Non-current liabilities	36,141	1,630
Income statements (summary)		
Net sale	152,861	113,661
Operating results	34,481	1,637
Profit for the year	26,814	21,341
Depreciation and amortization	(62,594)	(42,104)

SCOTIABANK CHILE AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

As at December 31, 2023 and 2022

b) Minority investments in other domestic companies

	Country	Investment as at 12/31/2023 MCh\$	Investment as at 12/31/2022 MCh\$
Bolsa de Comercio de Santiago (*)	Chile	-	3,206
Sociedad de Infraestructura de Mercado S.A. (*) (**)	Chile	-	-
Holding Bursátil Chilena S.A. (**)	Chile	5,727	-
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
Total		9,829	7,308

(*) 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.

(**) On November 14, 2023, the subscription and exchange of shares of the Bolsa de Comercio de Santiago and Sociedad de Infraestructuras de Mercado S.A. occurred, whereby 2,000,000 shares were delivered by each of the companies and for such transaction a total of 1,516,436 shares of Holding Bursátil Chilena S.A. were received, where the latter corresponds to the integration of the Chilean, Peruvian and Colombian Stock Exchanges.

c) Minority investments in other companies abroad

	Country	Investment as at 12/31/2023 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
Total		41	41

SCOTIABANK CHILE AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

As at December 31, 2023 and 2022

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

	12/31/2023	12/31/2022
	MCh\$	MCh\$
Carrying amount 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	-
Subscription and exchange of shares of Bolsa de Comercio de Santiago	(663)	-
Subscription and exchange of shares of Sociedad de Infraestructuras de Mercado S.A.	(4,139)	-
Subscription of shares Holding Bursátil Chilena S.A.	4,802	-
Sale of investments	-	(3)
Participation on results	5,606	6,086
Adjustment to market value	2,521	37
Other	-	-
Total	34,220	26,093

During the years ended December 31, 2023 and 2022, there have been no movements associated with impairment.

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

Note 15 Intangible assets

a) The detail of intangible assets is as follows:

Intangible Assets	Years of		Average		Gross balance		Accumulated amortization and impairment		Net balance	
	useful life		remaining amortization							
	2023	2022	2023	2022	12/31/2023 MCh\$	12/31/2022 MCh\$	12/31/2023 MCh\$	12/31/2022 MCh\$	12/31/2023 MCh\$	12/31/2022 MCh\$
Goodwill for business combinations	-	-	-	-	-	-	-	-	-	-
Other intangibles arising from business combinations (1)										
Exclusivity agreement	14	15	8	9	138,425	138,425	-	-	138,425	138,425
Accumulated amortizations					-	-	(79,979)	(70,751)	(79,979)	(70,751)
Other independently originated intangible assets										
Software or computer programs purchased independently	8	9	4	5	17,292	17,906	-	-	17,292	17,906
Software or computer programs generated internally	8	9	4	5	282,535	234,392	-	-	282,535	234,392
Accumulated amortizations					-	-	(102,848)	(79,572)	(102,848)	(79,572)
Total intangible assets					438,252	390,723	(182,827)	(150,323)	255,425	240,400

(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 Consolidated Financial Statements

As at December 31, 2023 and 2022

b) Intangible assets are detailed as follows:

	Computer programs	Intangible assets, business combinations	Other	Total
	MCh\$	MCh\$	MCh\$	MCh\$
Gross balance:				
Balance as at January 1, 2022	201,283	138,425	-	339,708
Acquisitions	51,145	-	-	51,145
Impairment	(130)	-	-	(130)
Gross Total	252,298	138,425	-	390,723
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
Total amortization	(79,572)	(70,751)	-	(150,323)
Balance as at December 31, 2022	172,726	67,674	-	240,400
Gross balance:				
Balance as at January 1, 2023	252,298	138,425	-	390,723
Acquisitions	59,733	-	-	59,733
Reclassifications (1)	38	-	-	38
Assets disposal	(11,880)	-	-	(11,880)
Impairment (2)	(362)	-	-	(362)
Other	-	-	-	-
Gross Total	299,827	138,425	-	438,252
Accumulated amortization as at January 1, 2023	(79,572)	(70,751)	-	(150,323)
Amortization for the period	(30,723)	(9,228)	-	(39,951)
Assets disposal	7,349	-	-	7,349
Impairment (2)	98	-	-	98
Other	-	-	-	-
Total amortization	(102,848)	(79,979)	-	(182,827)
Balance as at December 31, 2023	196,979	58,446	-	255,425

(1) Corresponds mainly to amounts with no individual identification at the beginning. Once the purchase or construction is completed, these amounts are transferred to the definitive asset.

(2) As at December 31, 2023, there were impacts recorded associated with impairment of intangible assets, which correspond to discontinued IT projects/developments of the Bank, amounting to MCh\$264.

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

SCOTIABANK CHILE AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
As at December 31, 2023 and 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	
	12/31/2023	12/31/2022	12/31/2023	12/31/2022	12/31/2023	12/31/2022	12/31/2023	12/31/2022	12/31/2023	12/31/2022
	years	years	years	years	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$
Land and constructions	80	80	35	35	68,358	69,131	(20,085)	(18,600)	48,273	50,531
Equipment	6	6	5	4	135,461	124,735	(103,725)	(94,429)	31,736	30,306
Other	6	6	5	4	18,308	23,331	(13,990)	(13,532)	4,318	9,799
Total					222,127	217,197	(137,800)	(126,561)	84,327	90,636

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

	Buildings 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)
Reclassification of accounts (1)	-	6,387	(6,656)	(269)
Impairment	(357)	(3,341)	(1)	(3,699)
Gross Total	69,131	124,735	23,331	217,197
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
Reclassification of accounts (1)	-	(36)	-	(36)
Impairment	-	3,152	1	3,153
Total depreciation	(18,600)	(94,429)	(13,532)	(126,561)
Balance as at December 31, 2022	50,531	30,306	9,799	90,636
Balance as at January 1, 2023	69,131	124,735	23,331	217,197
Purchase of property, plant	-	1,264	7,064	8,328
Asset disposal	(773)	(1,108)	(811)	(2,692)
Reclassification of accounts (1)	-	10,570	(11,276)	(706)
Impairment	-	-	-	-
Gross Total	68,358	135,461	18,308	222,127
Accumulated amortization as at January 1, 2023	(18,600)	(94,429)	(13,532)	(126,561)
Depreciation for the period	(1,613)	(9,970)	(620)	(12,203)
Asset disposal	128	674	162	964
Reclassification of accounts (1)	-	-	-	-
Impairment	-	-	-	-
Total depreciation	(20,085)	(103,725)	(13,990)	(137,800)
Balance as at December 31, 2023	48,273	31,736	4,318	84,327

- (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 Consolidated Statements of Income.

SCOTIABANK CHILE AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
As at December 31, 2023 and 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	
	12/31/2023	12/31/2022	12/31/2023	12/31/2022	12/31/2023	12/31/2022
	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$
Building and land	189,843	194,760	(48,726)	(41,616)	141,117	153,144
Leased property improvements	41,055	41,961	(22,603)	(21,023)	18,452	20,938
Total	230,898	236,721	(71,329)	(62,639)	159,569	174,082

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

	Buildings and land	Leased property improvements	Total
	MCh\$	MCh\$	MCh\$
Gross balance:			
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)
Gross Total	194,760	41,961	236,721
 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
Total depreciation	(41,616)	(21,023)	(62,639)
Balance as at December 31, 2022	153,144	20,938	174,082
 Balance as at January 1, 2023	194,760	41,961	236,721
Adjustment due to liability remeasurement	6,943	-	6,943
Additions	1,186	4	1,190
Increase due to contract modification	1,674	-	1,674
Decrease due to contract modification	(2,500)	-	(2,500)
Contract modification - subsidiaries	-	668	668
Reclassifications (1)	(767)	-	(767)
Withdrawals / Derecognition	(11,453)	(1,578)	(13,031)
Gross Total	189,843	41,055	230,898
 Accumulated amortization as at January 1, 2023	(41,616)	(21,023)	(62,639)
Impairment	-	-	-
Depreciation for the period	(12,342)	(2,418)	(14,760)
Decrease due to contract modification	714	-	714
Withdrawals / derecognition	4,518	838	5,356
Total depreciation	(48,726)	(22,603)	(71,329)
Balance as at December 31, 2023	141,117	18,452	159,569

(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 Consolidated Financial Statements

As at December 31, 2023 and 2022

Debits for depreciation of right-of-use assets are included under "Depreciation and amortization" in the 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 December 31, 2023 and 2022, the Bank has no expenses related to leases of low value. Expenses related to short-term leases amount to MCh\$5,064 as at December 31, 2023 (MCh\$4,809 as at December 31, 2022) and are included in "Administrative expenses" in the Consolidated Statements of Income.

Income received from the sub-lease on right-of-use assets amount to MCh\$505 as at December 31, 2023 (MCh\$1,080 as at December 31, 2022), which are recorded in "Other Operating Income" in the Consolidated Statements of Income.

As at December 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	
	12/31/2023 MCh\$	12/31/2022 MCh\$
Balances as at January 1	160,376	163,775
Lease liabilities generated	1,186	140
Modification of contract	(112)	261
Modification of contract- subsidiaries	(767)	-
Interest expense	4,396	4,289
Capital payments (*)	(11,026)	(10,377)
Interest payments (*)	(4,396)	(4,289)
Contract adjustments	6,943	19,365
Payments due to cancellation /termination of leases	(7,292)	(12,788)
Total	149,308	160,376
(*) Total Payments associated with lease liabilities in the period	(15,422)	(14,666)

SCOTIABANK CHILE AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

As at December 31, 2023 and 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 December 31, 2023	1,225	2,453	11,035	57,429	113,536	185,678
As at December 31, 2022	1,273	2,549	11,473	60,024	124,961	200,280

Note 18 Taxes
a) Current taxes

	12/31/2023	12/31/2022
	MCh\$	MCh\$
Assets:		
Income tax, 27% tax rate	(12,784)	(24,017)
One-off tax under Article 21, 40% tax rate	-	(22)
Less:		
Monthly tax provisional payments	14,912	61,439
Credit for training expenses	285	742
Credit 104 Income Tax Law	-	949
Previous year recoverable tax	-	14,402
Other	-	(15)
Total current tax asset	2,413	53,478
Liabilities:		
Income tax, 27% tax rate	(132,062)	(8,882)
One-off tax under Article 21, 40% tax rate	(33)	-
Previous year income tax	-	-
Less:		
Monthly tax provisional payments	49,742	7,096
Credit for training expenses	546	62
Previous year recoverable tax	18,713	-
Credit 104 LIR	9	-
Other	(137)	-
Total current tax liability	(63,222)	(1,724)

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

b) Tax benefit (expense)

The effect of tax expense is composed of the following:

	12/31/2023 MCh\$	12/31/2022 MCh\$
Income tax expenses:		
Current year tax	(119,349)	(15,252)
Excess (deficit) allowance previous year	3,243	54,534
Previous years tax	-	-
Credit (charge) due to deferred taxes:		
Origination and reversal of temporary differences current year	41,961	(4,418)
Origination and reversal of temporary differences prior year	(434)	(56,303)
Subtotal	(74,579)	(21,439)
Tax for rejected expenses Article N°21	(33)	(22)
Other	-	-
Net charge to Income due to income tax	(74,612)	(21,461)

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

c) Effect of taxes recorded in equity

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

	12/31/2023 MCh\$	12/31/2022 MCh\$
Deferred taxes:		
Financial investments at fair value with changes in other comprehensive income	(11,981)	(6,441)
Employee defined benefit plans	17	9
Effects of first application Accounting Standards	-	(3,603)
Compendium for banks	-	-
Subtotal deferred taxes	(11,964)	(10,035)
Current taxes:		
Derivatives in cash flow hedges	(26,030)	(17,672)
Subtotal current taxes	(26,030)	(17,672)
Total (charge) credit in equity	(37,994)	(27,707)

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

d) Deferred tax assets and liabilities

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

Concept	12/31/2023 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	6,555	6,263
Deferred tax assets associated with defined benefit pension plans	495	470
Deferred tax assets associated with deductible temporary differences		
Loans provisions	221,485	199,601
Financial penalties of loans that are tax assets	-	-
Income from interest and adjustments with accrual suspended for loans in impaired portfolio	16,764	13,096
Provisions for employee benefit obligations	9,771	8,126
Leasing operations	13,098	4,949
Tax-financial differences of property and equipment	11,597	10,995
MTM Financial instruments for trading and other investments	23,611	29,348
Sundry provisions	5,062	4,917
Other	16,518	4,947
Deferred tax assets not associated with deductible temporary differences		
Unused Bank Tax Losses	-	-
Unused tax losses of subsidiaries	3,854	4,366
Unused tax credits	-	-
Deferred taxes with changes in equity	31,848	43,829
Other	-	-
Total deferred tax assets	360,658	330,907
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	(795)	(573)
Leasing operations	-	-
Changes in the fair value of financial assets at fair value through 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)	-	-
Total deferred tax liabilities	(795)	(573)

SCOTIABANK CHILE AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

As at December 31, 2023 and 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.

	Tax rate %	12/31/2023 MCh\$
Income before corporate income tax	27.00%	132,618
Permanent differences		
Price-level restatement on tax equity	(11.59%)	(56,941)
Other permanent differences	0.07%	329
Taxes not recognized on profit or loss in previous years		
Prior year effect	(0.58%)	(2,870)
Other	0.29%	1,443
Effective rate and current year income tax proceeds	15.19%	74,579
One-off tax under Article No. 21	0.01%	33
Total income tax expense	15.20%	74,612

	Tax rate %	12/31/2022 MCh\$
Income before corporate income tax	27.00%	144,860
Permanent differences		
Price-level restatement on tax equity	(26.62%)	(142,795)
Other permanent differences	1.19%	6,383
Taxes not recognized on profit or loss in previous years	0.00%	-
Prior year effect	0.34%	1,798
Effective rate and current year income tax proceeds	4.00%	21,439
One-off tax under Article No. 21	0.01%	22
Total income tax expense	4.01%	21,461

SCOTIABANK CHILE AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
As at December 31, 2023 and 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 Consolidated Financial Statements.

Loans and accounts receivable from customers as at 12/31/2023

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	14,383,938	14,599,470	81,659	56,707
Consumer loans	2,296,878	2,443,503	-	18,505
Mortgage loans	13,856,640	14,211,891	6,823	21
Total	30,537,456	31,254,864	88,482	75,233

Allowances on overdue portfolio as at 12/31/2023

Type of loan	Balance as at December 31, 2022	Write-offs against allowances	Allowances constituted	Released allowances	Balance as at December 31, 2023
	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$
Commercial loans	32,988	(25,504)	83,829	(34,606)	56,707
Consumer loans	13,708	(44,905)	68,646	(18,944)	18,505
Mortgage loans	55	(46)	17	(5)	21
Total	46,751	(70,455)	152,492	(53,555)	75,233

Direct write-offs and recoveries as at 12/31/2023

	MCh\$
Direct write-offs as per Art. 31 No. 4 second sub-paragraph	14,203
Debt forgiveness which resulted in the release of allowances	-
Recoveries or renegotiation of loans written-off	49,851

Application of Art. 31 No. 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	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
Total	31,700,102	32,468,396	18,044	46,751

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
Total	29,865	(36,338)	75,286	(22,062)	46,751

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

	MCh\$
Direct write-offs as 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 No. 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 Consolidated Financial Statements
As at December 31, 2023 and 2022

Note 19 Other assets

Other assets are detailed as follows:

	12/31/2023	12/31/2022
	MCh\$	MCh\$
Assets to assign in financial leasing as lessor	2,091	6,653
Cash guarantees delivered for derivative financial operations	532,582	598,920
Accounts receivable from third parties	126,575	98,439
VAT tax credit receivable	9,393	11,207
Prepaid expenses	5,688	8,078
Income asset from usual activities from contracts with customers	482	1,962
Other cash collateral provided	5,990	7,720
Outstanding operations	7,509	1,892
Other assets	18,221	21,501
Total other assets	708,531	756,372

SCOTIABANK CHILE AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

As at December 31, 2023 and 2022

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	12/31/2023 MCh\$	12/31/2022 MCh\$
Assets received in payment or adjudicated in judicial auction		
Goods received in payment (*)	264	381
Assets adjudicated in judicial auction	16,222	12,272
Provisions for goods received in payment or adjudicated in judicial auction	(19)	(18)
Subtotal	16,467	12,635
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	1,238	511
Other assets	-	-
Subtotal	3,267	2,540
Disposal groups for sale	-	-
Total non-current assets and disposal groups for sale	19,734	15,175

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

(*) 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 0.0057% (0.0092% as at December 31, 2022) of the Bank's effective equity.

SCOTIABANK CHILE AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

As at December 31, 2023 and 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\$
Assets			
Balance as at January 1, 2022	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)
Balance as at December 31, 2022	12,653	2,540	15,193
Provisions			
Balance as at January 1, 2022	(5)	-	(5)
Provisions constituted	(151)	-	(151)
Release on provisions	153	-	153
Sales / disposals	(15)	-	(15)
Balance as at December 31, 2022	(18)	-	(18)
Net balances as at December 31, 2022	12,635	2,540	15,175
Assets			
Balance as at January 1, 2023	12,653	2,540	15,193
Reposessed assets	21,741	3,379	25,120
Write-offs on goods	(2,622)	(431)	(3,053)
Alienation	(717)	(1,106)	(1,823)
Regularizations	81	23	104
(Constitution)/release	-	(1,138)	(1,138)
Sales / disposals	(14,650)	-	(14,650)
Balance as at December 31, 2023	16,486	3,267	19,753
Provisions			
Balance as at January 1, 2023	(18)	-	(18)
Provisions constituted	(893)	-	(893)
Release on provisions	912	-	912
Sales / disposals	-	-	-
Transfers, other movements and exchange differences	(20)	-	(20)
Balance as at December 31, 2023	(19)	-	(19)
Net balances as at December 31, 2023	16,467	3,267	19,734

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

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

The detail of this line item is as follows:

	12/31/2023	12/31/2022
	MCh\$	MCh\$
Derivative instruments		
Forwards	837,758	1,597,384
Swaps	3,768,639	4,615,628
Call options	310	-
Put options	43	-
Other financial instruments	-	-
Total	4,606,750	6,213,012

Financial derivative contracts are detailed as follows:

As at December 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\$
Forward								
Future arbitration	-	469,274	684,558	498,664	229,805	17,530	-	26,685
Paper Forward	-	-	-	-	-	-	-	-
Exchange insurance	-	12,664,619	7,165,032	6,463,092	1,719,169	508,657	832,142	474,309
Inflation insurance	-	1,215,589	1,660,201	3,254,867	3,298,199	1,440,015	3,972,265	336,764
Subtotal forward	-	14,349,482	9,509,791	10,216,623	5,247,173	1,966,202	4,804,407	837,758
Options								
Call option	-	1,122	8,800	9,922	-	-	-	310
Put option	-	1,098	-	-	-	-	-	43
Subtotal options	-	2,220	8,800	9,922	-	-	-	353
Swap								
Cross currency swap	-	1,120,657	2,098,402	6,479,584	14,643,182	8,215,231	13,510,074	2,490,939
Rate swap	-	4,782,210	10,090,550	32,661,452	21,343,124	11,915,337	17,034,500	1,277,700
Subtotal swap	-	5,902,867	12,188,952	39,141,036	35,986,306	20,130,568	30,544,574	3,768,639
Total	-	20,254,569	21,707,543	49,367,581	41,233,479	22,096,770	35,348,981	4,606,750

(1) The maturity amounts 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\$
Forward								
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
Subtotal forward	-	9,526,370	11,284,807	13,101,850	6,531,576	2,120,161	4,988,955	1,597,384
Options								
Call option	-	-	-	-	-	-	-	-
Put option	-	-	-	-	-	-	-	-
Subtotal options	-	-	-	-	-	-	-	-
Swap								
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
Subtotal swap	-	5,915,699	15,010,888	29,795,808	35,321,379	24,806,561	34,083,747	4,615,628
Total	-	15,442,069	26,295,695	42,897,658	41,852,955	26,926,722	39,072,702	6,213,012

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

SCOTIABANK CHILE AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

As at December 31, 2023 and 2022

Note 22 Financial liabilities at amortized cost

The detail of this line item is as follows:

	12/31/2023 MCh\$	12/31/2022 MCh\$
Deposits and other on-demand liabilities	4,850,696	5,076,459
Term and on-demand deposits	13,181,368	13,972,388
Liabilities under repurchase agreements and securities lending	163,647	205,943
Bank borrowings	5,368,647	5,342,212
Debt financial instruments issued	8,186,492	7,707,165
Other financial liabilities	156,392	120,225
Total	31,907,242	32,424,392

a) Deposits and other on demand liabilities

	12/31/2023 MCh\$	12/31/2022 MCh\$
Checking accounts	3,872,151	3,965,561
Demand deposit accounts	299,920	379,377
Other on-demand deposits	149,927	133,033
Other on-demand obligations		
Obligations for other credits granted to be completed to other banks and/or the beneficiary of the loan	5,319	190
Guarantee bills payable at sight	48,181	45,704
Collections performed to be completed	87,836	70,180
Pending payment orders	13,174	75,328
Payments received on account of loans to be settled	2,775	3,308
mmobilized balances article 156 General Banking Law	19,648	21,389
Overdue time deposits	8,284	2,908
Various mortgage creditors	95,760	145,396
Granting of loans Law No. 20027	130	37
Payments to apply	68,000	143
Other sight obligations	179,591	233,905
Total	4,850,696	5,076,459

b) Term and other on-demand deposits

	12/31/2023 MCh\$	12/31/2022 MCh\$
Term deposits	13,080,930	13,866,230
Term saving accounts	100,438	106,158
Other	-	-
Total	13,181,368	13,972,388

SCOTIABANK CHILE AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

As at December 31, 2023 and 2022

c) Liabilities under repurchase agreements and securities lending

	12/31/2023 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	163,647	203,337
Securities lending obligations	-	2,606
Operations with other entities abroad	-	-
Total	163,647	205,943

As at December 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\$	MCh\$
Operations with banks								
Repurchase agreements - Banco Central de Chile	-	-	-	-	-	-	-	-
Operations with banks abroad	-	-	-	-	-	-	-	-
Operations with other domestic entities								
Repurchase agreements	52,515	107,601	3,531	-	-	-	-	163,647
Securities lending obligations	-	-	-	-	-	-	-	-
Operations with other entities abroad	-	-	-	-	-	-	-	-
Total	52,515	107,601	3,531	-	-	-	-	163,647

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\$	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	-	-	-	-	-	-	-	-
Total	-	205,943	-	-	-	-	-	205,943

SCOTIABANK CHILE AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

As at December 31, 2023 and 2022

d) Bank borrowings

	12/31/2023 MCh\$	12/31/2022 MCh\$
Local Banks		
Foreign trade financing	-	-
Borrowings and other obligations	-	-
Banks abroad		
Foreign trade financing	1,386,023	1,434,397
Borrowings and other obligations	952,598	877,789
Banco Central de Chile		
Borrowings and other obligations	3,030,026	3,030,026
Total	5,368,647	5,342,212

The detail of bank borrowings is as follows:

	12/31/2023 MCh\$	12/31/2022 MCh\$
Local Banks	-	-
Banks abroad		
Scotiabank (Bahamas) Ltd	793,564	783,114
Export Development Canada	666,457	555,649
Bank of America, N.A.	201,667	187,322
Caixa D'Estalvis	145,571	64,516
Hong Kong and Shanghai Banking	143,667	-
Zuercher Kantonalbank	79,535	8,562
Corporación Andina de Fomento	62,531	42,959
Citibank N.A.	61,626	68,837
Sumimoto Mitsui Banking	60,262	-
Lloyds TSB Bank PLC	44,170	-
Wells Fargo Bank	44,104	171,018
Standard Chartered Bank	8,115	107,292
The Bank Chase Manhattan	-	64,582
Barclays Bank PLC	-	42,977
The Bank of Montreal	-	42,571
Toronto-Dominion Bank	-	86,302
The Bank of New York	-	43,059
Other	27,352	43,426
Banco Central de Chile	3,030,026	3,030,026
Total	5,368,647	5,342,212

SCOTIABANK CHILE AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

As at December 31, 2023 and 2022

e) Debt financial instruments issued

	12/31/2023 MCh\$	12/31/2022 MCh\$
Letter of credit (1)	88,293	100,235
Current bonds (2)	8,098,199	7,606,930
Total	8,186,492	7,707,165

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

Period between January 1 and December 31, 2023:

Series	Amount	Placement date	Annual issuance	Issuance term (years)	Issuance annual rate	Currency	Issue date	Maturity date
BB	150,000	02-15-2023	5,000,000	10	0.40	UF	09-09-2020	09-09-2030
BF	5,000,000,000	01-10-2023	100,000,000,000	4	2.50	\$	12-01-2020	12-01-2024
BF	33,000,000,000	07-12-2023	100,000,000,000	4	2.50	\$	12-01-2020	12-01-2024
BA	300,000	01-13-2023	5,000,000	9	0.40	UF	12-09-2020	12-09-2029
BA	500,000	02-24-2023	5,000,000	9	0.40	UF	12-09-2020	12-09-2029
BA	500,000	02-28-2023	5,000,000	9	0.40	UF	12-09-2020	12-09-2029
BA	1,000,000	06-12-2023	5,000,000	9	0.40	UF	12-09-2020	12-09-2029
BA	60,000	06-14-2023	5,000,000	9	0.40	UF	12-09-2020	12-09-2029
BA	240,000	07-12-2023	5,000,000	9	0.40	UF	12-09-2020	12-09-2029
BG	700,000	01-16-2023	4,000,000	7	3.00	UF	03-09-2021	03-09-2028
BI	200,000	01-16-2023	4,000,000	9	3.00	UF	03-09-2021	03-09-2030
BG	330,000	02-15-2023	4,000,000	7	3.00	UF	03-09-2021	03-09-2028
BH	900,000	03-07-2023	4,000,000	8	3.00	UF	03-09-2021	03-09-2029
BI	100,000	03-13-2023	4,000,000	9	3.00	UF	03-09-2021	03-09-2030
BH	750,000	05-30-2023	4,000,000	8	3.00	UF	03-09-2021	03-09-2029
BH	35,000	09-04-2023	4,000,000	8	3.00	UF	03-09-2021	03-09-2029
BL	520,000	02-08-2023	3,000,000	9	2.70	UF	08-01-2022	08-01-2031
BQ	300,000	02-15-2023	3,000,000	5	2.50	UF	08-01-2022	08-01-2027
BQ	390,000	04-18-2023	3,000,000	5	2.50	UF	08-01-2022	08-01-2027
BQ	350,000	04-21-2023	3,000,000	5	2.50	UF	08-01-2022	08-01-2027
BQ	325,000	05-05-2023	3,000,000	5	2.50	UF	08-01-2022	08-01-2027
BQ	250,000	05-08-2023	3,000,000	5	2.50	UF	08-01-2022	08-01-2027
BR	10,000,000,000	05-11-2023	100,000,000,000	5	8.10	\$	08-01-2022	08-01-2027
BR	14,000,000,000	05-16-2023	100,000,000,000	5	8.10	\$	08-01-2022	08-01-2027
BQ	200,000	06-09-2023	3,000,000	5	2.50	UF	08-01-2022	08-01-2027
BL	30,000	06-14-2023	3,000,000	9	2.70	UF	08-01-2022	08-01-2031
BL	250,000	06-15-2023	3,000,000	9	2.70	UF	08-01-2022	08-01-2031
BM	925,000	06-29-2023	3,000,000	8	2.70	UF	08-01-2022	08-01-2030
BM	520,000	07-04-2023	3,000,000	8	2.70	UF	08-01-2022	08-01-2030
BL	50,000	07-12-2023	3,000,000	9	2.70	UF	08-01-2022	08-01-2031
BM	230,000	08-07-2023	3,000,000	8	2.70	UF	08-01-2022	08-01-2030
BL	220,000	08-24-2023	3,000,000	9	2.70	UF	08-01-2022	08-01-2031
BM	250,000	11-23-2023	3,000,000	8	2.70	UF	08-01-2022	08-01-2030
BM	100,000	12-12-2023	3,000,000	8	2.70	UF	08-01-2022	08-01-2030
BT	2,000,000	03-15-2023	3,000,000	8	2.50	UF	02-01-2023	02-01-2031
BS	100,000,000,000	03-16-2023	100,000,000,000	7	6.10	\$	02-01-2023	02-01-2030
BX	300,000	06-06-2023	3,000,000	13	2.50	UF	02-01-2023	02-01-2036
BW	3,000,000	06-09-2023	3,000,000	12	2.50	UF	02-01-2023	02-01-2035
BT	370,000	06-14-2023	3,000,000	8	2.50	UF	02-01-2023	02-01-2031
BX	150,000	06-15-2023	3,000,000	13	2.50	UF	02-01-2023	02-01-2036
BV	3,000,000	07-13-2023	3,000,000	11	2.50	UF	02-01-2023	02-01-2034
BT	500,000	07-17-2023	3,000,000	8	2.50	UF	02-01-2023	02-01-2031

SCOTIABANK CHILE AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

As at December 31, 2023 and 2022

Period between January 1 and December 31, 2023, continued:

Series	Amount	Placement date	Annual issuance	Issuance term (years)	Issuance annual rate	Currency	Issue date	Maturity date
BX	300,000	08-04-2023	3,000,000	13	2.50	UF	02-01-2023	02-01-2036
BT	130,000	08-23-2023	3,000,000	8	2.50	UF	02-01-2023	02-01-2031
BX	300,000	08-24-2023	3,000,000	13	2.50	UF	02-01-2023	02-01-2036
BX	100,000	09-22-2023	3,000,000	13	2.50	UF	02-01-2023	02-01-2036
BX	50,000	12-28-2023	3,000,000	13	2.50	UF	02-01-2023	02-01-2036
11	5,000,000,000	02-16-2023	5,000,000,000	4	0.90	JPY	03-02-2023	03-02-2027
BH	170,000	10-13-2023	4,000,000	6	3.00	UF	03-09-2023	03-09-2029
BZ	19,000,000,000	06-05-2023	100,000,000,000	6	6.40	\$	04-01-2023	04-01-2029
BZ	3,000,000,000	06-09-2023	100,000,000,000	6	6.40	\$	04-01-2023	04-01-2029
BZ	19,000,000,000	06-13-2023	100,000,000,000	6	6.40	\$	04-01-2023	04-01-2029
BZ	10,000,000,000	06-20-2023	100,000,000,000	6	6.40	\$	04-01-2023	04-01-2029
BZ	40,000,000,000	06-22-2023	100,000,000,000	6	6.40	\$	04-01-2023	04-01-2029
BZ	7,000,000,000	06-23-2023	100,000,000,000	6	6.40	\$	04-01-2023	04-01-2029
BY	9,000,000,000	07-03-2023	100,000,000,000	4	6.40	\$	04-01-2023	04-01-2027
CB	320,000	07-05-2023	3,000,000	8	2.90	UF	04-01-2023	04-01-2031
BY	2,000,000,000	07-12-2023	100,000,000,000	4	6.40	\$	04-01-2023	04-01-2027
BZ	2,000,000,000	07-12-2023	100,000,000,000	6	6.40	\$	04-01-2023	04-01-2029
CB	100,000	08-18-2023	3,000,000	8	2.90	UF	04-01-2023	04-01-2031
BY	5,000,000,000	08-29-2023	100,000,000,000	4	6.40	\$	04-01-2023	04-01-2027
CA	695,000	09-04-2023	3,000,000	5	2.90	UF	04-01-2023	04-01-2028
CB	200,000	11-15-2023	3,000,000	8	2.90	UF	04-01-2023	04-01-2031
CB	135,000	11-21-2023	3,000,000	8	2.90	UF	04-01-2023	04-01-2031
CA	665,000	12-12-2023	3,000,000	5	2.90	UF	04-01-2023	04-01-2028
BY	9,000,000,000	12-18-2023	100,000,000,000	4	6.40	\$	04-01-2023	04-01-2027
BY	11,000,000,000	12-21-2023	100,000,000,000	4	6.40	\$	04-01-2023	04-01-2027
BY	7,000,000,000	12-27-2023	100,000,000,000	4	6.40	\$	04-01-2023	04-01-2027
12	100,000,000	05-02-2023	100,000,000	2	2.78	CHF	05-23-2023	05-23-2025
13	13,000,000	05-12-2023	13,000,000	2	5.09	USD	05-23-2023	05-23-2025
14	2,000,000,000	06-01-2023	2,000,000,000	1	0.70	JPY	06-12-2023	12-12-2024
AB	10,500,000,000	11-24-2023	100,000,000,000	6	6.20	\$	06-30-2023	06-30-2029
AC	15,000,000,000	12-04-2023	100,000,000,000	7	6.20	\$	06-30-2023	06-30-2030
AA	6,000,000,000	12-20-2023	100,000,000,000	5	6.20	\$	06-30-2023	06-30-2028
AC	2,000,000,000	12-20-2023	100,000,000,000	7	6.20	\$	06-30-2023	06-30-2030
AC	5,000,000,000	12-27-2023	100,000,000,000	7	6.20	\$	06-30-2023	06-30-2030
AB	7,000,000,000	12-28-2023	100,000,000,000	6	6.20	\$	06-30-2023	06-30-2029
15	5,000,000,000	06-27-2023	5,000,000,000	2	0.75	JPY	07-11-2023	07-11-2025
16	20,000,000	11-30-2023	20,000,000	2	5.50	USD	12-12-2023	12-12-2025

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
AQ	1,000,000	07-11-2022	4,000,000	23	3.50	UF	11-01-2019	11-01-2042
AQ	200,000	07-15-2022	4,000,000	23	3.50	UF	11-01-2019	11-01-2042
AQ	350,000	07-15-2022	4,000,000	23	3.50	UF	11-01-2019	11-01-2042
AQ	550,000	07-15-2022	4,000,000	23	3.50	UF	11-01-2019	11-01-2042
AQ	1,900,000	07-15-2022	4,000,000	23	3.50	UF	11-01-2019	11-01-2042
AS	330,000	03-21-2022	5,000,000	5.5	1.05	UF	04-09-2020	10-09-2025
AS	300,000	04-22-2022	5,000,000	5.5	1.05	UF	04-09-2020	10-09-2025
AS	150,000	04-26-2022	5,000,000	5.5	1.05	UF	04-09-2020	10-09-2025
AS	70,000	05-12-2022	5,000,000	5.5	1.05	UF	04-09-2020	10-09-2025
AV	765,000	01-28-2022	4,000,000	7.5	1.30	UF	06-09-2020	12-09-2027
AU	673,000	02-01-2022	4,000,000	6	1.20	UF	06-09-2020	06-09-2026
AV	220,000	02-16-2022	4,000,000	7.5	1.30	UF	06-09-2020	12-09-2027
AU	100,000	02-17-2022	4,000,000	6	1.20	UF	06-09-2020	06-09-2026
AU	150,000	02-21-2022	4,000,000	6	1.20	UF	06-09-2020	06-09-2026
AU	200,000	02-23-2022	4,000,000	6	1.20	UF	06-09-2020	06-09-2026
AU	420,000	03-01-2022	4,000,000	6	1.20	UF	06-09-2020	06-09-2026
AU	620,000	03-09-2022	4,000,000	6	1.20	UF	06-09-2020	06-09-2026
AU	200,000	03-10-2022	4,000,000	6	1.20	UF	06-09-2020	06-09-2026

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

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

Series	Amount	Placement date	Annual issuance	Issuance term (years)	Issuance annual rate	Currency	Issue date	Maturity date
AV	200,000	03-10-2022	4,000,000	7.5	1.30	UF	06-09-2020	12-09-2027
AU	100,000	03-14-2022	4,000,000	6	1.20	UF	06-09-2020	06-09-2026
AU	100,000	03-18-2022	4,000,000	6	1.20	UF	06-09-2020	06-09-2026
AV	230,000	03-22-2022	4,000,000	7.5	1.30	UF	06-09-2020	12-09-2027
AU	1,257,000	03-25-2022	4,000,000	6	1.20	UF	06-09-2020	06-09-2026
AV	400,000	03-25-2022	4,000,000	7.5	1.30	UF	06-09-2020	12-09-2027
AV	100,000	05-05-2022	4,000,000	7.5	1.30	UF	06-09-2020	12-09-2027
AV	50,000	05-12-2022	4,000,000	7.5	1.30	UF	06-09-2020	12-09-2027
AV	50,000	05-13-2022	4,000,000	7.5	1.30	UF	06-09-2020	12-09-2027
AV	100,000	05-16-2022	4,000,000	7.5	1.30	UF	06-09-2020	12-09-2027
AV	170,000	06-30-2022	4,000,000	7.5	1.30	UF	06-09-2020	12-09-2027
AV	315,000	07-01-2022	4,000,000	7.5	1.30	UF	06-09-2020	12-09-2027
AW	2,000,000	03-24-2022	4,000,000	9	1.40	UF	07-09-2020	07-09-2029
BE	2,000,000	02-25-2022	5,000,000	13	0.60	UF	09-09-2020	09-09-2033
BD	2,000,000	04-07-2022	5,000,000	12	0.60	UF	09-09-2020	09-09-2032
BB	2,000,000	06-01-2022	5,000,000	10	0.40	UF	09-09-2020	09-09-2030
BE	1,000,000	06-08-2022	5,000,000	13	0.60	UF	09-09-2020	09-09-2033
BB	600,000	06-15-2022	5,000,000	10	0.40	UF	09-09-2020	09-09-2030
BB	50,000	06-16-2022	5,000,000	10	0.40	UF	09-09-2020	09-09-2030
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
BB	200,000	09-27-2022	5,000,000	10	0.40	UF	09-09-2020	09-09-2030
BD	400,000	10-14-2022	5,000,000	12	0.60	UF	09-09-2020	09-09-2032
BD	300,000	11-09-2022	5,000,000	12	0.60	UF	09-09-2020	09-09-2032
BD	150,000	11-17-2022	5,000,000	12	0.60	UF	09-09-2020	09-09-2032
BB	50,000	12-01-2022	5,000,000	10	0.40	UF	09-09-2020	09-09-2030
BB	150,000	12-01-2022	5,000,000	10	0.40	UF	09-09-2020	09-09-2030
BD	150,000	12-01-2022	5,000,000	12	0.60	UF	09-09-2020	09-09-2032
BB	1,700,000	12-07-2022	5,000,000	10	0.40	UF	09-09-2020	09-09-2030
BB	100,000	12-13-2022	5,000,000	10	0.40	UF	09-09-2020	09-09-2030
BF	6,000,000,000	09-09-2022	100,000,000,000	4	2.50	\$	12-01-2020	12-01-2024
BF	15,500,000,000	09-09-2022	100,000,000,000	4	2.50	\$	12-01-2020	12-01-2024
BF	7,000,000,000	09-13-2022	100,000,000,000	4	2.50	\$	12-01-2020	12-01-2024
BF	14,000,000,000	09-14-2022	100,000,000,000	4	2.50	\$	12-01-2020	12-01-2024
BF	1,000,000,000	09-14-2022	100,000,000,000	4	2.50	\$	12-01-2020	12-01-2024
BF	5,000,000,000	10-26-2022	100,000,000,000	4	2.50	\$	12-01-2020	12-01-2024
BF	8,000,000,000	11-14-2022	100,000,000,000	4	2.50	\$	12-01-2020	12-01-2024
BF	5,500,000,000	12-02-2022	100,000,000,000	4	2.50	\$	12-01-2020	12-01-2024
BA	2,000,000	08-31-2022	5,000,000	9	0.40	UF	12-09-2020	12-09-2029
BA	150,000	09-22-2022	5,000,000	9	0.40	UF	12-09-2020	12-09-2029
BA	200,000	09-27-2022	5,000,000	9	0.40	UF	12-09-2020	12-09-2029
BA	100,000	10-12-2022	5,000,000	9	0.40	UF	12-09-2020	12-09-2029
BA	350,000	11-23-2022	5,000,000	9	0.40	UF	12-09-2020	12-09-2029
BA	50,000	11-23-2022	5,000,000	9	0.40	UF	12-09-2020	12-09-2029
BA	400,000	12-12-2022	5,000,000	9	0.40	UF	12-09-2020	12-09-2029
BA	50,000	12-12-2022	5,000,000	9	0.40	UF	12-09-2020	12-09-2029
BJ	4,000,000	05-16-2022	4,000,000	12	3.00	UF	03-03-2021	03-03-2033
BG	400,000	07-22-2022	4,000,000	7	3.00	UF	03-09-2021	03-09-2028
BG	1,790,000	08-09-2022	4,000,000	7	3.00	UF	03-09-2021	03-09-2028
BG	430,000	11-23-2022	4,000,000	7	3.00	UF	03-09-2021	03-09-2028
BG	100,000	11-24-2022	4,000,000	7	3.00	UF	03-09-2021	03-09-2028
BG	50,000	11-24-2022	4,000,000	7	3.00	UF	03-09-2021	03-09-2028
BI	100,000	12-14-2022	4,000,000	9	3.00	UF	03-09-2021	03-09-2030
BI	500,000	12-14-2022	4,000,000	9	3.00	UF	03-09-2021	03-09-2030
BG	200,000	12-28-2022	4,000,000	7	3.00	UF	03-09-2021	03-09-2028
9	30,000,000	01-12-2022	30,000,000	10	3.40	AUD	01-27-2022	01-27-2032
10	3,000,000,000	02-24-2022	3,000,000,000	5	0.52	JPY	03-24-2022	03-24-2027
BK	3,000,000	12-21-2022	3,000,000	12	2.70	UF	08-01-2022	08-01-2034
BQ	200,000	12-28-2022	3,000,000	5	2.50	UF	08-01-2022	08-01-2027

SCOTIABANK CHILE AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

As at December 31, 2023 and 2022

f) Other financial liabilities

	12/31/2023 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	401	622
Due to operators for debit and credit card operation service	123,266	100,115
Obligations in favor of Chilean exporters	12,518	3,363
Other financial obligations abroad		
Obligations in favor of foreign exporters	20,207	16,125
Total	156,392	120,225

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

	12/31/2023 MCh\$	12/31/2022 MCh\$
Subordinated bonds	1,201,214	987,943
Bonds with no fixed term of maturity	-	-
Preferred shares	-	-
Total	1,201,214	987,943

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

	12/31/2023 MCh\$	12/31/2022 MCh\$
Balance at beginning of period	987,943	756,367
New issues performed (subordinated bonds, bonds with no fixed maturity term, preferred shares)	138,504	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)	(91,356)	(41,768)
Principal payment to the holder (subordinated bonds)	(25,078)	(15,519)
Accrued interest (subordinated bonds)	133,131	48,432
Adjustments accrued by the UF and/or the exchange rate (subordinated bonds, bonds with no fixed maturity term)	58,070	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	-	-
Balance at the end of the period	1,201,214	987,943

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

c) The detail of subordinated bonds is as follows:

Periods ended as at December 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\$
UDESE10999	30,000	25	6.00	UF	09-29-1999	03-01-2024	2,938	108
UDESE10999	270,000	25	6.00	UF	09-29-1999	03-01-2024	26,470	974
UDESE10999	10,000	25	6.00	UF	10-21-1999	03-01-2024	980	36
UDESE10999	30,000	25	6.00	UF	11-04-1999	03-01-2024	2,941	108
UDESE10999	20,000	25	6.00	UF	11-08-1999	03-01-2024	1,958	72
UDESE20999	70,000	26	6.25	UF	08-16-2000	09-01-2025	13,956	513
UDESE30999	200,000	28	6.50	UF	06-05-2002	09-01-2027	74,462	2,739
UBBV-A1203	20,000	24	6.00	UF	04-01-2004	12-01-2027	5,853	215
UBBV-A1203	40,000	24	6.00	UF	04-01-2004	12-01-2027	11,726	431
UBBV-A1203	50,000	24	6.00	UF	04-01-2004	12-01-2027	14,660	539
UBBV-A1203	50,000	24	6.00	UF	04-01-2004	12-01-2027	14,654	539
UBBV-A1203	50,000	24	6.00	UF	04-01-2004	12-01-2027	14,603	537
UBBV-A1203	60,000	24	6.00	UF	04-01-2004	12-01-2027	17,582	647
UBBV-A1203	100,000	24	6.00	UF	04-01-2004	12-01-2027	29,292	1,078
UBBV-A1203	150,000	24	6.00	UF	04-01-2004	12-01-2027	43,955	1,617
UBBV-A1203	150,000	24	6.00	UF	04-01-2004	12-01-2027	43,801	1,611
UBBV-A1203	150,000	24	6.00	UF	04-01-2004	12-01-2027	43,852	1,613
UBBV-A1203	180,000	24	6.00	UF	04-01-2004	12-01-2027	52,572	1,934
UBBV-A1203	200,000	24	6.00	UF	04-01-2004	12-01-2027	58,459	2,151
UBBV-A1203	250,000	24	6.00	UF	04-01-2004	12-01-2027	73,158	2,691
UBBV-A1203	500,000	24	6.00	UF	04-01-2004	12-01-2027	145,892	5,367
UBBV-A1203	1,250,000	24	6.00	UF	04-01-2004	12-01-2027	364,588	13,413
UBBV-A1203	1,300,000	24	6.00	UF	04-01-2004	12-01-2027	374,527	13,779
UBBV-A1203	1,500,000	24	6.00	UF	04-01-2004	12-01-2027	437,929	16,111
UDES-F	500,000	25	6.00	UF	03-30-2005	10-01-2029	253,894	9,341
UDES-F	500,000	25	6.00	UF	03-30-2005	10-01-2029	253,692	9,333
UDES-G	1,000,000	26	4.75	UF	10-07-2005	10-01-2030	573,508	21,073
UDES-H1006	1,000,000	25	5.00	UF	10-05-2006	10-01-2031	747,330	27,400
UBBV-G0506	1,000,000	25	5.00	UF	10-19-2006	05-01-2031	1,062,727	39,097
UBBV-G0506	2,400,000	25	5.00	UF	10-19-2006	05-01-2031	2,542,926	93,553
UDES-I0307	1,000,000	25	4.50	UF	03-15-2007	03-01-2032	1,038,290	38,021
UBBVH90607	500,000	25	3.50	UF	10-24-2008	06-01-2032	435,565	16,024
UBBVH90607	900,000	25	3.50	UF	10-24-2008	06-01-2032	782,939	28,804
UBBVH90607	1,000,000	25	3.50	UF	10-24-2008	06-01-2032	979,439	36,033
UBBVH90607	5,600,000	25	3.50	UF	10-24-2008	06-01-2032	5,488,741	201,927
UBNS-AC0615	3,000,000	20	3.10	UF	08-27-2015	06-01-2035	3,013,821	110,697
UBNS-AA0215	1,000,000	30	3.50	UF	12-07-2018	08-01-2044	1,129,936	41,570
UBBVS10616	1,000,000	25	3.50	UF	08-21-2019	06-09-2041	1,389,088	51,104
UBBVS10616	1,000,000	25	3.50	UF	08-21-2019	06-09-2041	1,387,171	51,033
UBNSAQ1119	1,000,000	23	3.50	UF	07-11-2022	11-01-2042	1,116,482	41,075
UBNSAQ1119	200,000	23	3.50	UF	07-15-2022	11-01-2042	221,763	8,158
UBNSAQ1119	350,000	23	3.50	UF	07-15-2022	11-01-2042	388,085	14,277
UBNSAQ1119	550,000	23	3.50	UF	07-15-2022	11-01-2042	609,848	22,434
UBNSAQ1119	1,900,000	23	3.50	UF	07-15-2022	11-01-2042	2,106,747	77,506
UBNSAA0822	820,000	22	2.80	UF	10-16-2023	08-01-2045	723,885	26,631
UBNSAA0822	20,000	22	2.80	UF	10-17-2023	08-01-2045	17,656	651
UBNSAB0822	1,700,000	20	2.80	UF	11-09-2023	08-01-2043	1,462,237	53,795
UBNSAB0822	300,000	20	2.80	UF	11-16-2023	08-01-2043	264,284	9,724
UBNSAA0822	2,160,000	22	2.80	UF	11-27-2023	08-01-2045	1,909,710	70,258
UBNSAB0822	1,000,000	20	2.80	UF	12-06-2023	08-01-2043	893,489	32,872
Total								1,201,214

SCOTIABANK CHILE AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

As at December 31, 2023 and 2022

Periods 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	09-29-1999	03-01-2024	5,650	198
UDESE10999	270,000	25	6.00	UF	09-29-1999	03-01-2024	50,849	1,785
UDESE10999	10,000	25	6.00	UF	10-21-1999	03-01-2024	1,883	66
UDESE10999	30,000	25	6.00	UF	11-04-1999	03-01-2024	5,636	198
UDESE10999	20,000	25	6.00	UF	11-08-1999	03-01-2024	3,757	132
UDESE20999	70,000	26	6.25	UF	08-16-2000	09-01-2025	20,101	706
UDESE30999	200,000	28	6.50	UF	06-05-2002	09-01-2027	89,423	3,140
UBBV-A1203	20,000	24	6.00	UF	04-01-2004	12-01-2027	7,346	258
UBBV-A1203	40,000	24	6.00	UF	04-01-2004	12-01-2027	14,722	517
UBBV-A1203	50,000	24	6.00	UF	04-01-2004	12-01-2027	18,321	643
UBBV-A1203	50,000	24	6.00	UF	04-01-2004	12-01-2027	18,407	646
UBBV-A1203	50,000	24	6.00	UF	04-01-2004	12-01-2027	18,398	646
UBBV-A1203	60,000	24	6.00	UF	04-01-2004	12-01-2027	22,073	775
UBBV-A1203	100,000	24	6.00	UF	04-01-2004	12-01-2027	36,771	1,291
UBBV-A1203	150,000	24	6.00	UF	04-01-2004	12-01-2027	55,182	1,938
UBBV-A1203	150,000	24	6.00	UF	04-01-2004	12-01-2027	55,027	1,932
UBBV-A1203	150,000	24	6.00	UF	04-01-2004	12-01-2027	54,950	1,929
UBBV-A1203	180,000	24	6.00	UF	04-01-2004	12-01-2027	65,955	2,316
UBBV-A1203	200,000	24	6.00	UF	04-01-2004	12-01-2027	73,352	2,576
UBBV-A1203	250,000	24	6.00	UF	04-01-2004	12-01-2027	91,819	3,224
UBBV-A1203	500,000	24	6.00	UF	04-01-2004	12-01-2027	182,994	6,425
UBBV-A1203	1,250,000	24	6.00	UF	04-01-2004	12-01-2027	457,270	16,055
UBBV-A1203	1,300,000	24	6.00	UF	04-01-2004	12-01-2027	468,530	16,451
UBBV-A1203	1,500,000	24	6.00	UF	04-01-2004	12-01-2027	549,367	19,289
UDES-F	500,000	25	6.00	UF	03-30-2005	10-01-2029	287,736	10,103
UDES-F	500,000	25	6.00	UF	03-30-2005	10-01-2029	287,473	10,093
UDES-G	1,000,000	26	4.75	UF	10-07-2005	10-01-2030	638,387	22,414
UDES-H-1006	1,000,000	25	5.00	UF	10-05-2006	10-01-2031	819,940	28,789
UBBV-G0506	1,000,000	25	5.00	UF	10-19-2006	05-01-2031	1,069,019	37,534
UBBV-G0506	2,400,000	25	5.00	UF	10-19-2006	05-01-2031	2,557,122	89,783
UDES-I0307	1,000,000	25	4.50	UF	03-15-2007	03-01-2032	1,036,247	36,384
UBBVH90607	500,000	25	3.50	UF	10-24-2008	06-01-2032	429,560	15,082
UBBVH90607	900,000	25	3.50	UF	10-24-2008	06-01-2032	772,042	27,107
UBBVH90607	1,000,000	25	3.50	UF	10-24-2008	06-01-2032	977,152	34,309
UBBVH90607	5,600,000	25	3.50	UF	10-24-2008	06-01-2032	5,476,307	192,279
UBNS-AC0615	3,000,000	20	3.10	UF	08-27-2015	06-01-2035	3,008,786	105,641
UBNS-AA0215	1,000,000	30	3.50	UF	12-07-2018	08-01-2044	1,133,945	39,814
UBBVS10616	1,000,000	25	3.50	UF	08-21-2019	06-09-2041	1,409,242	49,480
UBBVS10616	1,000,000	25	3.50	UF	08-21-2019	06-09-2041	1,407,207	49,408
UBNSAQ1119	1,000,000	23	3.50	UF	07-11-2022	11-01-2042	1,120,944	39,357
UBNSAQ1119	200,000	23	3.50	UF	07-15-2022	11-01-2042	222,590	7,815
UBNSAQ1119	350,000	23	3.50	UF	07-15-2022	11-01-2042	389,532	13,677
UBNSAQ1119	550,000	23	3.50	UF	07-15-2022	11-01-2042	612,121	21,492
UBNSAQ1119	1,900,000	23	3.50	UF	07-15-2022	11-01-2042	2,114,600	74,246
Total								987,943

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

Note 24 Provisions for contingencies

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

	12/31/2023 MCh\$	12/31/2022 MCh\$
Provisions for employee benefit obligations	35,565	30,618
Provisions of a foreign bank branch for remittances of profits to its parent company	-	-
Provisions for restructuring plans	5,221	-
Provisions for trials and litigation (1)	10,574	12,152
Provisions for loyalty program obligations and customer merits	-	-
Provisions for operational risk	-	1,030
Contract contingency provision (2)	789	3,716
Other provisions due to other contingencies	3,125	2,375
Total	55,274	49,891

- (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	96,258	-	6,172	140	-	-	-	102,570
Provision application	(91,311)	-	(951)	(1,718)	-	-	-	(93,980)
Provisions releases	-	-	-	-	-	(1,030)	(2,177)	(3,207)
Balance as at December 31, 2023	35,565	-	5,221	10,574	-	-	3,914	55,274

	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
Provision application	(91,622)	-	(16,993)	-	-	-	-	(108,615)
Provisions releases	-	-	-	(1,046)	-	-	(21)	(1,067)
Balance as at December 31, 2022	30,618	-	-	12,152	-	1,030	6,091	49,891

SCOTIABANK CHILE AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

As at December 31, 2023 and 2022

c) Detail of provisions for employee benefits and salaries:

	12/31/2023 MCh\$	12/31/2022 MCh\$
Provision of short-term employee benefits	32,950	27,838
Provision of benefits to employees post-employment	-	-
Provision of long-term employee benefits (1)	1,993	1,759
Provision of benefits to employees for termination of employment contract (2)	622	1,021
Provision for payments to employees based on shares or equity instruments	-	-
Provision obligations post-employment plans on defined contribution	-	-
Provision of defined benefit post-employment plan obligations	-	-
Provision for other staff obligations	-	-
Total	35,565	30,618

- (1) As at December 31, 2023, a provision of MCh\$770 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 December 31, 2023, a provision of MCh\$11 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 December 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
Included in the result of the period				
Cost of present service	120	35	86	27
Costs of past services	122	(15)	114	38
Interest cost	145	85	75	51
Result from actuarial measurements	(23)	-	266	-
Unprovisioned paid benefits	-	-	-	-
Subtotal	364	105	541	116
Included in other comprehensive income				
Result from actuarial measurements	-	64	-	33
Subtotal	-	64	-	33
Other:				
Payment of benefits	(192)	(216)	(372)	(27)
Subtotal	(192)	(216)	(372)	(27)
Total	1,223	611	1,051	658

SCOTIABANK CHILE AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

As at December 31, 2023 and 2022

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 employment contract	
	12/31/2023	12/31/2022	12/31/2023	12/31/2022
Discount rate	11.75%	14.25%	11.75%	14.25%
Salary increase rate	N/A	N/A	9.50%	13.50%
Rate of inflation	7.50%	11.50%	7.50%	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	
	12/31/2023	12/31/2022	12/31/2023	12/31/2022
Discount rate	14.00%	12.25%	14.00%	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 December 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

Notes to the Consolidated Financial Statements

As at December 31, 2023 and 2022

Sensitivity analysis

Allowances of long-term employee benefits							Allowance for employee severance indemnity					
As at December 31, 2023							As at December 31, 2022					
	-100BP	Original	+100BP	-100BP	Original	+100BP	-100BP	Original	+100BP	-100BP	Original	+100BP
Discount rate sensitivity	1,251	1,223	1,196	1,074	1,051	1,028	630	611	592	679	658	637
	28		(27)	23		(23)	19		(19)	21		(21)

	-50BP	Original	+50BP	-50BP	Original	+50BP	-50BP	Original	+50BP	-50BP	Original	+50BP
Salary sensitivity	N/A	1,223	N/A	N/A	1,051	N/A	596	611	625	640	658	676
	-		-	-		-	(15)		14	(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:

	12/31/2023 MCh\$	12/31/2022 MCh\$
Provisions for dividends		
Provision for payment of common shares dividends	122,388	146,260
Provision for payment of preferred shares dividends	-	-
Provision for payment of interest on bonds without a fixed maturity term	-	-
Provision for reappreciation of bonds with no fixed term to maturity	-	-
Total	122,388	146,260

b) Movements in provisions are detailed as follows:

	Payment of interest and repricing of regulatory capital financial instruments issued	Provision for payment of common shares dividends	Provision for payment of dividends on preferred shares	Provision for payment of interest on bonds with no fixed term of maturity	Provision for repricing of bonds with no fixed term of maturity	Total
	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$
Opening balances as at January 1, 2023	-	146,260	-	-	-	146,260
Provisions constituted	-	122,388	-	-	-	122,388
Provision application	-	(146,260)	-	-	-	(146,260)
Provisions releases	-	-	-	-	-	-
Balance as at December 31, 2023	-	122,388	-	-	-	122,388

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

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

Note 26 Special allowances for credit losses

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

	12/31/2023 MCh\$	12/31/2022 MCh\$
Allowances due to credit risk for contingent loans	27,205	25,495
Allowances due to country risk on operations with debtors domiciled abroad	1,681	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	-	-
Total	193,134	191,256

b) Movements in allowances are detailed as follows:

	Allowances due to credit risk for contingent loan 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
Provisions constituted	12,536	1,261	-	-	-	-	13,797
Provision application	-	-	-	-	-	-	-
Provisions releases	(11,237)	(1,093)	-	-	-	-	(12,330)
Exchange rate effect on allowances	411	-	-	-	-	-	411
Balance as at December 31, 2023	27,205	1,681	-	164,248	-	-	193,134

	Allowances due to credit risk for contingent loan 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)
Provisions constituted	14,082	2,589	-	-	-	-	16,671
Provision application	-	-	-	-	-	-	-
Provisions releases	(6,973)	(1,305)	-	(21,513)	-	-	(29,791)
Exchange rate effect on allowances	(304)	-	-	-	-	-	(304)
Balance as at December 31, 2022	25,495	1,513	-	164,248	-	-	191,256

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

Note 27 Other liabilities

The detail of other liabilities is as follows:

Concept	12/31/2023 MCh\$	12/31/2022 MCh\$
Cash guarantees received due to derivative financial operations	843,959	829,625
Creditors due to intermediation of financial instruments	-	-
Accounts payable to third parties	107,790	123,923
Accounts payable by bank subsidiaries (applies only at the individual level of the bank subsidiary)	-	-
Agreed dividends payable	278	268
Valuation adjustments for macro hedges	-	-
Liability for income from regular activities due to contracts with customers	79,434	79,309
VAT fiscal debit payable	9,957	10,134
Other cash guarantees received	16	16
Outstanding operations	3,435	3,402
Other liabilities	5,279	3,680
Total other liabilities	<u>1,050,148</u>	<u>1,050,357</u>

SCOTIABANK CHILE AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

As at December 31, 2023 and 2022

Note 28 Equity
a) Distribution of shares

As at December 31, 2023 and 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 12/31/2023	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	-	-
Issued shares	12,244,885,748	12,244,885,748

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

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

Name of shareholder or Company name	As at December 31, 2023		As at December 31, 2022	
	Number of shares	Ownership %	Number of shares	Ownership %
Nova Scotia Inversiones Ltda.	12,219,875,618	99.80%	12,219,759,914	99.79%
Other minority shareholders	25,010,130	0.20%	25,125,834	0.21%
Total	12,244,885,748	100.00%	12,244,885,748	100.00%

b) Capital increases

During the year between January 1 and December 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 30% 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 Consolidated Financial Statements

As at December 31, 2023 and 2022

d) Earnings per share
Basic earnings per share:

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

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

	Balance as at 12/31/2023	Balance as at 12/31/2022
Result attributable to the owners of the Bank (MCh\$)	407,961	487,533
Weighted average number of shares	12,244,885,748	12,244,885,748
Earning per share (in Chilean pesos)	33.32	39.82

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

SCOTIABANK CHILE AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
As at December 31, 2023 and 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 plans	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	(64)	2,503	17	2,456	44,127	-	-	94,661	-	256	(38,011)	101,033
Closing balances as at December 31, 2023	(55)	5,084	15	5,044	(116,742)	-	-	60,666	(33)	(72)	14,988	(41,193)
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	(33)	35	9	11	24,063	-	-	67,120	-	(120)	(24,113)	66,950
Closing balances as at December 31, 2022	9	2,581	(2)	2,588	(160,869)	-	-	(33,995)	(33)	(328)	52,999	(142,226)

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

f) Accounting equity

Accounting equity is detailed as follows:

	12/31/2023 MCh\$	12/31/2022 MCh\$
Capital		
Paid-in capital	1,246,706	1,246,706
Surcharge paid for shares	121,715	121,715
Shares acquired by the Bank	-	-
Reserves		
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	-	-
Accumulated Other Comprehensive Income		
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	(55)	9
Net changes in the fair value of equity instruments designated at fair value through other comprehensive income	5,084	2,581
Changes in the fair value of financial liabilities designated at fair value with changes in 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	15	(2)
Items that can be reclassified in results		
Fair value changes of financial assets at fair value through other comprehensive income	(84,897)	(117,047)
Translation differences by entities abroad	-	-
Accounting hedging of net investments in entities abroad	-	-
Cash flow accounting hedge	43,815	(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	(74)	(330)
Retained earnings from previous periods	1,436,903	1,095,630
Profit (loss) for the period	407,961	487,533
Provision for minimum dividends, payment of interest and revaluation of issued regulatory capital financial instruments	(122,388)	(146,260)
Provision of a foreign bank branch for remittances of profits to its parent company	-	-
Owner's equity	3,436,157	3,047,091
From Non-controlling interest	138,821	140,227
Total Equity	3,574,978	3,187,318

SCOTIABANK CHILE AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

As at December 31, 2023 and 2022

g) Non-controlling interests

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

As at December 31, 2023	Non-	Non-	Results	Payment of
	controlling	controlling	attributable to	dividends to
	interest %	interest	non-	non-
		MCh\$	controlling	controlling
			interest	interest
			MCh\$	MCh\$
CAT Administradora de Tarjetas S.A.	49.00%	114,625	515	(7,212)
CAT Corredores de Seguros y Servicios S.A.	49.00%	10,955	3,324	(1,067)
Servicios Integrales S.A.	49.00%	2,306	580	(497)
Administradora y Procesos S.A.	49.00%	9,960	4,025	(1,056)
Scotia Corredora de Bolsa Chile Limitada	0.01%	9	1	-
Bandesarrollo Sociedad de Leasing Inmobiliario S.A.	0.09%	11	1	-
Scotia Asesorías Financieras Ltda.	1.26%	111	79	(174)
Scotia Azul Sociedad de Leasing Inmobiliario S.A.	2.51%	844	79	-
Total		138,821	8,604	(10,006)

As at December 31, 2022	Non-	Non-	Results	Payment of
	controlling	controlling	attributable to	dividends to
	interest %	interest	non-	non-
		MCh\$	controlling	controlling
			interest	interest
			MCh\$	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	-
Total		140,227	27,523	(16,759)

SCOTIABANK CHILE AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

As at December 31, 2023 and 2022

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

	Income (loss) for the period	Total assets	Total liabilities
As at December 31, 2023	MCh\$	MCh\$	MCh\$
CAT Administradora de Tarjetas S.A.	1,051	1,877,660	1,644,152
CAT Corredores de Seguros y Servicios S.A.	6,784	31,112	11,467
Servicios Integrales S.A.	1,184	6,629	2,397
Administradora y Procesos S.A.	8,215	24,866	7,825
Bandesarrollo Leasing Inmobiliario S.A.	456	18,502	7,306
Scotia Asesorías Financieras Ltda.	6,231	11,567	2,725
Scotia Azul Sociedad de Leasing Inmobiliario S.A.	3,151	41,365	8,658

	Income (loss) for the period	Total assets	Total liabilities
As at December 31, 2022	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 Consolidated Financial Statements
As at December 31, 2023 and 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	
	12/31/2023 MCh\$	12/31/2022 MCh\$
Guarantees and sureties		
Guarantees and sureties in domestic currency	124,666	349,261
Guarantees and sureties in foreign currency	404,285	342,573
Letters of credit for merchandise circulation operations	143,783	126,288
Debt purchase commitments in local currency abroad	-	-
Transactions related to contingent events		
Transactions related to contingent events in Chilean currency	484,983	546,114
Transactions related to contingent events in foreign currency	167,951	183,672
Unrestricted lines of credit for immediate payment		
Available balance line of credit and agreed overdraft in checking account- commercial portfolio	719,110	684,795
Available balance line of credit on credit card – commercial portfolio	68,577	61,320
Available balance line of credit and agreed overdraft in checking account - consumer portfolio	396,440	410,351
Available balance line of credit on credit card – consumer portfolio	5,087,681	4,710,948
Available balance of line of credit and agreed overdraft in checking account – portfolio owed by banks	-	-
Free disposal lines of credit		
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	-	-
Other credit commitments		
Credit for senior studies Law No. 20027 (CAE)	16,427	23,630
Other irrevocable credit commitments	74,585	76,249
Other contingent credits	-	-

b) Contingencies

At the issue date of these Consolidated Financial Statements there are legal actions filed against the Bank and its subsidiaries regarding operations inherent to the business. As at December 31, 2023, provisions for legal contingencies amounted to MCh\$10,574 (MCh\$12,152 as at December 31, 2022), which are part of item "Provisions" in the Consolidated Statements of Financial Position.

Regarding the legal actions filed against the Bank and its subsidiaries, Management believes, as reported by its Attorney'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 legal actions filed against the Bank and its subsidiaries and as such from the group of cases, no significant losses not considered in these Consolidated Financial Statements will arise.

c) Covenants

The Bank has four current financing contracts entered into with Export Development Canada May 31, 2019 (MUS\$200), July 28, 2021 (MUS\$100) and July 13, 2022 (MUS\$250) and August 9, 2023 (MUS\$300). 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 December 31, 2023, the Bank has fully complied with each of the obligations arising from the aforementioned contracts.

SCOTIABANK CHILE AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

As at December 31, 2023 and 2022

d) Responsibilities

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

	12/31/2023	12/31/2022
	MCh\$	MCh\$
Documents in collection	67,834	61,857
Transferred financial assets managed by the Bank	1,380,750	1,383,566
Securities in custody	7,709,504	7,061,010
Assets in guarantee	4,149,397	3,623,916
Total	13,307,485	12,130,349

e) 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. 330-23-00034876 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, 2023 through April 22, 2024.

In order to comply with the requirements of the Stock Exchanges, in terms of comprehensive insurance, the subsidiary engaged from Zurich Chile Seguros Generales S.A., a policy No. 5837889 for an insured amount of US\$1,000,000 covering the period from May 31, 2023 through May 31, 2024.

To guarantee the operations of the gross settlement compensation system, collateral securities were delivered to the Bolsa de Comercio de Santiago for MCh\$12,433 and MCh\$0 in cash as at December 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 December 31, 2023, guarantees were constituted on securities of MCh\$2,002 and in cash of MCh\$0 in favor of the Bolsa de Comercio de Santiago. In favor of the Bolsa Electrónica de Chile guarantees were established on securities of MCh\$488 and in cash of MCh\$0 (as at December 31, 2022, guarantees were constituted on securities of MCh\$2,031 and in cash of MCh\$0 in favor of 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 December 31, 2023, cash of MCh\$0 was delivered to Bolsa de Comercio de Santiago, and cash of MCh\$0 was delivered to Bolsa Electrónica de Chile (as at December 31, 2022, cash of MCh\$1,400 was delivered to Bolsa de Comercio de Santiago and cash of MCh\$0 was delivered to Bolsa Electrónica de Chile) to guarantee share loan transactions.

SCOTIABANK CHILE AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

As at December 31, 2023 and 2022

As at December 31, 2023, the Company holds collateral for simultaneous transactions of MCh\$3,175 in Bolsa de Comercio de Santiago and of MCh\$2,526 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 held 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 UF683,263.59.

iii) At Scotia Corredora de Seguros Chile Limitada

In accordance with the provisions of article No. 58, letter D of DFL 251, as at December 31, 2023, the Company 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.

A Series : No. 6301424

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, 2024

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

Serie A : No. 6301416

Amount : UF500

In favor of : Scotiabank Chile

Purpose : To guarantee the correct fulfillment of the obligations that the insurance broker, identified in this policy as the insured, has reason for its operations as an intermediary in the contracting of insurance in accordance with the standards established in Circular No. 1584 dated December 21 January 2002 of the CMF, under the code POL120130965.

Term : Up to April 14, 2024

SCOTIABANK CHILE AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

As at December 31, 2023 and 2022

f) At CAT Corredores de Seguros y Servicios S.A.

In accordance with the provisions of article No. 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 December 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, 2023 and expires on April 14, 2024, 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 No.	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

g) Guarantees on real estate lease operations

As established in contracts of "Administration of Housing Lease Contracts with Purchase Promise" held by Bandesarrollo 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 Bandesarrollo Sociedad de Leasing Inmobiliario S.A. must acquire these housing units is detailed below:

Entity		% of the property value	Definition on property value
Securitizadora Bice S.A.			
Separated equity BBICS A	No. 1	85	Current commercial value
Separated equity BBICS B	No. 2	85	Current commercial value
Separated equity BBICS L	No. 6	85	Current commercial value
Separated equity BBICS F	No. 12	80	Promised price of the original contract
Separated equity BBICS U	No. 21	80	Promised price of the original contract
Separated equity BBICS	No. 22	60	Promised price of the original contract

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

Note 30 Interest income and expenses

a) Summary of Interest income and expenses

	12/31/2023	12/31/2022
	MCh\$	MCh\$
Interest income	2,471,326	1,796,131
Interest expense	(1,644,295)	(1,081,928)
Subtotal net interest income	827,031	714,203
Net result of accounting hedges due to interest rate risk	23,930	(68,212)
Total net interest income	850,961	645,991

b) Detail of Interest income:

	12/31/2023	12/31/2022
	MCh\$	MCh\$
Interest income:		
Financial assets at amortized cost:		
Rights under resale agreements and securities lending agreements	18,341	15,592
Financial debt securities	17,893	-
Loans and advances to banks	19,101	4,246
Commercial loans	1,095,671	784,176
Mortgage loans	454,556	401,070
Consumer loans	661,612	499,459
Other financial instruments	47,341	20,677
Financial assets at fair value through other comprehensive income		
Debt financial instruments	156,811	70,911
Other financial instruments	-	-
Total	2,471,326	1,796,131

SCOTIABANK CHILE AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

As at December 31, 2023 and 2022

c) Detail of Interest expenses:

	12/31/2023 MCh\$	12/31/2022 MCh\$
Interest expense:		
Financial liabilities at amortized cost:		
Deposits and other on-demand liabilities	(41,135)	(49,962)
Term and on-demand deposits	(1,206,796)	(745,341)
Liabilities under repurchase arrangements and securities lending	(17,156)	(20,419)
Bank borrowings	(155,965)	(76,789)
Debt financial instruments issued	(179,976)	(147,855)
Other financial liabilities	-	-
Lease liabilities	(4,396)	(4,289)
Issued regulatory capital financial instruments	(38,871)	(37,273)
Total	(1,644,295)	(1,081,928)

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

	12/31/2023 MCh\$	12/31/2022 MCh\$
Interest income:		
Result of accounting hedges due to interest rate risk:		
Gain from financial derivative contracts for accounting hedge	71,538	6,268
Loss from financial derivative contracts for accounting hedge	(95,976)	(24,860)
Results from adjustments of hedged financial assets	41,526	(20,242)
Interest expense:		
Result of accounting hedges of interest rate risk:		
Gain from financial derivative contracts for accounting hedge	27,164	355
Loss from financial derivative contracts for accounting hedge	(15,638)	(32,735)
Results from adjustments of hedged financial assets	(4,684)	3,002
Net result of accounting hedges on risk due to interest rate risk	23,930	(68,212)

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 Consolidated Statements of Income because they have been effectively received.

	12/31/2023 MCh\$	12/31/2022 MCh\$
Owed by banks	-	-
Commercial loans	6,148	4,703
Mortgage loans	13,701	3,645
Consumer loans	11,263	5,882
Total	31,112	14,230

SCOTIABANK CHILE AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

As at December 31, 2023 and 2022

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

	12/31/2023 MCh\$	12/31/2022 MCh\$
Owed by banks	-	-
Commercial loans	9,606	5,695
Mortgage loans	7,343	5,234
Consumer loans	1,110	708
Total	18,059	11,637

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

	12/31/2023 MCh\$	12/31/2022 MCh\$
Income due to UF adjustments	844,897	2,059,461
Expenses due to UF adjustments	(409,897)	(945,941)
Subtotal net income due to UF adjustment	435,000	1,113,520
Net result of accounting hedges of risk due to UF adjustments	(64,885)	(622,332)
Total net income due to adjustments	370,115	491,188

b) Detail of Indexation income:

	12/31/2023 MCh\$	12/31/2022 MCh\$
Income due to UF adjustments		
Financial assets at amortized cost		
Rights due to repurchase agreements and securities lending	-	-
Debt financial instruments	-	-
Owed by banks	-	-
Commercial loans	190,155	469,986
Mortgage loans	631,910	1,547,146
Consumer loans	627	2,135
Other financial instruments	5,619	12,889
Financial assets at fair value through in other comprehensive income		
Debt financial instruments	16,586	27,305
Other financial instruments	-	-
Total	844,897	2,059,461

SCOTIABANK CHILE AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

As at December 31, 2023 and 2022

c) Detail of Indexation expenses:

	12/31/2023 MCh\$	12/31/2022 MCh\$
Expenses due to UF adjustments		
Financial liabilities at amortized cost:		
Deposits and other on-demand obligations	-	-
Deposits and other time deposits	(36,889)	(69,616)
Obligations due to repurchase agreements and securities lending	-	-
Obligations with banks	-	(137)
Debt financial instruments issued	(326,747)	(773,452)
Other financial obligations	-	-
Regulatory capital financial instruments issued:		
Subordinated bonds	(46,261)	(102,736)
Bonds with no fixed maturity term	-	-
Total	(409,897)	(945,941)

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

	12/31/2023 MCh\$	12/31/2022 MCh\$
Income due to adjustments:		
Result of accounting hedges due to risk in UF adjustments		
Gain from financial derivative contracts for accounting hedges	112,456	105,778
Loss from financial derivative contracts for accounting hedges	(160,843)	(839,501)
Results from adjustments of hedged financial assets	(9,133)	11,683
Adjustment expenses:		
Result of accounting hedges due to risk in UF adjustments		
Gain from financial derivative contracts for accounting hedges	142,307	101,788
Loss from financial derivative contracts for accounting hedges	(142,856)	(1,463)
Results from adjustment of hedged financial liabilities	(6,816)	(617)
Net result of accounting hedges on risk due to UF adjustments	(64,885)	(622,332)

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 Consolidated Statements of Income for the Period for having been effectively received.

	12/31/2023 MCh\$	12/31/2022 MCh\$
Owed by banks	-	-
Commercial loans	3,251	2,622
Mortgage loans	2,583	1,722
Consumer loans	12	597
Total	5,846	4,941

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

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

	12/31/2023 MCh\$	12/31/2022 MCh\$
Owed by banks	-	-
Commercial loans	9,179	11,044
Mortgage loans	32,049	24,209
Consumer loans	25	36
Total	41,253	35,289

Note 32 Fee and commission income and expenses

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

	12/31/2023 MCh\$	12/31/2022 MCh\$
Commissions due to credits prepayment	3,959	2,528
Commissions due to loans with letters of credit	1,578	1,710
Commissions due to credit lines and overdrafts in checking accounts	1,136	1,306
Commissions due to guarantees and letters of credit	15,719	12,954
Credit card transactions commissions	97,085	94,133
Commissions due to accounts management	22,259	20,333
Commissions due to collections and payments	55,794	51,919
Commissions due to brokerage and securities handling (Stock Brokers and/or Securities Agency)	1,750	1,736
Remuneration for administration of mutual funds, investment funds or others	13,728	14,324
Insurance related to the granting of credits to natural persons	35,408	34,959
Insurance not related to the granting of credits to natural persons	13,933	11,676
Insurance related to the granting of credits to legal entities	2,023	631
Insurance not related to the granting of credits to legal entities	433	562
Commissions due to services on factoring operations	65	91
Commissions due to services in financial lease operations	1,026	1,188
Commissions due to deposit and custody of securities	7	15
Commissions due to financial advise	9,051	16,274
Other commissions earned		
Foreign currency exchange	3	4
Issuance of on-demand vouchers	249	281
Issuance of guarantee bills	441	388
Student loan administration	11,462	11,726
Other remuneration for services rendered	8,127	10,840
Total income due to commissions and services rendered	295,236	289,578
Commissions for card operations	(45,953)	(43,308)
Fees for licensing the use of card brands	(1,307)	(967)
Expenses due to obligations on loyalty programs and merits for cardholders	(21,956)	(19,061)
Securities trading commissions	(4,424)	(3,765)
Other commissions for services received		
Commissions by correspondent banks in the country and abroad	(117)	(112)
Commissions for electronic fund transfer services	(16,863)	(16,128)
Other subsidiary commissions	(1,699)	(771)
Other	(5,251)	(4,531)
Total expenses due to commissions and services rendered	(97,570)	(88,643)
Total net income due to commissions	197,666	200,935

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

Note 33 Net financial result

The detail of this line item is as follows:

	12/31/2023 MCh\$	12/31/2022 MCh\$
Income from financial assets to be traded at fair value through profit or loss		
Financial derivative contracts	6,402,789	10,050,154
Debt financial instruments	28,264	32,041
Other financial instruments:		
Investments in mutual funds	6,549	6,313
Equity instruments	1,514	692
Credits originated and acquired by the entity	-	-
Other	144	200
Result from financial liabilities to be traded at fair value through profit or loss		
Financial derivative contracts	(6,253,318)	(9,974,172)
Other financial instruments:	-	-
Subtotal	185,942	115,228
Financial result for financial assets not intended for trading mandatorily valued at fair value through profit or loss	-	-
Financial result for financial assets and liabilities designated at fair value through profit or loss	-	-
Financial result from derecognising financial assets and liabilities at amortized cost and financial assets at fair value through other comprehensive income		
Financial assets at amortized cost	7,354	6,553
Financial assets at fair value through other comprehensive income	935	(655)
Subtotal	8,289	5,898
Financial results for changes readjustments and accounting hedging of foreign currency		
Foreign currency exchange result	(92,798)	(55,102)
Results for adjustments on exchange rate		
Financial assets at amortized cost	3,264	1,633
Net result of derivatives in accounting hedges of foreign currency risk	(298)	(7,309)
Subtotal	(89,832)	(60,778)
Financial result from reclassifications of financial assets due to a change in business model	-	-
Other financial result from changes in financial assets and liabilities	-	-
Other result from ineffective cash flow accounting hedges		
Result from ineffective cash flow accounting hedges	(2,918)	3,216
Other financial result from other types of accounting hedges	-	-
Subtotal	(2,918)	3,216
Net financial result	101,481	63,564

SCOTIABANK CHILE AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

As at December 31, 2023 and 2022

Note 34 Gain or loss from investments in companies

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

	Country	12/31/2023 MCh\$	12/31/2022 MCh\$
Companies with significant influence in the country			
Transbank S.A.	Chile	5,606	6,086
Subtotal		5,606	6,086
Minority investments in other local companies			
Bolsa de Comercio de Santiago	Chile	34	330
Sociedad de Infraestructura de Mercado S.A.	Chile	597	-
Bolsa Electrónica de Chile	Chile	15	8
Sociedad Interbancaria de Depósitos de Valores	Chile	76	67
Combanc S.A.	Chile	28	12
Subtotal		750	417
Minority investments in other companies abroad			
Banco Latinoamericano de Comercio Exterior S.A. (Bladex)	Panama	6	10
Subtotal		6	10
Total income from investments in companies		6,362	6,513

SCOTIABANK CHILE AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
As at December 31, 2023 and 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:

	12/31/2023	12/31/2022
	MCh\$	MCh\$
Result from assets received in lieu of payment or legally adjudicated		
Result from the sale of assets received in payment or legally awarded with non-related third parties	4,967	5,210
Other income from assets received in payment or legally awarded through auctions	419	544
Provisions for adjustments to the net realizable value of assets received in payment or legally adjudicated through auctions	(1,365)	(874)
Write-offs of assets received in payment or adjudicated in legal auctions	(3,324)	(4,535)
Expenses for maintenance of assets received in payment or awarded in legal auctions	(650)	(537)
Non-current assets held for sale		
Investments in companies	79	1,741
Property, equipment	719	2,697
Disposal groups available for sale	-	-
Total	845	4,246

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

Note 36 Other operating income and expenses

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

	12/31/2023	12/31/2022
	MCh\$	MCh\$
Other operating income		
Compensation from insurance companies for claims other than operational risk events	-	-
Net income from investment properties	-	-
Income received from credit card brands (VISA, MC etc.)	7,059	5,297
Income from correspondent banks	-	-
Income other than interest and commissions from lease contracts	505	1,080
Income due to reimbursements of expenses	10,705	8,469
Other income		
Various income from leasing operations	2,122	2,464
Lease received	33	-
Income from consultancies	6	1,277
Recovery of expenses	-	360
Sundry income from subsidiaries	3,946	4,236
Compensation received	20,162	-
Other operating income	6,257	1,409
Total other operating income	50,795	24,592
Other operating expenses		
Expenditure of insurance premiums to cover operational risk events	-	-
Gross loss expense due to operational risk events	1,030	(1,030)
Recoveries of expenses due to operational risk events	2,693	1,411
Expense of provisions for unearned insurance brokerage commissions	-	-
Expense of provisions for unearned insurance premium collection commissions	-	-
Provisions for restructuring plans	(13,722)	-
Provisions from trials and litigation	104	(1,279)
Other provisions for other contingencies	(119)	616
Expenses for credit operations of financial leasing	(1,626)	(823)
Expenses for factoring credit operations	(33)	(41)
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	(6,919)	(10,788)
Operational risk expenses	(11,874)	(11,359)
Write-offs due to business decisions	(1,855)	(854)
Correspondent bank expenses	(1,645)	(2,757)
Clearing Chamber Services	(2,096)	(1,991)
Expenses for legal adverts	(717)	(501)
Other operating expenses Subsidiaries	(11,350)	(4,496)
Other operating expenses	(1,307)	(790)
Total other operating expenses	(49,436)	(34,682)
Total	1,359	(10,090)

SCOTIABANK CHILE AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

As at December 31, 2023 and 2022

Note 37 Expenses for employee benefit obligations

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

	12/31/2023	12/31/2022
	MCh\$	MCh\$
Expenses due to short-term benefits to employees	289,311	260,926
Post-employment employee benefit expense	-	-
Expenses due to long-term benefits to employees	2,305	903
Expenses for employee benefits due to termination of employment contract	14,254	11,075
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	1,548	1,573
Total expenses due to obligations on benefits to employees	307,418	274,477

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

Note 38 Administrative expenses

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

	12/31/2023	12/31/2022
	MCh\$	MCh\$
Administration overheads		
Expenses for short-term lease contracts	5,064	4,809
Expenses for low-value leases	-	-
Other expenses of obligations for lease contracts	303	285
Maintenance and repair of property and equipment	6,178	6,739
Insurance premiums except to cover operational risk events	3,669	4,854
Office supplies	1,551	1,565
IT and communication expenses	53,346	52,583
Electricity , heating and other services	2,542	2,541
Security patrol and security transport services	3,425	3,510
Personnel representation and travel expenses	1,091	1,001
Legal and notary expenses	13,064	10,246
Fees for review and audit of the financial statements by the external auditor	1,311	1,197
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	1,946	2,976
Fines applied by CMF	4	119
Fines applied by other organizations	128	98
Other administration overhead expenses		
Common expenses buildings	3,804	3,575
Contribution Banks Association	56	131
External consultancies	33,657	28,097
Services Santiago Stock Exchange	1,126	1,018
Telemarketing services	6,492	5,655
Card distribution servicing	1,707	1,266
External consultancies Subsidiaries	-	-
Other general administrative expenses	5,383	5,204
Outsourced services		
Data processing	1,157	818
Technological development, certification and technological testing service	175	165
External service for the administration of human resources and supply of outsourced personnel	1,943	2,015
Appraisal service	-	-
Call Center service for sales, marketing, quality control, customer service	3,201	2,812
Outsourced collection service	14,296	8,394
Outsourced ATM administration and maintenance service	1,569	3,252
Outsourced cleaning service, casino, custody of files and documents, storage of furniture and equipment	3,170	3,866
Product sales and distribution services	-	-
Outsourced credit evaluation service	-	-
Other outsourced		
IT and communications expenses	14,668	12,923
Other Services subcontracted by Subsidiaries	18,033	18,974
Other/Scotia Servicios Corporativos SpA	1,571	8,539
Other outsourced services	2,358	889
Board expenses	802	1,164
Advertising	16,002	14,746
Taxes, contributions and other legal charges	16,298	14,500
Total administrative expenses	241,090	230,526

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

Note 39 Depreciation and amortization

The detail of this line item is as follows:

	12/31/2023	12/31/2022
	MCh\$	MCh\$
Amortization of intangible assets		
Other intangible assets arising from business combinations	9,228	9,228
Other intangible assets arising independently	30,723	23,888
Depreciation of Property and Equipment		
Building and Land	1,613	1,637
Other fixed assets	10,590	11,231
Amortization and depreciation of right-of-use asset under lease		
Building and Land		
Building	12,342	11,990
Other fixed assets	-	-
Depreciation for improvements in leased real estate as assets for the right to use leased property	2,418	2,609
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	-	-
Total depreciation and amortization	66,914	60,583

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

Note 40 Impairment of non-financial assets

The detail of this line item is as follows:

	12/31/2023	12/31/2022
	MCh\$	MCh\$
Impairment of investments in companies	-	-
Impairment of intangible assets	264	38
Impairment of Property and Equipment	-	546
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	-	-
Total impairment of non-financial assets	264	584

Note 41 Credit loss expense

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

a) Credit loss expense

	12/31/2023	12/31/2022
	MCh\$	MCh\$
Expenses on allowances due to credit risk on loans	(493,988)	(382,709)
Expense on special allowances due to credit risk	(1,467)	13,120
Recovery of written-off loans	76,228	69,980
Impairment due to credit risk of other financial assets at amortized cost	(2,788)	(4)
Impairment due to credit risk of financial assets at fair value with changes in other comprehensive income	89	(47)
Total	(421,926)	(299,660)

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

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	Expense of allowances due to loans in the period							
	Regular portfolio		Substandard	Default portfolio		Subtotal	Deductible guarantees FOGAPE Covid-19	Total
	evaluation		portfolio	evaluation				
As at December 31, 2023 (MCh\$)	Individual	Group	Individual	Individual	Group			
Owed by banks								
Constitution de provisions	(73)	-	-	-	-	(73)		
Release of allowances	65	-	-	-	-	65		
Subtotal	(8)	-	-	-	-	(8)	-	(8)
Commercial loans								
Constitution de provisions	(138,261)	(21,041)	(55,592)	(90,577)	(62,063)	(367,534)	(44)	(367,578)
Release of allowances	133,284	24,441	56,987	30,223	22,588	267,523	4,844	272,367
Subtotal	(4,977)	3,400	1,395	(60,354)	(39,475)	(100,011)	4,800	(95,211)
Mortgage loans								
Constitution de provisions	-	(13,544)	-	-	(18,474)	(32,018)		
Release of allowances	-	13,886	-	-	4,502	18,388		
Subtotal	-	342	-	-	(13,972)	(13,630)	-	(13,630)
Consumer loans								
Constitution de provisions	-	(100,174)	-	-	(428,707)	(528,881)		
Release of allowances	-	89,331	-	-	54,411	143,742		
Subtotal	-	(10,843)	-	-	(374,296)	(385,139)	-	(385,139)
Expense of allowances constituted for loan credit risk	(4,985)	(7,101)	1,395	(60,354)	(427,743)	(498,788)	4,800	(493,988)
Recoveries of written-off loans								
Owed by banks								-
Commercial loans								18,835
Mortgage loans								7,625
Consumer loans								49,768
Subtotal								76,228
Expense due to credit loss on loans								(417,760)

Summary of expense on allowances due to credit risk and expense for credit losses on loans in the period	Expense of allowances due to loans in the period						Deductible guarantees FOGAPE Covid-19	Total
	Regular portfolio		Substandard portfolio evaluation	Default portfolio evaluation		Subtotal		
	evaluation							
As at December 31, 2022 (MCh\$)	Individual	Group	Individual	Individual	Group			
Owed by banks								
Constitution de provisions	(21)	-	-	-	-	(21)		
Release of allowances	16	-	-	-	-	16		
Subtotal	(5)	-	-	-	-	(5)	-	(5)
Commercial loans								
Constitution de provisions	(198,359)	(27,088)	(46,859)	(115,005)	(53,439)	(440,750)	(175)	(440,925)
Release of allowances	196,691	20,739	37,642	57,768	15,354	328,194	1,345	329,539
Subtotal	(1,668)	(6,349)	(9,217)	(57,237)	(38,085)	(112,556)	1,170	(111,386)
Mortgage loans								
Constitution de provisions	-	(12,666)	-	-	(10,880)	(23,546)		
Release of allowances	-	8,415	-	-	3,560	11,975		
Subtotal	-	(4,251)	-	-	(7,320)	(11,571)	-	(11,571)
Consumer loans								
Constitution de provisions	-	(108,223)	-	-	(257,417)	(365,640)		
Release of allowances	-	61,929	-	-	43,964	105,893		
Subtotal	-	(46,294)	-	-	(213,453)	(259,747)	-	(259,747)
Expense of allowances constituted for loan credit risk	(1,673)	(56,894)	(9,217)	(57,237)	(258,858)	(383,879)	1,170	(382,709)
Recoveries of written-off loans								
Owed by banks								-
Commercial loans								19,353
Mortgage loans								6,346
Consumer loans								44,281
Subtotal								69,980
Expense due to credit loss on loans								(312,729)

SCOTIABANK CHILE AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

As at December 31, 2023 and 2022

c) Expense for credit risk special allowances

Summary of expenses due to credit risk special allowances in the period	12/31/2023 MCh\$	12/31/2022 MCh\$
Allowances expense due to contingent loans	(1,299)	(7,109)
Owed by banks	-	-
Commercial loans	(618)	(4,447)
Consumer loans	(681)	(2,662)
Allowances expense due to country risk for operations with debtors domiciled abroad	(168)	(1,284)
Expense due to special allowances for credits abroad	-	-
Expense due to additional allowances for credits	-	21,513
Commercial loans	-	11,423
Mortgage loans	-	8,526
Consumer loans	-	1,564
Expense due to adjustment allowances to minimum allowances required for regular portfolio with individual evaluation	-	-
Expense due to other special allowances constituted for credit risk	-	-

Note 42 Gain or loss from discontinued operations

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

SCOTIABANK CHILE AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

As at December 31, 2023 and 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 IAS24 As at December 31, 2023 (in MCh\$)	Type of related party				Total
	Parent	Other legal entity	Key staff of the Consolidated Bank	Other related parties	
ASSETS					
Financial assets to be traded at fair value through profit or loss:					
Financial derivative contracts	1,959,467	752	-	-	1,960,219
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 through other comprehensive income	-	-	-	-	-
Financial derivative contracts for accounting hedge	75,380	-	-	-	75,380
Financial assets at amortized cost:					
Rights for repurchase arrangements and securities lending	-	-	-	-	-
Debt financial instruments	-	-	-	-	-
Commercial loans	-	-	3,298	313,577	316,875
Mortgage loans	-	-	16,755	117,384	134,139
Consumer loans	-	-	2,676	19,632	22,308
Allowances constituted- Loans	-	-	(85)	(1,956)	(2,041)
Other assets	860	-	-	-	860
Contingent loans	13,486	29,998	3,626	32,221	79,331
LIABILITIES					
Financial liabilities to be traded at fair value through profit or loss:					
Financial derivative contracts	1,327,914	5,372	-	-	1,333,286
Financial liabilities designated at fair value through profit or loss	-	-	-	-	-
Financial derivative contracts for accounting hedge	185,522	-	-	-	185,522
Financial liabilities at amortized cost:					
Term and on-demand deposits	2,050	1,039	1,479	65,850	70,418
Deposits and other term deposits	-	-	10,584	72,529	83,113
Liabilities with repurchase arrangements and securities lending	-	-	-	-	-
Obligations with banks	-	-	-	-	-
Debt financial instruments issued	-	-	-	-	-
Other financial obligations	-	-	-	-	-
Lease contracts obligations	-	-	-	744	744
Other liabilities	7,057	-	-	192	7,249

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

Type of current assets and liabilities with related parties according to IAS24 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	
ASSETS					
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 through other comprehensive income	-	-	-	-	-
Financial derivative contracts for accounting hedge	51,529	-	-	-	51,529
Financial assets at amortized cost:					
Rights for repurchase arrangements 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
Allowances constituted- Loans	-	-	(84)	(1,925)	(2,009)
Other assets	68	-	-	-	68
Contingent loans	19,380	29,994	4,242	31,436	85,052
LIABILITIES					
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 arrangements 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

SCOTIABANK CHILE AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

As at December 31, 2023 and 2022

b) Income and expenses for transactions with related parties

Type of income and expenses from transactions with related parties according to IAS24	Type of related party				
As at December 31, 2023	Parent	Other legal entity	Key staff of the Consolidated Bank	Other related parties	Total
(in MCh\$)					
Interest income	-	21	520	19,999	20,540
Adjustments income	-	-	897	14,269	15,166
Commission Income	-	160	98	2,281	2,539
Net financial income	33,955	-	1	(5,414)	28,542
Other income	-	-	7	81	88
Total income	33,955	181	1,523	31,216	66,875
Interest expenses	-	-	(791)	(13,720)	(14,511)
Adjustment expenses	-	-	(58)	(355)	(413)
Commission expenses	(8)	(9,091)	(38)	(11,292)	(20,429)
Credit loss expense	-	-	(5)	(735)	(740)
Expenses for employee benefit obligations	-	-	(22,721)	-	(22,721)
Administration expenses	(14,805)	(142)	-	(5,664)	(20,611)
Other expenses	-	-	-	(660)	(660)
Total expenses	(14,813)	(9,233)	(23,613)	(32,426)	(80,085)

Type of income and expenses from transactions with related parties according to IAS24	Type of related party				
As at December 31, 2022	Parent	Other legal entity	Key staff of the	Other related parties	Total
(in MCh\$)			Consolidated Bank		
Interest income	-	1	425	19,689	20,115
Adjustments income	-	-	2,022	28,635	30,657
Commission Income	-	163	115	873	1,151
Net financial income	(86,054)	-	4	(1,800)	(87,850)
Other income	-	647	310	8,894	9,851
Total income	(86,054)	811	2,876	56,291	(26,076)
Interest expenses	-	-	(382)	(11,197)	(11,579)
Adjustment expenses	-	-	(178)	(2,487)	(2,665)
Commission expenses	(3)	(8,138)	(49)	(9,239)	(17,429)
Credit loss expense	-	(7)	16	(864)	(855)
Expenses for employee benefit obligations	-	-	(20,774)	(11)	(20,785)
Administration expenses	(17,675)	-	-	(12,992)	(30,667)
Other expenses	(8,307)	-	(16)	(752)	(9,075)
Total expenses	(25,985)	(8,145)	(21,383)	(37,542)	(93,055)

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

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 December 31, 2023		Effect in Statement of Financial Position	
								Effect on income statement		Accounts receivable	Accounts payable
		Type of service						Income	Expenses		
							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		1,195	-	1,195	-	-
Inmobiliaria Mall Viña del Mar S.A	Other related parties	Lease of property for branch	6 years	Automatic renewal for 5 years	Conditions equivalent to the market on the date these were made		136	-	43	-	-
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		643	-	643	-	-
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		5,251	-	5,109	-	-
Nexus Payment Systems SpA	Other related parties	Credit Card operation service	2 years	Automatic renewal	Conditions equivalent to the market on the date these were made		8,867	-	7,853	-	-
Servicios Regionales Tecnología Scotiabank Ltda.	Other related parties	Consulting services, technological support and projects	1 year	Annual review, if there are no changes, automatic renewal applies	Conditions equivalent to the market on the date these were made		4,058	-	2,098	-	-
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		1,263	-	1,263	-	-
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		24,910	11,500	13,398	-	12
The Bank of Nova Scotia	Parent	Commissions for referred customers	Undefined	Undefined	Conditions equivalent to the market on the date these were made		3,291	3,291	-	-	-
The Bank of Nova Scotia	Parent	Technology and project services	1 year	Annual review, if there are no changes, automatic renewal applies	Conditions equivalent to the market on the date these were made		17,156	-	13,758	-	3,398
Scotiabank Perú S.A.	Other related parties	Regional Technological Support.	Undefined	Automatic renewal	Conditions equivalent to the market on the date these were made		2,328	-	1,344	-	-

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

Company name	Nature of relationship with the bank	Transaction description			Transactions in conditions of equivalence to those transactions with mutual independence between the parties	Amount	As at December 31, 2022		Effect in Statement of Financial Position	
		Type of service	Term	Renewal conditions			Effect on income statement	Effect on income statement	Accounts receivable	Accounts payable
						MCh\$	Income	Expenses	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	521	-	521	-	-
Inmobiliaria Mall Viña del Mar S.A	Other related parties	Lease of property for branch	6 years	Automatic renewal for 5 years	Conditions equivalent to the market on the date these were made	108	-	108	-	-
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	561	-	561	-	-
Redbanc S.A.	Other related parties	Currency App software infrastructure and license update - Financial portability and Windows 7 Operating System in ATM	NA	Not applicable	Conditions equivalent to the market on the date these were made	504	-	53	-	-
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	3,779	-	3,734	-	45
Operadora de Tarjetas de Crédito Nexus S.A.	Other legal entity	Credit Card Operation Service	2 years	Automatic renewal	Conditions equivalent to the market on the date these were made	7,398	-	6,690	-	49
Servicios Regionales Tecnología Scotiabank Ltda.	Other related parties	Consulting services, technological support and projects	1 year	Annual review, if there are no changes, automatic renewal applies	Conditions equivalent to the market on the date these were made	6,215	-	3,396	-	-
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	8,190	-	8,190	-	-
Scotia Servicios Corporativos SpA.	Other related parties	Provision of services (legal advice, accounting, management control, audit)	Undefined	Undefined	Conditions equivalent to the market on the date these were made	349	-	349	-	-
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	27,733	17,439	10,282	-	12
The Bank of Nova Scotia	Parent	Commissions for referred customers	Undefined	Undefined	Conditions equivalent to the market on the date these were made	4,102	3,981	-	121	-
The Bank of Nova Scotia	Parent	Technology and project services	1 year	Annual review, if there are no changes, automatic renewal applies	Conditions equivalent to the market on the date these were made	16,768	-	16,768	-	-
Scotiabank Perú S.A.	Other related parties	Regional Technological Support.	Undefined	Automatic renewal	Conditions equivalent to the market on the date these were made	1,279	-	988	-	-

SCOTIABANK CHILE AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

As at December 31, 2023 and 2022

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

	12/31/2023 MCh\$	12/31/2022 MCh\$
Board:		
Payment of remunerations and allowances of the Board of Directors - Bank and Bank subsidiaries	802	1,164
Subtotal	802	1,164
Key personnel of the Bank's Management and Subsidiaries:		
Short-term payment for employee benefits	21,285	19,197
Payment of post-employment benefits to employees	-	-
Long-term payment for employee benefits	167	82
Payments for benefits to employees for contract termination	467	331
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	-	-
Subtotal	21,919	19,610
Total	22,721	20,774

e) Composition of the Board of Directors and key management personnel of the Bank and its subsidiaries

	No. of Executives	
	12/31/2023	12/31/2022
Board		
Directors - Bank and Bank's Subsidiaries	8	10
Key personnel of the Bank's Management and Subsidiaries		
General Manager - Bank	1	1
General Managers - Bank's subsidiaries	10	10
Division/Area Managers - Bank	63	69
Division/Area Managers - Bank's Subsidiaries	18	18
Total	100	108

SCOTIABANK CHILE AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

As at December 31, 2023 and 2022

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 December 31, 2023 and 2022 is detailed as follows:

		Recorded amount	Estimated fair value
		12/31/2023	12/31/2023
	Note	MCh\$	MCh\$
ASSETS			
Cash and deposits in banks	7	1,209,884	1,209,884
Transactions pending settlement	7	389,141	389,141
Financial assets to be traded at fair value through profit or loss			
Financial derivatives contracts	8	5,694,324	5,694,324
Debt financial instruments	8	193,820	193,820
Other	8	56,197	56,197
Financial assets at fair value through other comprehensive income			
Debt financial instruments	11	2,188,905	2,188,905
Financial derivative contracts for accounting hedge	12	317,308	317,308
Financial assets at amortized cost			
Rights for repurchase arrangements and securities loan	13	226,394	225,559
Debt financial instruments	13	1,387,601	1,386,004
Owed by banks	13	25,223	25,223
Loans and accounts receivable from customers - Commercial	13	13,738,775	13,671,515
Loans and accounts receivable from customers - Mortgage	13	13,846,343	11,794,649
Loans and accounts receivable from customers - Consumer	13	3,814,689	3,826,427
Securitized bonds		13,268	13,113
LIABILITIES			
Transactions pending settlement	7	333,372	333,372
Financial liabilities to be traded at fair value through profit or loss			
Financial derivatives contracts	21	4,606,750	4,606,750
Financial derivative contracts for accounting hedge	12	1,455,656	1,455,656
Financial liabilities at amortized cost			
Deposits and other on-demand obligations	22	4,850,696	4,848,811
Deposits and other time deposits	22	13,181,368	13,368,736
Obligations for repurchase arrangements and securities loans	22	163,647	163,647
Obligations with banks	22	5,368,647	5,215,123
Debt financial instruments issued	22	8,186,492	7,811,727
Other financial obligations	22	156,392	156,392
Issued regulatory capital financial instruments	23	1,201,214	1,216,408

SCOTIABANK CHILE AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

As at December 31, 2023 and 2022

		Recorded amount	Estimated fair value
		12/31/2022	12/31/2022
	Note	MCh\$	MCh\$
ASSETS			
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 through 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 arrangements and securities loan	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
LIABILITIES			
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 arrangements 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.

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 December 31, 2023 and 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.

SCOTIABANK CHILE AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

As at December 31, 2023 and 2022

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. 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).

SCOTIABANK CHILE AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

As at December 31, 2023 and 2022

- **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:

- Housing lease bonds (BVL).
- Local and foreign investment funds.
- 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 December 31, 2023 and 2022:

As at December 31, 2023	Carrying amount	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	5,944,341	56,197	5,888,144	-
Financial assets at fair value with changes in other comprehensive income	2,188,905	-	2,188,905	-
Financial derivative contracts for accounting hedge	317,308	-	317,308	-
Securitized bonds	13,268	-	-	13,113
Total assets	8,463,822	56,197	8,394,357	13,113
Liabilities				
Financial derivative contracts	4,606,750	-	4,606,750	-
Financial derivative contracts for accounting hedge	1,455,656	-	1,455,656	-
Total liabilities	6,062,406	-	6,062,406	-

As at December 31, 2022	Carrying amount	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 Consolidated Financial Statements

As at December 31, 2023 and 2022

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 December 31, 2023	Valuation technique	Significant unobservable data	Range of estimates for unobservable data	Changes in fair value from reasonably possible alternatives(in MCh\$)
Other assets				
Securitized bonds	Comparable in the market	Market TIR	+1% -1%	(336) 352

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\$)
Other assets				
Securitized bonds	Comparable in the market	Market TIR	+1% -1%	(343) 359

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

Note 45 Maturity per remaining balances of financial assets and liabilities

The detail of this line item is as follows:

As at December 31, 2023	Note	On-demand	Up to 1 month	More than 1 up to 3 month	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	Total
	No.	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$
Cash and deposits in banks	7	1,209,884	-	-	-	-	-	-	1,209,884
Transactions pending settlement	7	389,141	-	-	-	-	-	-	389,141
Financial assets to be traded at fair value through profit or loss									
Financial derivative contracts (1)	8	-	283,840	352,034	834,023	1,481,089	963,671	1,779,667	5,694,324
Debt financial instruments (2)	8	-	2,200	2,317	147,166	16,868	9,384	15,885	193,820
Other	8	45,946	10,251	-	-	-	-	-	56,197
Financial assets at fair value through other comprehensive income									
Debt financial instruments (2)	11	772	-	49,190	504,000	834,972	59,377	740,594	2,188,905
Other	11	-	-	-	-	-	-	-	-
Financial derivative contracts for accounting hedge	12	-	856	6,860	66,205	105,350	43,588	94,449	317,308
Financial assets at amortized cost									
Rights for repurchase arrangements and securities loans	13	-	208,948	16,589	857	-	-	-	226,394
Debt financial instruments	13	-	-	-	1,359,475	-	-	28,126	1,387,601
Owed by banks	13	244	19,805	4,884	290	-	-	-	25,223
Loans and accounts receivable from customers (3)	13	1,805,991	1,356,736	2,080,750	5,123,069	5,657,477	3,762,840	12,319,466	32,106,329
Total financial assets		3,451,978	1,882,636	2,512,624	8,035,085	8,095,756	4,838,860	14,978,187	43,795,126
Transactions pending settlement	7	333,372	-	-	-	-	-	-	333,372
Financial liabilities to be traded at fair value through profit or loss									
Financial derivative contracts (1)	21	-	181,377	197,424	647,825	1,220,546	875,623	1,483,955	4,606,750
Other	21	-	-	-	-	-	-	-	-
Financial derivative contracts for accounting hedge (1)	12	-	21,292	74,350	117,327	499,482	338,222	404,983	1,455,656
Financial liabilities at amortized cost									
Deposits and other on-demand obligations	22	4,838,095	12,601	-	-	-	-	-	4,850,696
Deposits and other term deposits	22	599,346	5,775,604	2,225,052	3,692,406	888,846	88	26	13,181,368
Obligations for repurchase arrangements and securities lending	22	52,515	107,601	3,531	-	-	-	-	163,647
Obligations with banks	22	4,366	12,908	318,601	4,272,453	279,658	480,661	-	5,368,647
Debt financial instruments issued	22	1,022	3,515	145,583	862,991	2,348,089	1,271,363	3,553,929	8,186,492
Other Financial Obligations	22	53,212	47,532	36,202	19,281	165	-	-	156,392
Obligations for lease contracts	17	-	921	2,600	8,217	22,044	22,908	92,618	149,308
Regulatory capital financial instruments issued	23	-	-	1,298	-	513	67,014	1,132,389	1,201,214
Total financial liabilities		5,881,928	6,163,351	3,004,641	9,620,500	5,259,343	3,055,879	6,667,900	39,653,542
Net financial position		(2,429,950)	(4,280,715)	(492,017)	(1,585,415)	2,836,413	1,782,981	8,310,287	4,141,584

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

As at December 31, 2022	Note	On-demand	Up to 1 month	More than 1 up to 3 month	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	Total
	No.	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 through profit or loss									
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 through 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 arrangements 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
Total financial assets		3,010,225	2,791,097	3,599,527	6,472,657	7,929,019	5,973,597	15,593,892	45,370,014
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 arrangements 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
Total financial liabilities		5,721,128	6,108,898	4,602,995	6,946,754	8,090,369	3,876,090	6,487,012	41,833,246
Net financial position		(2,710,903)	(3,317,801)	(1,003,468)	(474,097)	(161,350)	2,097,507	9,106,880	3,536,768

(1) The maturity amounts were determined based on the fair values (MTM) of the financial instruments.

(2) The maturity amounts were determined based on the nominal values of the financial instruments.

(3) Gross loans, without considering provisions for credit risk.

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

Note 46 Financial and non-financial assets and liabilities by currency

a) The detail of financial assets and liabilities is as follows:

Financial Assets-Liabilities	Note	As at December 31, 2023											
		\$	UF	Adjustable	US\$	COP	GBP	EUR	CHF	JPY	CNY	Other MX	Total
		MCh\$	MCh\$	Exchange Rate MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$
Cash and deposits in banks	7	772,612	-	-	407,613	-	3,221	15,956	1,266	400	730	8,086	1,209,884
Transactions pending settlement	7	213,087	-	-	160,498	-	8,740	3,531	-	-	582	2,703	389,141
Financial assets to be traded at fair value through profit or loss	8	5,786,424	120,259	-	37,658	-	-	-	-	-	-	-	5,944,341
Financial assets at fair value through other comprehensive income	11	1,759,754	367,059	-	36,130	-	-	25,962	-	-	-	-	2,188,905
Financial derivative contracts for accounting hedge	12	317,308	-	-	-	-	-	-	-	-	-	-	317,308
Financial assets at amortized cost	13	9,704,638	18,431,124	128,171	4,736,663	-	-	27,805	-	6,279	4,346	(1)	33,039,025
Total financial assets		18,553,823	18,918,442	128,171	5,378,562	-	11,961	73,254	1,266	6,679	5,658	10,788	43,088,604
Transactions pending settlement	7	153,417	-	-	163,769	-	7,588	7,155	-	-	359	1,084	333,372
Financial liabilities to be traded at fair value through profit or loss	21	4,606,750	-	-	-	-	-	-	-	-	-	-	4,606,750
Financial derivative contracts for accounting hedge	12	1,455,656	-	-	-	-	-	-	-	-	-	-	1,455,656
Financial liabilities at amortized cost	22	16,713,978	7,709,144	-	6,833,632	-	37	31,030	401,164	159,678	4,522	54,057	31,907,242
Obligations for lease contracts	17	9	149,299	-	-	-	-	-	-	-	-	-	149,308
Issued regulatory capital financial instruments	23	-	1,201,214	-	-	-	-	-	-	-	-	-	1,201,214
Total financial liabilities		22,929,810	9,059,657	-	6,997,401	-	7,625	38,185	401,164	159,678	4,881	55,141	39,653,542
Net financial position		(4,375,987)	9,858,785	128,171	(1,618,839)	-	4,336	35,069	(399,898)	(152,999)	777	(44,353)	3,435,062

Financial Assets-Liabilities	Note	As at December 31, 2022											
		\$	UF	Adjustable	US\$	COP	GBP	EUR	CHF	JPY	CNY	Other MX	Total
		MCh\$	MCh\$	Exchange Rate 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 through 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
Total financial assets		20,138,416	18,158,985	126,229	6,269,676	-	10,367	51,671	451	2,120	2,970	12,597	44,773,482
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
Total financial liabilities		25,309,025	8,803,216	-	7,271,539	-	3,088	48,956	259,071	83,658	2,294	52,399	41,833,246
Net financial position		(5,170,609)	9,355,769	126,229	(1,001,863)	-	7,279	2,715	(258,620)	(81,538)	676	(39,802)	2,940,236

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

b) The detail of non-financial assets and liabilities is as follows:

Non-Financial Assets-Liabilities	Note	As at December 31, 2023												Total
		\$	UF	Adjustable	US\$	COP	GBP	EUR	CHF	JPY	CNY	Other MX		
		No.	MCh\$	MCh\$	Exchange Rate	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	
Investment in companies	14	34,209	-	-	-	-	-	11	-	-	-	-	34,220	
Intangible assets	15	255,425	-	-	-	-	-	-	-	-	-	-	255,425	
Property, equipment	16	84,327	-	-	-	-	-	-	-	-	-	-	84,327	
Assets for the right to use leased assets	17	159,569	-	-	-	-	-	-	-	-	-	-	159,569	
Current taxes	18	9	2,404	-	-	-	-	-	-	-	-	-	2,413	
Deferred taxes	18	360,658	-	-	-	-	-	-	-	-	-	-	360,658	
Other assets	19	287,523	21,332	-	398,204	-	-	890	-	-	-	582	708,531	
Non-current assets and disposal groups held for sale	20	19,734	-	-	-	-	-	-	-	-	-	-	19,734	
Total non-financial assets		1,201,454	23,736	-	398,204	-	-	901	-	-	-	582	1,624,877	
Provisions for contingencies	24	55,152	-	-	-	-	-	-	-	-	-	122	55,274	
Provisions for dividends, payment of interest and revaluation of issued regulatory capital financial instruments	25	122,388	-	-	-	-	-	-	-	-	-	-	122,388	
Special provisions for credit risk	26	181,333	-	-	11,697	17	-	53	-	24	10	-	193,134	
Current taxes	18	63,222	-	-	-	-	-	-	-	-	-	-	63,222	
Deferred taxes	18	795	-	-	-	-	-	-	-	-	-	-	795	
Other liabilities	27	233,024	30,327	-	780,353	814	22	21	-	7	-	5,580	1,050,148	
Total non-financial liabilities		655,914	30,327	-	792,050	831	22	74	-	31	10	5,702	1,484,961	
Net non-financial position		545,540	(6,591)	-	(393,846)	(831)	(22)	827	-	(31)	(10)	(5,120)	139,916	

Non-Financial Assets-Liabilities	Note	As at December 31, 2022												Total
		\$	UF	Adjustable	US\$	COP	GBP	EUR	CHF	JPY	CNY	Other MX		
		No.	MCh\$	MCh\$	Exchange Rate	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	
Total non-financial assets		1,230,407	61,701	-	393,881	-	-	1,021	-	121	-	12	1,687,143	
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	
Total non-financial liabilities		612,892	33,641	-	771,432	497	24	16,876	5	28	26	4,640	1,440,061	
Net non-financial position		617,515	28,060	-	(377,551)	(497)	(24)	(15,855)	(5)	93	(26)	(4,628)	247,082	

SCOTIABANK CHILE AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

As at December 31, 2023 and 2022

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

Notes to the Consolidated Financial Statements

As at December 31, 2023 and 2022

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

Notes to the Consolidated Financial Statements

As at December 31, 2023 and 2022

• **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.

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.

SCOTIABANK CHILE AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

As at December 31, 2023 and 2022

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.

Risk data engineering and reporting

- Centralize the areas of engineering and risk data management in order to homogenize, standardize, streamline and reduce the risk of data processing and reporting (including regulatory provisions).
- Coordinate within risk the tasks related to Basel III, generating EESAR (Effective Equity Self-Assessment Report) and stress tests.
- Model risk is one that produces adverse financial results (for example, capital, losses, income) 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.

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 complying with local and the Parent's regulations.
- 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 and SONIA.
- The Bank 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 performed using the new benchmark rate, adhered to not providing loans under LIBOR from January 2022, only providing financing to third parties at SOFR and made valuation price changes at SOFR curves.

SCOTIABANK CHILE AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

As at December 31, 2023 and 2022

A summary of the exposure of the different LIBOR-indexed products (notional amounts) not yet remedied as at December 31, 2022 and 2023 is presented below.

LIBOR-based operations	Non- derivative assets	Non- derivative liabilities	Derivative assets	Derivative liabilities
	MCh\$	MCh\$	MCh\$	MCh\$
US\$	9,692	-	-	-
EUR	-	-	-	-
Other	-	-	-	-
As at December 31, 2023	9,692	-	-	-

LIBOR-based operations	Non- derivative assets	Non- derivative liabilities	Derivative assets	Derivative liabilities
	MCh\$	MCh\$	MCh\$	MCh\$
US\$	1,907,934	1,108,661	18,518,606	17,943,678
EUR	-	-	63,965	56,131
Other	-	-	19,067	19,067
As at December 31, 2022	1,907,934	1,108,661	18,601,638	18,018,876

The table above details the Bank's exposures to IBORs through financial assets and liabilities as at December 31, 2022 and 2023, subject to the IBOR reform which have not yet begun a process of transition to alternative benchmark rates.

Enterprise risk management

Develop and implement methods to identify, assess, measure, and monitor the operational, cybersecurity and technological, data, business continuity 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.
- Cybersecurity and information technology risk (IT) is the risk of financial losses, 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.
- 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.

SCOTIABANK CHILE AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

As at December 31, 2023 and 2022

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.

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.

SCOTIABANK CHILE AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

As at December 31, 2023 and 2022

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.

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.

SCOTIABANK CHILE AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

As at December 31, 2023 and 2022

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.

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.

SCOTIABANK CHILE AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

As at December 31, 2023 and 2022

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.

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.

As at December 31, 2023								
Individual evaluation	Owed by banks	Commercial loans	Commercial leasing	Factoring	Consumer loans	Mortgage loans	Contingent loans	Total
	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$
A1	12,354	73,442	-	628	-	-	73,377	159,801
A2	12,884	2,948,952	55,038	34,679	-	-	540,795	3,592,348
A3	-	1,728,678	140,392	19,817	-	-	91,680	1,980,567
A4	-	2,687,685	328,086	117,091	-	-	218,982	3,351,844
A5	-	1,260,656	169,212	83,484	-	-	62,398	1,575,750
A6	-	1,098,749	64,978	34,805	-	-	18,272	1,216,804
B1	-	314,932	14,450	26,120	-	-	4,077	359,579
B2	-	205,255	12,945	3,090	-	-	6,590	227,880
B3	-	213,303	6,116	-	-	-	10,771	230,190
B4	-	75,612	4,394	-	-	-	3,101	83,107
C1	-	121,628	3,383	2,131	-	-	124	127,266
C2	-	36,848	6,507	-	-	-	6	43,361
C3	-	22,494	1,263	-	-	-	17	23,774
C4	-	18,162	1,095	-	-	-	19	19,276
C5	-	76,016	560	721	-	-	832	78,129
C6	-	55,491	2,050	781	-	-	462	58,784
Total	25,238	10,937,903	810,469	323,347	-	-	1,031,503	13,128,460

As at December 31, 2022								
Individual evaluation	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
Total	66,837	12,589,903	805,152	247,218	-	-	1,229,226	14,938,336

SCOTIABANK CHILE AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

As at December 31, 2023 and 2022

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 December 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	-	1,711,864	28,570	407	3,724,903	13,485,431	555,164	19,506,339
Default	-	252,818	1,854	135	422,348	406,281	25,548	1,108,984
Total	-	1,964,682	30,424	542	4,147,251	13,891,712	580,712	20,615,323

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
Total	-	2,047,813	35,002	859	3,858,696	13,584,141	541,845	20,068,356

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	Substandard
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 December 31, 2023	Stage 1 MCh\$	Stage 2 MCh\$	Stage 3 MCh\$	Total MCh\$
Individual				
Owed by banks	25,238	-	-	25,238
Loans and accounts receivable	11,851,876	900,756	350,590	13,103,222
Group				
Owed by banks	-	-	-	-
Loans and accounts receivable	19,506,339	-	1,108,984	20,615,323
Total	31,383,453	900,756	1,459,574	33,743,783

As at December 31, 2022	Stage 1 MCh\$	Stage 2 MCh\$	Stage 3 MCh\$	Total MCh\$
Individual				
Owed by banks	66,837	-	-	66,837
Loans and accounts receivable	14,166,463	460,255	244,781	14,871,499
Group				
Owed by banks	-	-	-	-
Loans and accounts receivable	19,277,628	-	790,728	20,068,356
Total	33,510,928	460,255	1,035,509	35,006,692

SCOTIABANK CHILE AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

As at December 31, 2023 and 2022

Collateral

Collateral accepted by the Bank comply with the requirements established in in Chapter 12-3 of the RAN, which establishes that for the purposes of the individual credit limit, all sureties constituted on real or personal property are collateral. Collateral (co-debtors or sureties), as well as those constituted on bills of exchange, commercial promissory notes, shares and, in general, all those that do not affect tangible property, will not be considered for these purposes, except for certain specific documents indicated in the regulations and that comply with the conditions indicated therein. Having guarantees reduces the risk for the Bank.

For the collective and individual evaluation, the limitation of guarantee amount for customers with secured transactions is classified into the following categories:

Individual	As at December 31, 2023			As at December 31, 2022		
	Loans	Guarantee	Allowance	Loans	Guarantee	Allowance
	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$
Commercial loans	12,071,719	4,256,123	249,036	13,642,273	3,849,362	224,892
Consumer loans	-	-	-	-	-	-
Mortgage loans	-	-	-	-	-	-
	12,071,719	4,256,123	249,036	13,642,273	3,849,362	224,892

Group (*)	As at December 31, 2023			As at December 31, 2022		
	Loans	Guarantee	Allowance	Loans	Guarantee	Allowance
	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$
Commercial loans	2,005,283	2,557,483	68,233	2,094,439	2,494,452	63,717
Consumer loans	2,655,839	-	154,109	2,511,571	-	135,328
Mortgage loans	13,857,128	24,169,277	44,808	13,544,965	22,940,236	39,106
	18,518,250	26,726,760	267,150	18,150,975	25,434,688	238,151

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.

Tranches for probability of default	As at December 31, 2023		As at December 31, 2022	
	Secured	Unsecured	Secured	Unsecured
	MCh\$	MCh\$	MCh\$	MCh\$
0.0 - 0.1	130,273	5,151,317	152,217	6,460,827
0.11 - 0.4	410,405	1,572,669	469,869	1,969,860
1.01 - 3.0	1,388,673	1,963,170	1,749,926	2,466,228
3.01 - 6.0	729,422	846,328	725,807	731,412
6.01 - 11.0	747,089	470,693	420,998	422,502
11.01 - 17.0	229,227	131,800	111,004	153,491
17.01 - 25.0	169,083	58,797	31,356	54,930
25.01 - 50.0	244,907	69,847	74,486	34,987
50.01 +	231,969	118,620	143,238	101,543
Total	4,281,048	10,383,241	3,878,901	12,395,780

The information does not consider guarantees for substitution purposes.

SCOTIABANK CHILE AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

As at December 31, 2023 and 2022

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.

Tranches for probability of default	12/31/2023 MCh\$	12/31/2022 MCh\$
Commercial		
0.84 - 3.81	837,537	639,489
3.81 - 8	372,968	425,967
8 - 12.41	155,248	320,398
12.41 - 12.722	174,403	235,382
12.722 - 25.27	60,252	91,214
25.27 +	404,874	381,989
Total commercial	2,005,282	2,094,439
Mortgage		
0.14 - 0.37	8,630,213	8,271,049
0.37 - 1.79	2,648,246	2,751,178
1.79 - 4.5	1,151,327	1,337,288
4.5 - 16.8	13,861	33,306
16.8 - 23.04	1,010,002	846,740
23.04 +	403,479	305,404
Total mortgage	13,857,128	13,544,965
Consumer		
0.82 - 2.36	736,319	562,855
2.36 - 5.61	671,210	708,322
5.61 - 9.94	410,830	402,908
9.94 - 15.59	229,298	265,886
15.59 - 40.58	284,806	302,268
40.58 +	323,376	269,332
Total consumer	2,655,839	2,511,571
Total	18,518,249	18,150,975

SCOTIABANK CHILE AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

As at December 31, 2023 and 2022

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 December 31, 2023

	Total obligations	% Effective equity	
	MCh\$	Secured	Unsecured
BNS Group	512,207	10.9%	0.1%
Said Group	213,782	3.6%	1.0%
Generico por Gestión Group	163,909	2.8%	0.7%
Karen Ergas Group	44,759	0.3%	0.7%
Business Support Group	30,000	0.0%	0.7%
Salvador Said Group	27,389	0.0%	0.6%
Víctor Carpio Group	18,717	0.3%	0.1%
Emilio Deik Group	9,359	0.1%	0.1%
Other related groups	53,760	0.9%	0.3%
Total main debtors	1,073,882		
Regulatory limits		25.0%	5.0%

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%
Generico por Gestión Group	148,478	2.9%	0.7%
Paz Group	37,891	0.2%	0.7%
Salvador Said Group	32,549	0.0%	0.8%
Business support Group	31,253	0.0%	0.8%
Other related groups	95,503	1.5%	0.8%
Total main debtors	1,188,087		
Regulatory limits		25.0%	5.0%

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."

Total allowances on loans

The total level of allowances on loans reached MCh\$706,523 as at December 31, 2023, which implies an increase of approximately 18.44% compared to the stock of allowances as at December 31, 2022, which reached MCh\$596,532. Accordingly, and considering a decrease in total loans (a decrease of 3.20% in the same period), the percentage of allowances on total loans was up from 1.80% in December 2022 to 2.20% in December 2023.

Risk rates and allowances	12/31/2023	12/31/2022
	MCh\$	MCh\$
Total allowances on loans	706,523	596,532
Total loans	32,106,330	33,168,784
Allowance / loan percentage	2.20%	1.80%

The increase in credit loss allowances in the year from December 2022 to December 2023 occurs mainly in retail and CAT Administradora de Tarjetas S.A., where a voluntary constitution of specific allowances of MCh\$25,000 was made in order to maintain adequate coverage levels.

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 yield 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

Notes to the Consolidated Financial Statements

As at December 31, 2023 and 2022

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 December 31, 2023		(Individual bank)				
		Purchase value	Purchase TIR	Market value	Market TIR	Unrecognized gain (loss)
		MCh\$	%	MCh\$	%	MCh\$
Papers Ch\$		1,862,294	4.62	1,807,484	6.01	(54,810)
PDBC		393,432	9.99	420,810	7.58	27,378
BCP		-	-	-	-	-
BTP		1,468,862	3.18	1,386,674	5.53	(82,188)
Term deposits Ch\$		-	-	-	-	-
Papers UF		365,202	1.68	356,238	2.55	(8,964)
BCU		-	-	-	-	-
BTU		365,202	1.68	356,238	2.55	(8,964)
Term deposits UF		-	-	-	-	-
Securitized bonds		-	-	-	-	-
Papers US\$		59,870		62,225		2,355
Term deposits US\$		59,870	4.15	62,225	6.60	2,355
Total		2,287,366	4.14	2,225,947	5.47	(61,419)

SCOTIABANK CHILE AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

As at December 31, 2023 and 2022

As at December 31, 2022	(Individual bank)				
	Purchase value	Purchase TIR	Market value	Market TIR	Unrecognized gain (loss)
	MCh\$	%	MCh\$	%	MCh\$
Papers Ch\$	2,124,887	5.45	1,988,132	7.78	(136,755)
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)
Term deposits Ch\$	-	-	-	-	-
Papers UF	324,886	0.95	316,791	3.31	(8,095)
BCU	35	0.25	34	6.11	(1)
BTU	324,851	0.95	316,757	3.31	(8,094)
Term deposits UF	-	-	-	-	-
Securitized bonds	-	-	-	-	-
Papers US\$	65,077	4.22	62,489	6.63	(2,588)
Term deposits US\$	65,077	4.22	62,489	6.63	(2,588)
Total	2,514,850	4.84	2,367,412	7.15	(147,438)

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 December 31, 2023, the total VaR (includes rate and currency) reached a value of MCh\$2,878 (MCh\$3,271 as at December 31, 2022).

SCOTIABANK CHILE AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

As at December 31, 2023 and 2022

The impact by the risk factor on the VaR at each closing date is shown below:

	12/31/2023	12/31/2022
	MCh\$	MCh\$
Bonds in UF	2	42
Derivatives UF	(532)	(315)
Bonds in Ch\$	(29)	(847)
Derivatives in Ch\$	252	(1,311)
Derivatives in US\$	(1,217)	(76)
Basis US\$/Ch\$	(1,361)	(769)
Basis L3L6	-	-
Other	7	5
FX	-	-
Total	(2,878)	(3,271)

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:

- a) Cash flows are determined by the maturity of fixed rate transactions and by the revaluation period in variable rate transactions.
- b) 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.
- c) Flows consider only principal of transactions.
- d) Interest rate curves do not consider the spread between assets and liabilities.

SCOTIABANK CHILE AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

As at December 31, 2023 and 2022

f) 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

Notes to the Consolidated Financial Statements

As at December 31, 2023 and 2022

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.

$$I_f = ABS (P_i) * 1\%$$

Where:

I_f : Inflation sensitivity

P_i : 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 December 31, 2023

	NPV	NPV + 1%	NPV - 1%
Ch\$	2,452,985	(57,996)	63,969
UF	2,473,099	(109,270)	33,166
US\$	(1,076,081)	2,280	(2,546)
MX	48,623	(1,542)	1,639
Usage	(166,528)		

As at December 31, 2022

	NPV	NPV + 1%	NPV - 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
Usage	(192,506)		

SCOTIABANK CHILE AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

As at December 31, 2023 and 2022

The impact on the financial margin by currency of a parallel movement of 100 points is illustrated below:

As at December 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	1,486,799	36,225	(950,985)	(4,618)	14,248	284	(9,114)	(44)
2 Months	(166,181)	36,219	(1,133,418)	531	(1,454)	260	(9,917)	5
3 Months	709,255	67,374	(357,769)	8,073	5,615	481	(2,832)	64
4 Months	294,064	137,901	469,184	(1,506)	2,083	932	3,323	(11)
5 Months	(2,283,570)	158,670	478,911	3,462	(14,272)	953	2,993	22
6 Months	317,749	116,006	582,750	2,236	1,721	594	3,157	12
7 Months	(632,489)	73,588	67,422	1,085	(2,899)	310	309	5
8 Months	(137,420)	(43,950)	(65,338)	2,444	(515)	(187)	(245)	9
9 Months	162,178	78,782	12,802	(52)	473	213	37	-
10 Months	(214,293)	196,271	38,472	-	(446)	397	80	-
11 Months	77,859	(7,994)	(4,442)	565	97	(17)	(6)	1
12 Months	508,167	(145,208)	(636)	869	212	(63)	-	-
Total	4,863	4,157	(12,215)	63				

Exposure to inflation
11,295
Usage
14,427
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	-
Total	3,421	2,819	(8,350)	296				

Exposure to inflation
8,762
Usage
10,576

Net present value, equivalent to the net present value of asset and liability flows.

SCOTIABANK CHILE AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

As at December 31, 2023 and 2022

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 Consolidated Financial Statements

As at December 31, 2023 and 2022

The following tables show the exposures to the different currencies, whether of banking products or derivatives in their equivalent in local currency:

	As at December 31, 2023			As at December 31, 2022		
	Assets MCh\$	Liabilities MCh\$	Net MCh\$	Assets MCh\$	Liabilities MCh\$	Net MCh\$
US\$	50,287,492	49,930,076	357,416	52,013,637	51,886,787	126,850
CAD	21,555	21,177	378	20,894	19,638	1,256
BRL	11,707	9,672	2,035	10,290	10,258	32
PEN	5	-	5	41,688	42,411	(723)
AUD	222,188	223,981	(1,793)	226,590	228,690	(2,100)
CNY	121,094	120,547	547	96,315	94,972	1,343
DKK	-	-	-	-	-	-
JPY	424,887	418,349	6,538	371,766	366,629	5,137
CHF	584,780	588,740	(3,960)	505,914	514,589	(8,675)
NOK	2,488	2,471	17	2,953	2,868	85
NZD	65	-	65	550	535	15
GBP	270,404	270,293	111	163,933	158,653	5,280
SEK	19,937	19,987	(50)	21,339	20,908	431
HKD	631	629	2	75	-	75
ZAR	31	-	31	34	-	34
COP	33,356	32,070	1,286	44,171	45,099	(928)
MXN	163,794	163,604	190	106,450	102,536	3,914
EUR	1,262,428	1,256,986	5,442	1,143,322	1,122,988	20,334
Other currencies	807	807	-	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

Notes to the Consolidated Financial Statements

As at December 31, 2023 and 2022

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 December 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	1,042,456	(67,755)	(953,358)	(4,618)	(1,963,521)	79,692	(903,878)	13,238
00031-00060	(210,839)	35,173	(1,144,343)	531	450,206	(5,014)	(522,896)	7,296
00061-00090	663,266	66,352	(364,790)	8,072	1,058,222	177,663	(625,297)	6,022
00091-00120	251,454	136,879	460,702	(1,507)	225,528	202,531	96,155	3,439
00121-00150	(2,327,494)	157,649	472,673	3,462	381,267	(254,299)	381,079	1,807
00151-00180	268,281	114,984	577,663	2,235	38,087	74,261	731,092	3,531
00181-00210	(676,700)	72,565	60,347	1,084	(30,896)	(319,870)	69,832	350
00211-00240	(181,018)	(44,976)	(72,792)	2,443	40,232	192,644	39,586	(728)
00241-00270	119,769	77,760	5,155	(52)	(81,935)	(12,352)	17,761	215
00271-00300	(255,614)	195,247	32,252	-	46,502	119,608	(35,861)	908
00301-00330	30,516	(9,025)	(9,642)	564	145,175	(56,371)	(33,987)	865
00331-00360	465,359	(146,230)	(5,894)	868	358,198	(41,856)	68,557	1,025
00361-00720	2,036,205	483,703	(15,661)	1,317	(1,621,458)	664,568	(4,909)	1,647
00721-01080	1,323,866	(119,450)	(15,085)	19,272	1,730,977	534,739	(14,321)	1,647
01081-01440	459,696	172,066	(29,359)	847	835,601	(273,009)	(31,762)	19,065
01441-01800	(469,723)	485,066	(31,146)	722	354,972	4,844	(128,810)	1,217
01801-02160	(394,622)	444,961	(35,025)	841	(202,315)	542,512	(48,969)	1,291
02161-02520	287,080	150,850	(38,087)	1,753	(285,304)	432,428	(54,352)	1,170
02521-02880	421,943	(759,472)	(42,071)	49,655	502,825	288,415	(56,575)	1,170
02881-03240	16,751	(281,728)	(1,832)	(12,804)	909,200	(607,429)	(4,762)	50,764
03241-03600	(90,767)	32,612	-	-	180,130	(339,640)	1,697	(14,735)
03601-05400	54,660	1,992,918	-	-	68,120	1,146,473	-	-
05401-07200	14	(258,624)	-	-	198	(134,503)	-	-
07201-09000	4	(141,667)	-	-	121	(24,957)	-	-
09001-10800	4	815	-	-	101	736	-	-
10800->>>>	127	10	-	-	67	21	-	-
NRS	(1,191,147)	20,611	(957,848)	-	(1,266,764)	3,255	(722,220)	-

(*) MX Any foreign currency other than the US dollar

SCOTIABANK CHILE AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

As at December 31, 2023 and 2022

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 12/31/2023 MCh\$	Amount 12/31/2022 MCh\$
Short-term (margin)		
Short-term interest rate risk	44,178	59,161
Indexation risk	37,736	32,356
Lower income due to commissions sens.	-	-
Total short-term risk	81,914	91,517
Short-term risk limit (35% of the margin)	324,152	321,676
Short-term usage limit percentage	25.27%	28.45%
Long-term (value)		
Long-term interest rate risk	653,363	749,437
Interest rate optionality risk	-	-
Total long-term risk	653,363	749,437
Long-term risk (*)	1,157,478	1,236,825
Long-term limit usage percentage	56.45%	60.59%

(*) At the Board's Meeting of April 2023 an amendment to the "Long-term limit" was approved, which was established at 25% of Equity (30% up to March 2023). Such limit is considered in disclosures beginning on June 30, 2023 (the limit amendment has been reported to the CMF).

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.

SCOTIABANK CHILE AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

As at December 31, 2023 and 2022

The following tables show the regulatory measure of risks on the trading book:

	Amount 12/31/2023 MCh\$	Amount 12/31/2022 MCh\$
Interest rate risk	208,534	228,900
Currency risk	30,067	13,343
Share risk	1,408	1,158
Currency optionality risk	4	-
Consolidated risk-weighted assets	30,758,320	30,528,390
Credit risk regulatory capital (8% CRWA)	2,001,538	2,003,712
Market risk regulatory capital (8% MRWA)	240,013	243,400
Operational risk regulatory capital (8% ORWA)	219,115	195,159
Total regulatory capital	2,460,666	2,442,271
Consolidated effective equity	4,629,910	4,122,749
Consumption % (including CR and MR)	53.15%	59.24%
Basel ratio (including market risk)	15.05%	13.50%

5) Risk data engineering and reporting

Risk data engineering and reporting includes the management of provisions and regulatory limits, quality assurance, risk reporting and model risk management.

Model risk management

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.

SCOTIABANK CHILE AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

As at December 31, 2023 and 2022

6) Enterprise risk management (operational risk, cybersecurity & IT risk, business continuity and risk management)

The Bank recognizes cybersecurity & IT, data, operational, continuity 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.

Cybersecurity & IT risk

Information technology risk (cybersecurity & IT) 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.

SCOTIABANK CHILE AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

As at December 31, 2023 and 2022

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.

As at December 31, 2023, the Bank and its subsidiaries have recognized MCh\$16,074 for operational risk events (MCh\$14,470 as at December 31, 2022).

Net loss expense, gross loss and expense recoveries from operational risk events	12/31/2023	12/31/2022
	MCh\$	MCh\$
Internal fraud	(248)	(1,106)
External fraud	(15,550)	(11,417)
Labor practices and safety in the business	(126)	(56)
Customers, products and business practices	(1,760)	(170)
Damage to physical assets	(29)	(21)
Business interruption and system failures	(555)	(612)
Execution, delivery and process management	(2,139)	(4,336)
Gross loss in the period due to operational risk events	(20,407)	(17,718)
Internal fraud	1,030	-
External fraud	2,707	2,381
Labor practices and safety in the business	15	-
Customers, products and business practices	-	-
Damage to physical assets	7	3
Business interruption and system failures	-	123
Execution, delivery and process management	574	741
Gross loss recoveries in the period due to operational risk events	4,333	3,248
Net loss in the period due to operational risk events	(16,074)	(14,470)

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.

SCOTIABANK CHILE AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

As at December 31, 2023 and 2022

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.

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.

SCOTIABANK CHILE AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

As at December 31, 2023 and 2022

7) 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.

SCOTIABANK CHILE AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

As at December 31, 2023 and 2022

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 December 31, 2023 All currencies	Local systemic gap		Global systemic gap		Idiosyncratic gap		Idiosyncratic gap	
	30 days	90 days	30 days	90 days	30 days	30 days	30 days	90 days
Liquidity gap	2,267,355	2,267,355	2,267,355	2,267,355	2,273,238	2,273,238	2,273,238	2,273,238
Liquid asset hedge	1,542,301	1,513,044	1,500,732	1,536,511	1,411,976	1,399,329	1,276,177	1,202,039
Liquidity need / excess	3,809,656	3,780,399	3,768,087	3,803,866	3,685,214	3,672,567	3,549,415	3,475,277

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 asset 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

(*) As at the December 2023 Board's meeting, a new liquidity stress model was approved, which now considers 4 scenarios, in addition to a new segmentation.

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.

SCOTIABANK CHILE AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

As at December 31, 2023 and 2022

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 December 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\$
Domestic currency								
Expenses	(3,876,649)	(5,097,678)	(6,708,344)	(11,517,739)				
Income	3,103,108	4,455,729	5,546,123	8,743,427				
Mismatch	(773,541)	(641,949)	(1,162,221)	(2,774,312)	-	-	-	-
Foreign currency								
Expenses	(1,202,594)	(2,015,406)	(3,743,372)	(7,601,626)				
Income	998,700	1,541,814	2,613,081	5,659,911				
Mismatch	(203,894)	(473,592)	(1,130,291)	(1,941,715)	-	-	2,358,476	-
Consolidated currencies								
Expenses	(5,079,243)	(7,113,084)	(10,451,716)	(19,119,365)				
Income	4,101,808	5,997,543	8,159,204	14,403,338				
Mismatch	(977,435)	(1,115,541)	(2,292,512)	(4,716,027)	-	-	1,196,255	2,261,507
					Basic capital			3,488,767
					2 Basic capital			6,977,534
					File C46 limit "Liquidity position"			

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\$
Domestic currency								
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				
Mismatch	(1,442,084)	(894,813)	(386,379)	(82,059)	-	-	-	-
Foreign currency								
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				
Mismatch	226,595	(169,324)	(900,509)	(2,498,511)	-	-	2,244,035	-
Consolidated currencies								
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				
Mismatch	(1,215,489)	(1,064,137)	(1,286,888)	(2,580,570)	-	-	1,857,656	3,708,518
					Basic capital			3,144,544
					2 Basic capital			6,289,088
					File C46 limit "Liquidity position"			

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

Volume and composition of liquid assets

	12/31/2023	12/31/2022
	MCh\$	MCh\$
Available funds	163,172	293,151
Exchange and overnight	401,565	723,273
Escrow fund	670,316	341,007
Financial investments	1,684,675	3,297,830
Total liquid assets	2,919,728	4,655,261

Composition of main sources of financing

	12/31/2023	12/31/2022
	MCh\$	MCh\$
Deposits and other on-demand obligations	4,872,271	5,096,474
Deposits and term loans	13,269,408	14,070,551
Obligations with banks	5,388,854	5,358,338
Debt instruments issued	9,384,319	8,688,099
Other financial obligations	7,634,130	9,439,561
Total	40,548,982	42,653,023

Maturities of assets and liabilities reported as at December 31, 2023 and December 31, 2022 are detailed as follows:

As at December 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\$
Cash	1,209,884	-	-	-	-	-	-
Cash loans	277,989	885,825	1,498,631	3,937,559	30,284,155	80,603	277,949
Loans in LCHR	52	1,569	2,846	12,071	79,258	-	-
Leased contracts	-	30,763	59,045	224,002	588,059	78,526	58,526
Covenants	22,692	170,824	15,265	-	-	-	-
Financial investments	(11,082)	1,499,094	3,059	2,124,577	18,586	21,474	89,957
Other asset accounts	552,525	-	-	-	-	-	377,008
TOTAL ASSETS	2,052,060	2,588,075	1,578,846	6,298,209	30,970,058	180,603	803,440
On-demand obligations	(1,960,189)	(53,632)	(169,433)	(1,797,881)	(898,941)	-	-
Term deposits, bonds and other	(118,660)	(3,626,649)	(3,250,408)	(6,700,112)	(3,705,658)	(1,526,550)	(5,406,706)
Covenants	-	(160,297)	(3,497)	(3,030,026)	-	-	-
Obligations due to LCHR	(1)	(4,714)	(271)	(13,831)	(28,827)	(19,099)	(40,002)
Obligations in Chile	-	-	-	-	-	-	-
Obligations abroad	(8,335)	(6,963)	(319,400)	(1,298,472)	(302,160)	(598,896)	-
Other liability accounts	(536,590)	-	(4,672)	(107,866)	-	-	(502,950)
TOTAL LIABILITIES	(2,623,775)	(3,852,255)	(3,747,681)	(12,948,188)	(4,935,586)	(2,144,545)	(5,949,658)

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

As at December 31, 2022	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\$
Cash	1,262,127	-	-	-	-	-	-
Cash 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
TOTAL ASSETS	2,299,064	2,766,223	2,673,117	4,026,575	32,303,404	140,720	971,670
On-demand obligations	(2,289,726)	-	-	(1,875,508)	(937,754)	-	-
Term 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 in Chile	(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)
TOTAL LIABILITIES	(3,131,500)	(3,327,554)	(4,008,029)	(10,730,122)	(7,862,231)	(2,376,095)	(5,050,332)

The following table details the changes in liabilities arising from financing activities, including those changes that represent cash flows and non-cash changes, for the year ended December 31, 2023:

Reconciliation of liabilities arising from financing activities:	Opening balance as at 12/31/2022	Cash Flow	Changes other than cash					Closing balance as at 12/31/2023
			Acquisition/ (Disposals)	Foreign currency movement	Movements in UF	Change in fair value	Interests	
	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$	MCh\$		MCh\$
Current bonds	7,606,930	(239,797)	-	247,508	40,828	(3,620)	446,350	8,098,199
Subordinated bonds	987,943	22,070	-	-	58,070	-	133,131	1,201,214
Dividends paid - Owners	146,260	(146,260)	122,388	-	-	-	-	(146,260)
Dividends paid - Non-controlling interest	-	(10,006)	-	-	-	-	-	(10,006)
Lease contract obligations	160,376	(15,422)	(42)	-	-	-	4,396	149,308
Total liabilities from financing activities	8,901,509	(389,415)	122,346	247,508	98,898	(3,620)	583,877	9,292,455

SCOTIABANK CHILE AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

As at December 31, 2023 and 2022

8) 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.

12/31/2023	Asset fair value	Credit risk adjustment
	MCh\$	MCh\$
Total	(40,988)	9,756

12/31/2022	Asset fair value	Credit risk adjustment
	MCh\$	MCh\$
Total	(527,841)	13,141

SCOTIABANK CHILE AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

As at December 31, 2023 and 2022

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 adverse scenarios that may materialize in the short and medium-term, meeting its solvency and credit rating objectives. It should be noted that the capital levels maintained by the Bank exceed the solvency 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 regular 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 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) became effective, 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.

In the present year, in April 2023, the first full IAPE was delivered as established in the schedule for the implementation of Basel III. Such report is intended to perform a self-assessment process (Pillar 2), which ensures that banks keep a capital level that is in accordance with their risk profile and foster development and the use of proper processes for monitoring and managing the risks they face. Such internal evaluation process, which subsequently the CMF uses to assess such process fulfilling its oversight role will allow it to require capital additional to the floor requirement in the event of noting risks not hedged by Pillar 1 to guarantee a level adequate to face risks, especially in adverse credit cycles.

Additionally, during 2023, information tables required by Pillar 3 have started being reported. Pillar 3 refers to market discipline and financial transparency through disclosing significant and timely information, which allows keeping the different market players informed and allows information users to perform a better assessment of

SCOTIABANK CHILE AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

As at December 31, 2023 and 2022

each entity's position, by being aware of the risk profile of the different local banking institutions, their position and capital structure in a unique format, thereby decreasing information mismatch.

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, 6% of basic capital plus AT1 bonds, and 3% on total consolidated assets, net of allowances required. In addition, and in accordance with the regulatory implementation schedule for such 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.

For these purposes, effective equity is determined based on capital and reserves or basic capital with the following adjustments:

- a) Adding bonds with no maturity and/or preference shares that meet the requirements and conditions contained in RAN 21-2, if any.
- b) Adding subordinated bonds that meet the requirements established in RAN 21-3 with a limit of 50% of the Basic Capital.
- c) 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, and beginning on December 1, 2023, this percentage was increased to 30%, in accordance with the standard's implementation schedule.

In March 2023, the CMF reported that Scotiabank maintains its rating as a systemically important bank, confirming the 1.25% systemic buffer already required from the Bank (as at December 2023 50% of such systemic buffer is required). In addition, during May, Banco Central de Chile informed that its Board decided to activate the countercyclical capital requirement (CCR) of 0.5% of RWA, which will be enforceable in one year beginning in May 2024. Finally, in accordance with the effective equity self-assessment report (IAPE), the CMF did not establish additional Pillar 2 capital charges for the Bank.

As at December 2023, in accordance with the transitional provisions applicable to the systemic charge, considering 100% of the conservation buffer in order to maintain grade A solvency, the minimum required level of regulatory capital for the Bank is 11.13%.

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

Basic capital and effective equity levels at each closing date are detailed as follows:

Total assets, risk-weighted assets and effective equity components under Basel III	Local consolidated 12/31/2023	Local consolidated 12/31/2022
	MCh\$	MCh\$
Total assets as per the statement of financial position	44,713,481	46,460,625
Investment in subsidiaries not subject to consolidation	-	-
Assets discounted from regulatory capital , other than item 2	(89,724)	(44,299)
Credit equivalent	(3,674,704)	(4,621,630)
Contingent loans	1,585,586	1,771,354
Assets generated by the intermediation of financial instruments	-	-
Total assets for regulatory purposes	42,534,639	43,566,050
Credit risk weighted assets, estimated under standard methodologies (CRWA)	25,019,225	25,046,401
Credit risk weighted assets, estimated under internal methodologies (CRWA)	-	-
Market risk weighted assets (MRWA)	3,000,163	3,042,505
Operational risk weighted assets (ORWA)	2,738,932	2,439,484
Risk weighted assets (RWA)	30,758,320	30,528,390
Risk weighted assets, after applying output floor (RWA)	30,758,320	30,528,390
Owners' equity	3,436,157	3,047,091
Non-controlling interest	138,821	140,227
Goodwill	-	-
Excess of minority investments	-	-
Common Equity Tier 1 equivalent (CET1)	3,574,978	3,187,318
Additional deductions from common equity tier 1, other than Tier 2	(124,151)	(51,339)
Common Equity Tier 1 (CET1)	3,450,827	3,135,979
Voluntary (additional) provisions allocated as Additional Tier 1 Capital (AT1)	-	-
Subordinated bonds allocated as Additional Tier 1 Capital (AT1)	-	152,642
Preference shares allocated to Additional Tier 1 Capital (AT1)	-	-
Bonds with no maturity allocated to Additional Tier 1 Capital (AT1)	-	-
Discounts on AT1	-	-
Additional Tier 1 Capital (AT1)	-	152,642
Tier 1 Capital	3,450,827	3,288,621
Voluntary (additional) provisions allocated as Additional Tier 2 Capital (AT2)	164,248	164,248
Subordinated bonds allocated as Tier 2 Capital (AT2)	1,014,835	669,880
Tier 2 Capital equivalent (T2)	1,179,083	834,128
Discounts on AT2	-	-
Tier 2 Capital (T2)	1,179,083	834,128
Effective equity	4,629,910	4,122,749
Additional basic capital required to constitute a conservation buffer	392,401	381,605
Additional basic capital required to constitute a countercyclical buffer	-	-
Additional basic capital required from systemically important banks	98,100	95,401
Additional capital required to assess the adequacy of effective equity (Pillar 2)	-	-

SCOTIABANK CHILE AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

As at December 31, 2023 and 2022

Disclosures on regulatory capital and capital adequacy ratios

Item No.	Solvency ratios and regulatory compliance ratios under Basel III (as %including two decimals)	Local consolidated	Local consolidated
		12/31/2023	12/31/2022
		%	%
1	Leverage ratio (T1_I18/T1_I7)	8.11%	7.20%
1.a	Leverage ratio to be complied with by the Bank, considering minimum requirements	3.00%	3.00%
2	Basic capital ratio (T1_I18/T1_I11.b)	11.22%	10.27%
2.a	Basic capital ratio to be complied with by the Bank, considering minimum requirements	6.63%	4.81%
2.b	Deficit in capital buffers	0.00%	0.00%
3	Tier 1 capital ratio (T1_I25/T1_I11.b)	11.22%	10.77%
3a	Tier 1 capital ratio to be complied with by the Bank, considering minimum requirements	6.63%	6.31%
4	Effective equity ratio (T1_I31/T1_I11.b)	15.05%	13.50%
4.a	Effective equity ratio to be complied with by the Bank, considering minimum requirements	8.63%	8.31%
4.b	Effective equity ratio to be complied with by the Bank, considering the charge per Article 35bis, if applicable	8.63%	8.31%
4.c	Effective equity ratio to be complied with by the Bank, considering minimum requirements, conservation buffer and countercyclical buffer	10.50%	9.56%
5	Solvency rating	A	A
	Solvency regulatory compliance ratios		
6	Voluntary (additional) provisions associated with CRWA allocated to Tier 2 Capital (T2) (T1_I26/(T1_I8.a ó 8.b))	0.66%	0.66%
7	Subordinated bonds allocated to Tier 2 Capital (T2) associated with Common Equity Tier 1 (CET1)	29.41%	21.36%
8	Additional Tier 1 Capital (AT1) associated with basic capital (T1_I24/T1_I18)	0.00%	4.87%
9	Voluntary (additional provisions) and subordinated bonds associated with RWA allocated to Additional Tier 1 Capital (AT1) ((T1_I19+T1_I20)/T1_I11.b)	0.00%	0.50%

SCOTIABANK CHILE AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

As at December 31, 2023 and 2022

Note 49 Subsequent events

The Consolidated Financial Statements were approved by the Board at the Meeting held on January 25, 2024.

On January 17, 2024, the CMF has published a press release on the progress of the implementation of Basel III standards, applying the additional capital requirement regulations in accordance with Pillar 2.

Following the review and overview assessment process performed by the CMF, Scotiabank has been informed of the resolution adopted by the Board for the additional effective equity requirements.


The CMF's decision establishes a Pillar 2 requirement at consolidated level of 1% of which at least 56.3% must be met with Common Equity Tier 1 ("CET1") and the remaining balance using other capital instruments (AT1 or Tier 2), such additional requirement must be met within 4 years (25% from June 2024), and will be assessed annually through the oversight process.

The table below shows the minimum CET1 and total capital requirements at consolidated level effective as at December 31, 2023 and beginning on June 2024, and Scotiabank's ratios as at December 31, 2023:


	Minimum requirements		Ratios
	December 2023	June 2024	12/31/2023
CET 1 (CET1/APR)	7.63%	8.27%	11.22%
Total capital (PE/APR)	11.13%	11.88%	15.05%

As described in the table, Scotiabank maintains sufficient buffers to cover the required additional 1% over the requirements in both CET1 and total capital.

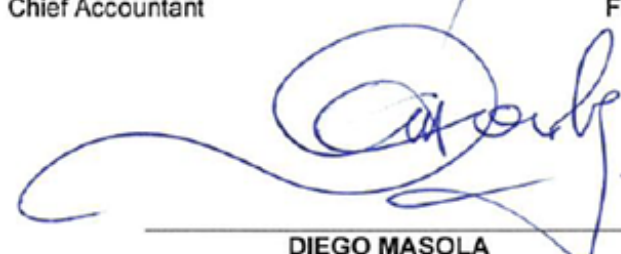
In the view of the Bank's Management and its subsidiaries, between January 1, 2024 and the date of issuance of these Consolidated Financial Statements, no other subsequent events have occurred that could have a significant effect on the figures presented herein or on the economic and financial position of the Bank and its subsidiaries.



CHRISTIAN HURTADO F.
Chief Accountant



LUIS ALVAREZ P.
Finance Division Manager



DIEGO MASOLA
Chief Executive Officer