Scotiabank Chile

Management Commentary

March 2024

Scotiabank

Contents

Note

Scotiabank Chile has prepared this document following the guidelines of IFRS Practice Statement No. 1 "Management Commentary", presenting useful information for investors, financiers and other creditors that contribute to the understanding of the entity's financial position related to the Consolidated Financial Statements as at March 31, 2024.

1. NATURE OF THE BUSINESS

Brief history of Scotiabank Chile

Scotiabank Chile is part of The Bank of Nova Scotia Group, Canada's third largest bank, an institution with more than 190 years of history and footprint in over 30 countries, listed on the Toronto (TSX: BNS) and New York (NYSE: BNS) stock exchanges, being a leading bank in the Americas and the only one with operations in Canada, the United States, and the Pacific Alliance countries.

Scotiabank has been operating in Chile since 1990, after acquiring ownership of Banco Sud Americano. In 2007, it expanded its market share by acquiring Banco del Desarrollo, thereby incorporating new business segments. Subsequently, in 2015, it partnered with Cencosud in the credit card business, through a 15-year alliance with which Scotiabank took control of 51% of Cencosud Administradora de Tarjetas (CAT).

In 2018, the Bank finalized the acquisition of BBVA Chile, a transaction that transformed it into one of the most important financial institutions in Chile, reaching the category of systemically important bank.

Having approximately 6,000 employees, Scotiabank Chile is engaged in helping its customers improve their financial position, delivering disruptive, simple, and flexible products and services to its customers, not only through its network of 102 branches from Arica to Punta Arenas and 24 remote assistance Connect branches, but also through its Digital Banking.

Market positioning in the relevant segments

Scotiabank's market share in total loans as at February 2024, excluding branches and subsidiaries abroad, reached 14.08%, equivalent to CLP 32,609,144 million. It ranks fourth among its competitors, down 59 basis points compared to February 2023.

Of the aforementioned total, commercial loans (including education) reached CLP 14,585,827 million, recording market share of 11.91%. Market share in consumer loans recorded 14.71%, equivalent to CLP 4,168,235 million, whereas market share in mortgage loans recorded 17.14%, equivalent to CLP 13,855,081 million.

As at February 2024, Scotiabank's liabilities record total deposits of CLP 19,135,322 million, of which CLP 14,199,784 million correspond to term deposits and CLP 4,935,538 million to on-demand deposits. Accordingly, Scotiabank Chile's market share in total deposits, excluding branches and subsidiaries abroad, reached 11.33% as at February 2024, up 13 basis points compared to February 2023.

Significant environment features

International scenario

At global level, inflation has continued to decline at both the headline and underlying levels, although there are risks due to the reversal of cost factors and the persistence of high inflationary records in services items. The international scenario continues to be marked by restrictive financing conditions for emerging countries. In the United States, positive economic activity and higher than expected inflation have led the market to delay its expectations of a rate cut for the last part of this year. In this scenario, interest rates have increased in developed countries and emerging currencies have depreciated, driven by the global appreciation of the U.S. dollar. While the weakness of the Chinese economy and its effect on Latin American economies remains a concern, China's GDP growth outlook for 2024 is positive, which has boosted the price of commodities.

However, global GDP growth outlook for 2024 has improved compared to previous expectations. As per the Monetary Policy Report (IPoM) of March issued by the Banco Central de Chile (the Central Bank of Chile), global GDP will expand by 3% in 2024, a figure slightly better than the forecast in the previous IPoM (2.6%) mainly due to the better growth prospects foreseen for developed economies. In addition, the recent increase in the price of copper, which in the last few days traded at levels close to US$ 430 cents per pound, implies a significant boost for mining exports. In aggregate, the external scenario looks more benevolent for Chile in 2024, where the external drive on the economy would continue to make a positive contribution to GDP growth this year.

Local political environment

The political environment in Chile is marked by the structural reforms that the government submitted to the Congress towards the end of 2022 and which today are being negotiated. At the beginning of this year, the Government sent part of the bills that compose the Tax Agreement together with initiatives to speed up the accelerate the processing of investments. For the time being, the discussion continues to focus on the amendment of personal taxes.

The government again submitted certain amendments to the original Pension Reform bill, which were sent to the Congress in the first quarter. Subsequently, the bill was approved in general by the Chamber (idea of legislating), although certain key amendments were rejected. The Pension aims to raise the level of current and future pensions mainly through an increase in the Universal Guaranteed Pension (UGP) and mandatory savings of 6 percentage points to be charged to the employer. The last indication was rejected by the Chamber of Deputies and the discussion is expected to be addressed again in the Senate. The main concerns continue to be the destination of the individual contribution and the efficiency of the new state body to manage the funds. Regarding the first aspect, the Government has indicated its willingness to allow that 3 percentage points of extra contribution payments are allocated to individual accounts. The bill is expected to be voted on in the Senate by mid-year.

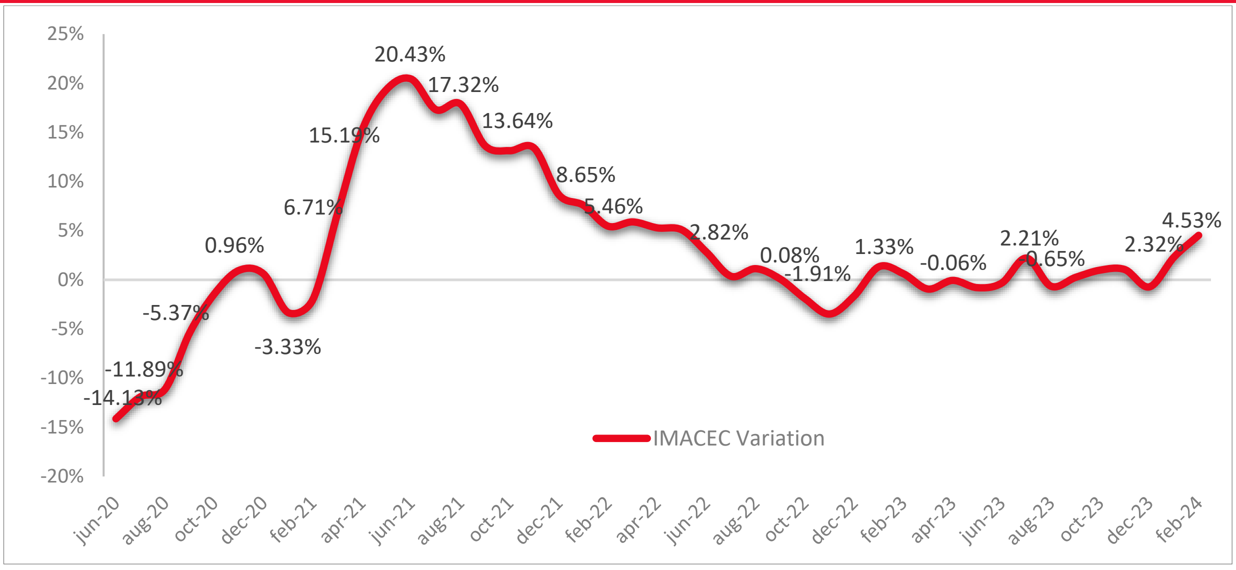
Economic activity level

In 2023, the economy expanded 0.2% on average following the revision of the Chilean Accounts figures. In February, the Monthly Economic Activity Index (Imacec) expanded 4.5% YoY, in line with our early forecasts, although it was a generalized surprise for market expectations that anticipated an Imacec of 1.5% YoY (Economic Expectations Survey) and of 3.3% following the sectorial indicators of the Instituto Nacional de Estadísticas (National Institute of Statistics (INE)). Imacec in February reflected components that went beyond the positive effects of the leap year (calendar effect) and the good starting point provided by January's Imacec (carry-over), as the economy also grew 0.8% compared to the prior month thanks to services and the industry. Finally, investment seems to have regained dynamism driven, in no small part, by the growth in public investment, which expanded significantly in February according to figures from the Dirección de Presupuestos de Chile (the Chilean Budget Office (Dipres)) (86% YoY).

For March we forecast Imacec of approximately 0.5% YoY, sharply below expectations, but consistent with a surprising 8% annualized QoQ. This one-off forecast is part of our baseline scenario, but it is on track to become an extremely negative surprise for consensus. However, we anticipate that the Imacec in April will grow between 4 and 5% YoY, which could be the best YoY record of the year, thanks to the positive calendar effect provided by the three additional business days and the carry-over effect provided by the positive records of January and February. Nevertheless, we raise our GDP growth forecast to 3% for this year, above the 2.6% recently adjusted by the Banco Central de Chile in its latest IPoM.

Figure No. 1

Variance in the Monthly Economic Activity Index (IMACEC)[1]
(variance % YoY)



Source: Banco Central de Chile.

Inflation

Inflation ended last year within the tolerance range of the Banco Central de Chile's inflation target, at 3.4% YoY in its spliced series. In Q1, YoY inflation fluctuated between 3.2% and 3.6%, although it is expected to continue to decline in the next few months to reach the Banco Central de Chile's target of 3% in Q2. Part of the acceleration of inflation in the first part of the year was due to specific components, such as price indexations in services associated with past inflation and (moderate) exchange rate pass-through on goods. Looking ahead, the appreciation we expect for the Chilean peso along with price indexations on services that should disappear during the year, we expect inflation to drop to 3% in Q2.

CPI for March surprised on the downside and recorded a MoM percentage of 0.4%. In general, good inflationary pressures remain contained, whereas services indexations are expected to be very close to finish. CPI inflationary diffusion remains in the lower part of its historical range (51.9%), where scarce pressures from goods are noted in a low diffusion for the month (50%), whereas services continue to record diffusion above its average level (78.3%), although mainly due to seasonal indexations.

For the next few months, we continue to see little inflationary pressure on both the good and service sides. In line with this, we maintain our 2024 year-end inflation forecast at 3%.

Table No.1: Variance in CPI over the last 12 months (%)

Month	Monthly	accumulated	Last 12 months
March 2023	1.1	1.8	11.1
April 2023	0.3	2.1	9.9
June 2023	0.1	2.2	8.7
July 2023	-0.2	2.0	7.6
August 2023	0.1	2.6	5.3
September 2023	0.7	3.2	5.1
October 2023	0.4	3.7	5.0
November 2023	0.7	4.4	4.8
March 2023	1.1	1.8	11.1
April 2023	0.3	2.1	9.9
January 2024	0.7	0.7	3.2
February 2024	0.6	1.3	3.6
March 2024	0.4	1.6	3.2

[1] For IMACEC purposes, data considered figures as at February 2024 because as at March no public information was available.

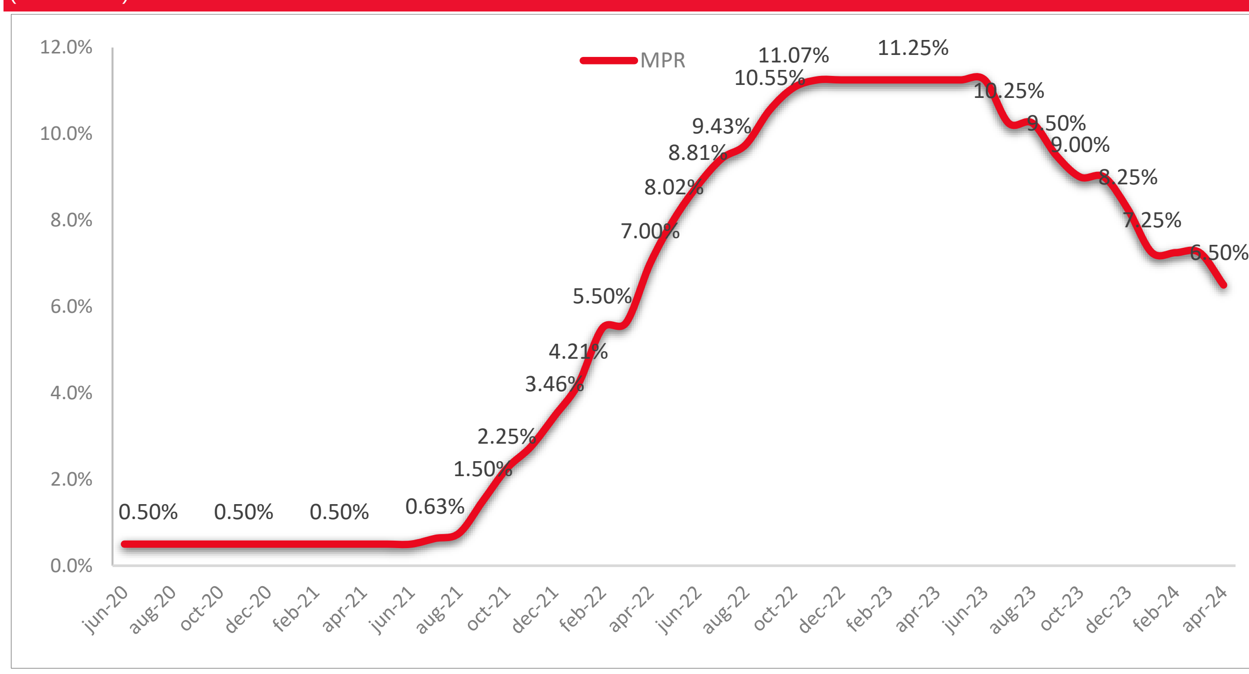
Interest rate

At its Meeting of April 2024, the Banco Central de Chile decided to continue with the process of cutting the benchmark interest rate, establishing it at 6.5% (-75 basis points), indicating that the Monetary Policy Rate (MPR) will continue to reduce. The increase in international prices (transportation and fuel costs) and increased caution by the Fed were the Board's main concerns for the international scenario. At local level, the cutback was conditioned by the weakness of domestic demand disclosed in the National Accounts, although without surprising the market in response to the high inflationary records of January and February.

We believe that the Board could cut the MPR again at its meeting of May by 50 basis points, which will be highly dependent on the evolution of the exchange rate and its implication for the inflation outlook. For the remaining part of the year, the Board has enough flexibility to reach the level of MPR used as a working assumption in the IPoM of April (5% as at December). Consequently, we do not rule out pauses in the cutting process in the next few months.

Figure No. 2

Monetary Policy Rate Evaluation
(variance %)



Source: Banco Central de Chile.

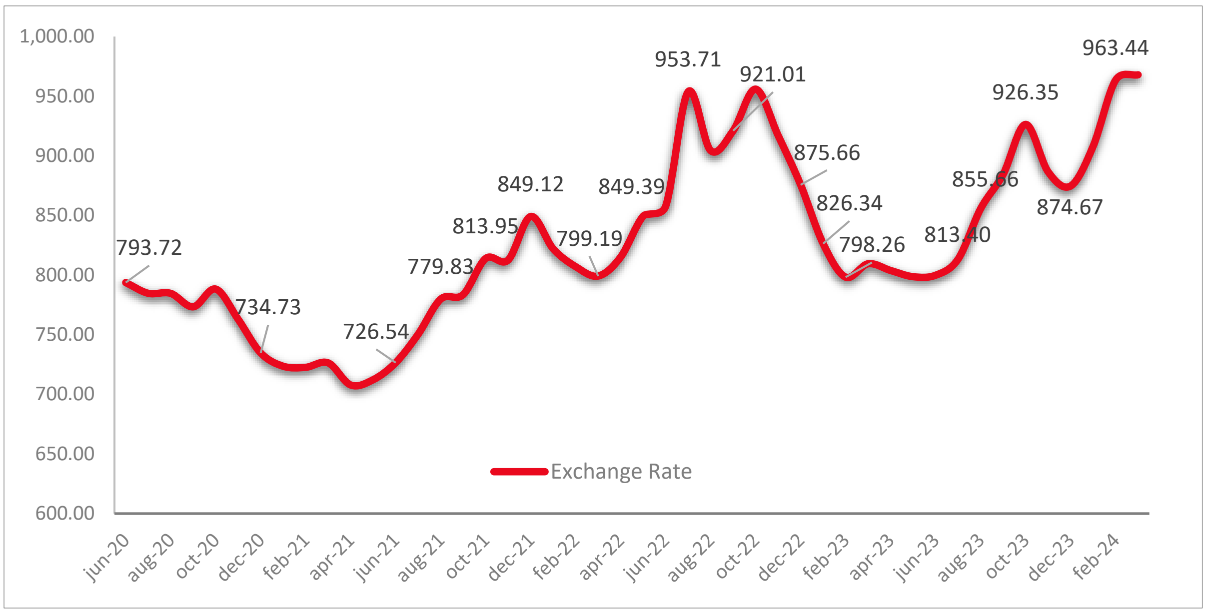
Exchange rate

Chilean peso has depreciated 8% compared to the prior year-end. At the same time, the price of copper has increased 10% in the same period, whereas the global dollar (DXY) has increased 4%. However, after trading at levels close to Ch$987 per U.S. dollar in mid-February, the exchange rate has reduced its level at the closing date of this report (-3%). Part of this evolution has also been explained by the expectations of MPR cuts by the Banco Central de Chile for this year. Indeed, the Board showed a more hawkish tone at the January meeting, which supported the increase in the exchange rate considering that the market has been delaying the expected cuts in the Fed's interest rate this year. Subsequently, the evolution of the main determinants of the parity, together with a more cautious tone from the Banco Central de Chile, has allowed for a slight appreciation of Chilean peso.

Additionally, the Ministry of Finance announced the sale of US$ 3 billion between January and March, although only US$ 1.9 billion was settled at quarter-end. At the closing date of this report, the exchange rate was being traded at Ch$952 per US$1.

Figure No. 3

Exchange rate fluctuation, CLP/USD
(variance %)



Source: Banco Central de Chile.

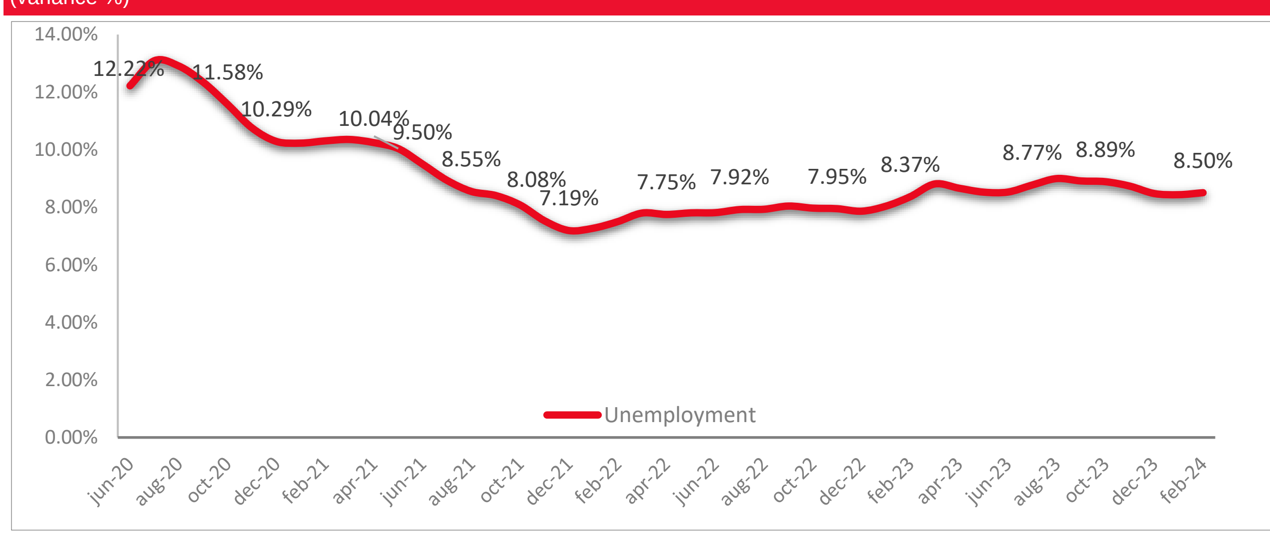
Labor market

Most recently, the unemployment rate was up 8.5% (quarter ended February 2024), due to the lower dynamism of employment compared to that of the labour force. In this regard, 36 thousand jobs were created, most of which were formal jobs in the service sectors. In line with this, construction stood out for the recovery of employment over the last two months.

In our view, the labor market continues to show weakness when analyzing a broad set of indicators, although framed in a context of recovery. Unemployment rate remains near its highest levels since 2010, as does the number of unemployment insurance contribution paying members and beneficiaries. At the same time, job advertisements are at minimal levels, while employment outlook for the main industries remain pessimistic, except for the mining sector.

Figure No. 4

Unemployment rate[2]
(variance %)



Source: Banco Central de Chile.

[2] The unemployment rate considered figures as at February 2024 because as at March no public information was available.

Legal and regulatory environment

Main authorities regulating financial institutions in Chile are the Financial Market Commission (CMF) and Banco Central de Chile. Chilean banks are subject primarily to the General Banking Law and, to the extent not inconsistent with their bylaws, to the provisions of the Chilean Corporations Law governing corporations, except for certain provisions that are expressly excluded. The most recent reform to the General Banking Law was approved in January 2019, where the most relevant change related to the adoption of the most recent standards issued by the Basel Committee (Basel III).

CMF is the single supervisor of the Chilean financial system and supervises insurance companies, publicly-listed companies, credit unions, credit card issuers and banks. The CMF's main responsibility is to ensure the proper operation, development, and stability of the financial market, facilitating the participation of market agents and defending public faith in the financial markets.

The regulator examines all banks on a regular basis, usually at least once a year. Banks are also required to submit their financial statements to the CMF on a monthly basis and at least quarterly they must publish their financial statements in a newspaper circulating nationwide. In addition, banks are required to provide information on their operations to the CMF at several periodic intervals. A bank's annual financial statements and the opinion of its independent auditors must also be filed with the CMF. In addition, interim financial statements as at June 30 and December 31 must include a review report of the interim financial information issued by the independent auditors.

The CMF and the Central Bank of Chile act coordinately, in particular considering the responsibility of each in preserving financial stability within the framework of their respective legal competencies.

Banco Central de Chile is an autonomous agency, of constitutional rank, of a technical nature, with legal personality, its own equity and indefinite duration. The legal purpose of Banco Central de Chile is to maintain the stability of the Chilean peso and the orderly operation of the internal and external payment systems. Banco Central de Chile also has powers to regulate the financial system and capital markets, which are aimed at ensuring that banks and other financial institutions perform their activities in a safe and orderly manner, and to promote the efficient and reliable operation of payment systems and means of payment. Complementarily, it has the power to safeguard the stability of the financial system, which allows it to act in the event of crisis scenarios, which it does through financial policy.

Main products, services, and business processes

Scotiabank Chile is positioned as a universal bank offering a wide variety of products and financial services to several kinds of customers, ranging from major corporations and financial institutions to low/medium income individuals, which are classified in different business segments referred to their business characteristics. The Bank creates value in a sustainable manner, giving customers the opportunity to choose their according to their interests and needs, from a range of financial products and services for our diverse segments.

Scotiabank Chile operates in 5 main market segments, which correspond to *Retail* Banking, *Wholesale* Banking, Card Administration (CAT), Treasury and Others, each of which is summarized below.

Retail Banking

Personal Banking: This segment addresses individual customers whose monthly income is over CLP 200 thousand. 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 purchase and sale of foreign currency, shares and insurance products, among others. In addition to the traditional customer service points, it also provides these customers with a complete self-service and self-management model through the web and the mobile application, which allows customers to perform a wide variety of transactions autonomously through its digital channels.

SME Banking: Efforts for this segment are focused on attracting and linking corporate customers and individuals with business activities, belonging to different economic sectors such as services, commerce, transportation and agriculture, and where annual sales do not exceed USD 4 million. The Bank's value proposition is based on providing financial services of excellence through asset and liability products, such as commercial loans, lease contracts, factoring transactions, chequing account plans, insurance, investment products, foreign trade, and cash management.

Wholesale banking

This business segment includes enterprise customers with annual sales over USD 4 million and corporate customers with annual sales over USD 150 million. 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 finance, 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.

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 de Crédito 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.

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 issuance and fund raising, 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.

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.

Each segment's performance can be observed in Table No.2.

Table No.2: Performance by segment

Quarter ended March 31, 2024 (in millions of CLP (MCLP))	Retail	Wholesale	CAT	Treasury	Other	Accounting total
Net interest income	141,355	83,347	77,306	-87,782	50	214,276
Other income	30,980	56,982	21,180	105,680	-2,046	212,776
Equity in net income of investees	0	0	0	0	678	678
Total operating income	**172,335**	**140,329**	**98,486**	**17,898**	**-1,318**	**427,730**
Operating expenses	-79,360	-32,139	-34,132	-1,733	-1,661	-149,025
Depreciation and amortization	-12,099	-2,373	-3,559	-38	181	-17,888
Provisions	-41,996	-18,489	-53,602	0	-523	-114,610
Segment operating profit (loss)	**38,880**	**87,328**	**7,193**	**16,127**	**-3,321**	**146,207**
Income tax expense	0	0	0	0	0	-29,295
Profit (loss) for the year	0	0	0	0	0	**116,912**
Spot volumes - MCLP						
Assets (loans)	18,822,470	11,400,957	1,650,627	0	21,790	31,895,844
Liabilities (Core and Term deposits)	7,028,699	5,570,737	0	5,865,456	678,194	19,143,086

Quarter ended December 31, 2023 (in millions of CLP (MCLP))	Retail	Wholesale	CAT	Treasury	Other	Accounting total
Net interest income	138.828	78.124	73.194	-38.660	113	251.599
Other income	34,492	63,257	23,637	65,167	-2,212	184,341
Equity in net income of investees	0	0	0	0	1,216	1,216
Total operating income	**173,320**	**141,381**	**96,831**	**26,507**	**-883**	**437,156**
Operating expenses	-82,584	-29,236	-31,540	1,156	-22,448	-164,652
Depreciation and amortization	-9,124	-2,685	-3,151	-3,156	1,232	-16,884
Provisions	-44,159	-12,463	-58,687	0	-2,171	-117,480
Segment operating profit (loss)	**37,453**	**96,997**	**3,453**	**25,723**	**-25,486**	**138,140**
Income tax expense	0	0	0	0	0	-15,885
Profit (loss) for the year	0	0	0	0	0	**122,255**
Spot volumes - MCLP						
Assets (loans)	18,779,138	10,923,353	1,662,208	0	35,108	31,399,807
Liabilities (Core and Term deposits)	6,920,590	5,472,610	0	3,459,397	2,179,467	18,032,064

Quarter ended March 31, 2023 (in millions of CLP (MCLP))	Retail	Wholesale	CAT	Treasury	Other	Accounting total
Net interest income	131,217	77,228	67,361	-56,084	158	219,880
Other income	28,021	45,966	23,032	37,739	-1,526	133,232
Equity in net income of investees	0	0	0	0	1,759	1,759
Total operating income	**159,238**	**123,194**	**90,393**	**-18,345**	**391**	**354,871**
Operating expenses	-80,659	-33,319	-32,317	-2,428	1,963	-146,760
Depreciation and amortization	-8,969	-2,690	-2,879	-228	-1,754	-16,520
Provisions	-47,661	-4,389	-50,688	0	-951	-103,689
Segment operating profit (loss)	**21,949**	**82,796**	**4,509**	**-21,001**	**-351**	**87,902**
Income tax expense	0	0	0	0	0	-14,088
Profit (loss) for the year	0	0	0	0	0	**73,814**
Spot volumes - MCLP						
Assets (loans)	18,528,288	11,796,194	1,687,973	0	88,512	32,100,967
Liabilities (Core and Term deposits)	6,322,584	6,053,924	0	5,879,344	592,439	18,848,291

Entity structure and how it creates value

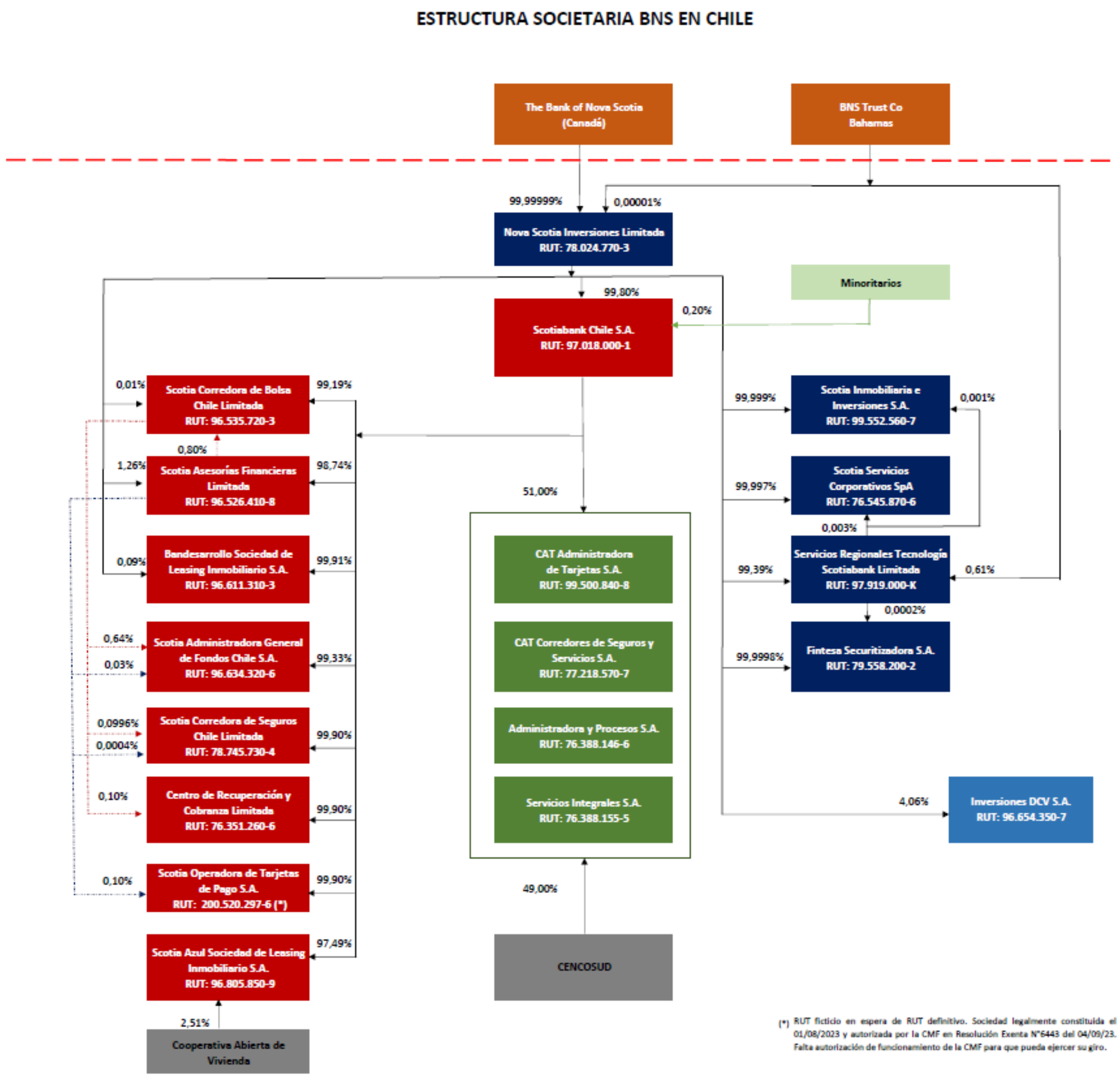
As at March 2024, Scotiabank Chile is owned by 99.80% by "Nova Scotia Inversiones Limitada", an entity owned by the "*Bank of Nova* Scotia" (BNS), which is the Bank's sole controlling shareholder. The remaining percentage (0.20%) corresponds to minority shareholders.

In its turn, Scotiabank Chile controls the subsidiaries Scotia Corredora de Bolsa Chile Limitada, Scotia Asesorías Financieras Limitada, Bandesarrollo Sociedad de Leasing Inmobiliario S.A., Scotia Administradora General de Fondos Chile S.A., Scotia Corredora de Seguros Chile Limitada, Centro de Recuperación y Cobranza Limitada, Scotia Azul Sociedad de Leasing Inmobiliario S.A., and Scotia Operadora de Tarjetas de Pago S.A.[3]

It also controls the companies comprising CAT, which are Administradora de Tarjetas S.A., CAT Corredores de Seguros y Servicios S.A., Administradora y Procesos S.A. and Servicios Integrales S.A. In all these companies, Cencosud holds ownership interest of 49%.

Figure No. 5

Corporate structure



Corporate governance is a priority for Scotiabank and is an essential element for long-term success. Corporate governance policies are designed to ensure the independence of the Board of Directors and its ability to provide effective oversight of the Bank's operations by management.

It is composed of the shareholders, who through their meeting appoint the Board of Directors. The various committees that control the different areas of management, such as the Risk Committee, the Audit Committee, together with the other internal committees, report to this body. This is completed by the external auditors, who report directly to the Audit Committee.

At the Extraordinary Shareholders' Meeting held on November 14, 2022, the number of members of the Board of Directors was reduced to 7 regular members and 1 alternate director.

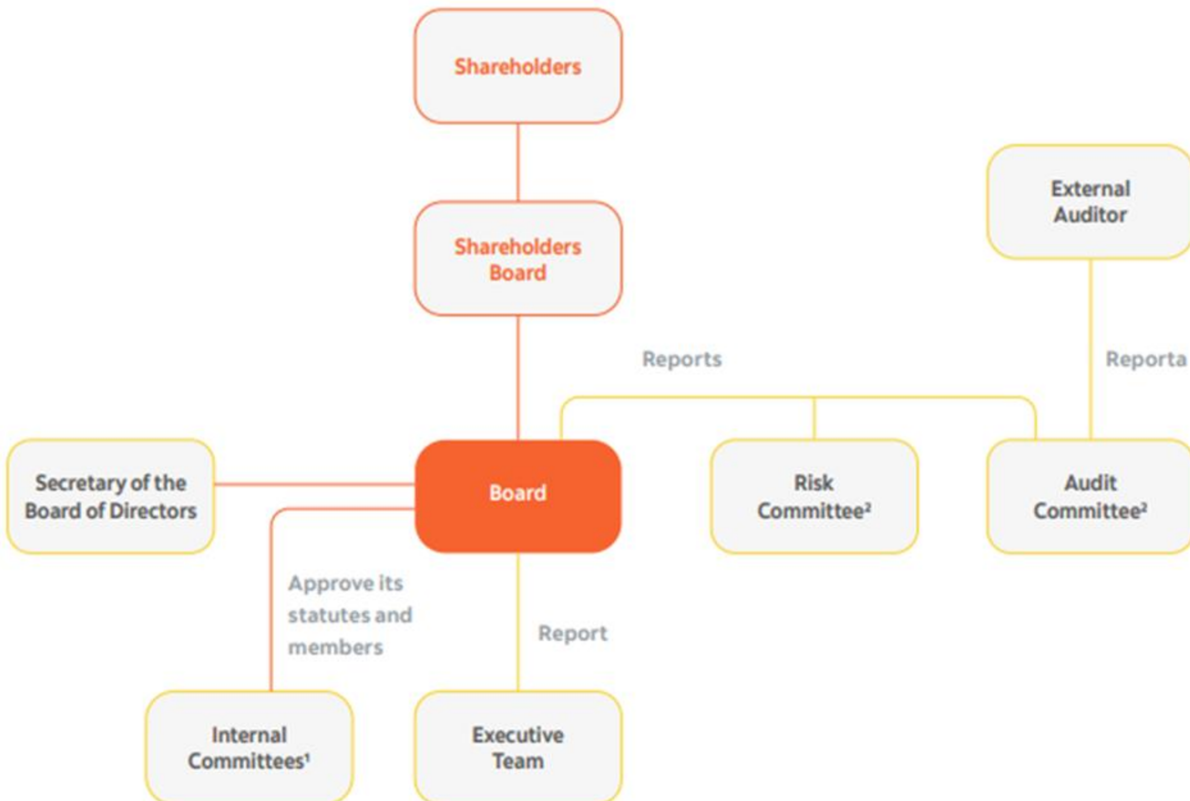
In January 2023, the Financial Market Commission (CMF) approved this change in the bylaws and in such month the first meeting of the board was held, which was made up of four men and four

[3]On August 1, 2023, Scotia Operadora de Tarjetas de Pago 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.

women. Accordingly, Scotiabank Chile became the first private bank in Chile to have a board having parity of representation.

Figure No. 6

Corporate Governance



2. OBJECTIVES AND STRATEGY

Business objectives and strategy

Scotiabank's Strategy

In December 2023, under the name "The New Way Forward," Scotiabank launched its new global strategy institutional strategy. This plan updates the Bank's vision to strengthen its future and represents its commitment to shareholders, customers, and teams to invest in its long-term success. The new way forward is based on the entity's purpose of being the most reliable financial partner for our customers, through a sustainable and profitable growth offer. Aligned with the global strategy, in Chile the strategy is based on the following pillars:

- - The main bank for our customers: Grow relationships with primary customers: this means providing advice to propose solutions, continuously delivering an exceptional experience and a compelling value proposition. The bank focuses on the customer through appropriate segmentation, seeking to optimize profitability and capital consumption.

- A simple organization: Automate, simplify, and optimize processes based on digitalization. Sustainable improvement in profit or loss with a focus on efficiency and productivity

- One team working together: we will seek to eliminate silos, align initiatives to achieve objectives and invest in our employees, culture, and communities to be the employer of choice, attracting and developing talent.

To achieve these objectives, the following strategic focuses have been defined as follows:

- Drive growth of our customers' deposits to continue closing the funding mix gap with the market.
- Growth in loans focused on a more profitable and sustainable mix.
- Digitalization of processes to capture synergies and align structures to value-generating capabilities.
- Strengthen the best talent by developing the team to achieve objectives, aligned to the same strategy.
- Keep the bank safe supported by a culture of risk control and management.
- Prioritize environmental, social support, inclusion, and governance commitments.

Non-financial objectives

Scotiabank is committed to generating a positive impact in the communities where it operates, which is part of the vocation that has characterized it since its incorporation in Canada more than 190 years ago. The Bank creates jobs, invests in businesses, in communities, promotes its values and is part of the society in which it participates. In its quest to build a stronger Bank, it is also building stronger societies. It is also a financial solutions provider and supports its customers, their families, and communities, seeking to achieve success through a wide range of advice.

In addition to its financial strategy, Scotiabank is committed to creating value for its key stakeholders - customers, communities, employees, and suppliers - through strong corporate governance and sustainable practices, as well as environmental care.

Accordingly, the Bank is convinced that economic growth goes hand in hand with social inclusion and respect for the environment, identifying and mitigating risks and enhancing development opportunities, both for the organization and for the society.

At the community and social investment level, the Bank's efforts are focused on further developing the ScotiaRISE program, whose purpose is to strengthen economic resilience in the communities where it operates, understanding this concept as the capacity of individuals, families, businesses, and communities to thrive in different circumstances and actively participate in local economies.

Additionally, during February and after the forest fires that affected Region V of Chile, Scotiabank mobilized to support those affected through a campaign aimed at employees, which was duplicated by the bank with a corporate donation, and complemented with a donation from our Parent, as part of Scotiabank's commitment to Chile. In total, Scotiabank provided 133,000 Canadian dollars through the Chilean Red Cross.

Scotiabank has also defined itself as an organization that values every voice, so diversity, equity, inclusion, and respect are part of its culture. Its Diversity, Equity, and Inclusion policy, formalized in 2018, and updated in 2021 defines four pillars of work in these areas: gender equity, multiculturalism, LGBT+ community and disability. In this last aspect, 1.5% of the Bank's staff as at March 2024 corresponds to people with some type of visible and non-visible disability and 97.7% of them has an indefinite employment contract.

Within the framework of our culture of inclusion and diversity, during the reporting period we disseminated the Diversity and Inclusion Guidelines Manual for customer service, with the purpose of improving the experience of all the people who visit our branches. The document addresses inclusion practices, such as the use of inclusive language; special attention to people with physical or motor disabilities, as well as those with visual and hearing impairments and autism spectrum disorders (ASD).

This milestone is in addition to different programs and initiatives that we have performed throughout the years, such as our Scotiabank's Inclusion Programme, which seeks to improve the quality of life of employees with disabilities.

At the environmental level, the Bank is aware that climate change is affecting natural systems and communities around the world. It is therefore committed to reducing its impact on the environment. In this context, during this period, the Bank, through Scotia Administradora General de Fondos, subscribed to the UN Principles for Responsible Investment, which will help to deepen the thorough evaluation of environmental, social, and corporate governance factors conducted when making investment decisions.

With regard to employees, being a great place to work is one of our goals. We are concerned that employees can develop in a culture that is safe, inclusive, and committed to doing the right thing. To achieve this, the Bank has training and development plans, such as a women's leadership program that debuted in 2023, which started its second version with the participation of employees from Scotiabank Uruguay, which seeks to promote the development of careers of women working for the Bank, who in Chile represent 52% of the total headcount.

In addition, the Bank has developed a robust compensation system based on principles of fairness, competitiveness, and emphasis on performance. Likewise, time, money and welfare benefits are offered thinking about the diversity of employees, so that they are able to choose among some of its modalities, according to their priorities, needs and interests.

In this context, the Bank is also committed to flexibility and the permanent implementation of the hybrid and flexible work model, referred to as W4 or "The Way We Work and Where", which combines face-to-face and remote work based on differentiated schemes for each area of the Bank according to its objectives, business needs and the needs of its teams.

In addition, in 2024 two years will elapse from the Bank's pioneering implementation in the banking industry of the reduction of the workday to 39 hours a week as a way of improving the quality of life of its employees, achieving a better work-life balance, and promoting co-responsibility. All these milestones — made possible thanks to the progress made in productivity associated with the modernization and digital transformation agenda deployed by Scotiabank — have been recognized by different institutions such as the Top Employer certification and the Top of Mind Index and Top of Mind Tech rankings, which highlight the 100 companies preferred by young professionals up to 35 years old to develop their professional lives.

Digital transformation for customers

Scotiabank Chile has consolidated its position as the best digital bank for its customers, which was recognized by the prestigious international magazine LatinFinance, naming the Bank as the Best Digital Bank in Latin America and the Caribbean. This recognition is supported by the significant advances made in the conformation of a complete ecosystem of products and functionalities that respond efficiently to simplify people's lives by accompanying them in their new habits and digital needs.

With this vision in mind, the Bank has implemented a number of new developments. In the Retail sector, significant progress has been made. A functionality has been implemented that allows customers to review their recurring subscription information, such as Netflix, Spotify, Amazon Prime, Disney+ and more, in one place, simply and quickly. This functionality is available in both Scotiaweb and the Scotia GO App.

In addition, the BIP (transportation payment card) recharge functionality has been made available to customers through the Scotia GO App. This allows customers to recharge directly on the application for underground or bus use.

Enhanced accessibility has been added to the online loan sale, which will allow visually/hearing impaired customers to have a better experience. Improved customer experience in the flow of funds transfer to third parties, creation of recipients and scheduled transfers to increase digital engagement and channel NPS.

In the corporate sector, Scotiabank has released a new feature available to its customers that allows them to make High Value Transfers through its web service. Customers can now manage these transactions directly, improving customer experience by streamlining and simplifying their treasury processes.

In addition, a more modern and intuitive version of the Foreign Currency Buy and Sale module has been released. This latest version includes an extension of the signing hours until 5:00 p.m.

of the business day following its creation, the use of the revolving credit facility available to buy foreign currency, a more intuitive, user-friendly, and easy-to-use interface.

A new Mass Payment Dashboard has been released, a tool that allows customers to view and manage their companies' payrolls efficiently. In the Dashboard, customers can view the information of all payrolls that are pending signature or have been sent for payment, with the detail of the records that were paid and rejected. This new functionality aims to improve customer experience and offer an innovative solution in the market.

The positive outcome of this strategy is reflected in our customers' digital adoption, which went from 54% at the end of 2019 to 73% today. In addition, the digital adoption rate among chequing account customers is higher than 90%.

Promoting women's leadership

Scotiabank believes in the transformative power of women and in the leading role they play in society and in the development in Chile, which is why promoting gender equity, equal opportunities and female empowerment is one of the fundamental pillars of the Bank and for this reason, it promotes internally and externally several initiatives to strengthen the role of women, empowering them and enhancing their leadership.

As at March 2024, 52% of the workforce was female, whereas 23.8% of senior management positions were held by women. In addition, from August 2022 we develop the Scotiabank Women's Initiative in Chile, a global programme that enhances the professional and financial development of women entrepreneurs and executives, helping them break down the barriers that limit their growth and increasing opportunities to reach their greatest potential both today and in the future.

From its launch in Chile, as at February 2024, we have organized more than 17 face-to-face and virtual training and networking events, covering the capital city as well as the regions. In addition, we increased our monthly intake of women-led companies from 22% to 30%.

In addition, in March 2023 we launched the Women Leading Plan, which includes up to two chequing accounts, up to two revolving credit facilities, two credit and debit cards, a U.S. dollar account and Scotiaweb, with no maintenance cost.

The Women's Initiative programme also recognizes through the Executive Woman, Woman Entrepreneur awards and in 2023, together with VISA, the She's Next award.

Significant changes in objectives and strategy

The strategy and objectives of Scotiabank Chile, although not significantly changed compared to the prior year, are aligned with BNS' new global strategy, which was released in December 2023. This global strategy has a central focus on growth and scale in priority markets, as well as on strengthening relationships with primary customers. It also seeks to facilitate doing business with the Bank and winning as a cohesive team.

The strategy and focuses presented in the Scotiabank Strategy section are in line with BNS' global strategy, maintaining the focus on customers and digitalization, improvements that impact profitability and the focus on the team, in addition to rigorously complying with regulations and controls.

Compared to the prior year, changes in strategy are focused on highlighting the focus on the team, promoting a collaborative and motivating work environment that fosters professional development and excellence. Also, the pillars of digitalization and satisfaction of customer needs through effective and efficient products and services remain.

Business Vision and Value Strategy

Scotiabank has a strategic plan, in which it has described its Vision and Mission:

Vision

Scotiabank Chile is inspired by the Parent's vision, "For Every Future", which seeks to reflect the motivation and purpose as a financial institution to help customers, their families and their communities achieve success by offering them a full range of products and advice.

Mission

Scotiabank's mission is based on three basic pillars: the customer is first, having a winning team and leading in the Americas. Scotiabank is confident that by performing its mission will deliver consistent results for its shareholders over the long-term.

3. ENTITY'S RESOURCES, RISKS AND RELATIONSHIPS

Description of the main financial resources available

In order to perform its short and long-term strategy, Scotiabank actively manages its liquidity so that its sources of funding are well diversified, a key element of its funding strategy, which aims to achieve an appropriate balance between the cost and stability of funding.

Funding concentration is regularly monitored and analyzed for each type of source. Specifically, these sources correspond to capital, on-demand balances, term deposits for individuals and institutions, bank borrowings banks and debt instruments issued, among others.

In this context, deposits and other on-demand liabilities are key components of the Bank's core funding, which amounted to CLP 5,132,518 million as at March 31, 2024 (CLP 4,850,696 million as at December 31, 2023 and 4,946,042 million as at March 31, 2023). Deposits and other term deposits represented CLP 14,010,568 million as at March 31, 2024 (CLP 13,181,368 million as at December 31, 2023 and 13,902,249 million as at March 31, 2023), whereas bank borrowings amounted to CLP 5,726,935 million as at March 31, 2024 (CLP 5,368,647 million as at December 31, 2023 and 5,186,289 million as at March 31, 2023). In addition, core funding was supplemented with debt issuances of CLP 9,619,563 million as at March 31, 2024 (CLP 9,387,706 million as at December 31, 2023 and 8,919,695 as at March 31, 2023).

The Bank holds liabilities in Chilean pesos, Unidades de Fomento (inflation-adjusted units) and in foreign currency, mainly in U.S. dollars. Currency mismatches are monitored on an ongoing basis and transactions are within the extent of the liquidity risk appetite defined.

Table No.3 shows the main sources of financing for the first quarter of 2024 and 2023.

Table No.3: Sources of financing

Components	March 2024 MCh$	December 2023 MCh$	March 2023 MCh$
Deposits and other on demand liabilities	5,132,518	4,850,696	4,946,042
Term and other on-demand deposits	14,010,568	13,181,368	13,902,249
Obligations with domestic banks	0	0	0
Obligations with foreign banks	2,696,909	2,338,621	2,156,263
Obligations with Banco Central de Chile	3,030,026	3,030,026	3,030,026
Letters of credit	84,937	88,293	97,086
Current bonds	8,319,212	8,098,199	7,815,312
Subordinated bonds	1,215,414	1,201,214	1,007,297
Total	**34,489,584**	**32,788,417**	**32,954,275**

In terms of capital, Scotiabank Chile has not recorded any capital increases since March 2020. Because of the Bank's stable and healthy funding structure, currently it has no funding shortfalls or difficulties in its sources of funding.

Description of the main non-financial resources available

Scotiabank has developed several resources and initiatives to improve the quality of life of its communities, stakeholders, the environment, its partners, and customers, which are detailed below:

Scotia Connect

It is a group of remote branches, composed of a team of commercial and operational executives, who serve customers through a remote service model (email and/or telephone only). Note that they do not have a face-to-face service, but rather under a semi-portfolio model (the customer is managed by their team of executives "minipool") and the delivery of products and signing of documents is performed via delivery service.

As at March 2024, the Bank has 24 Connect branches, providing services to over 200 thousand customers.

APP SCOTIABANKGO

This App is intended to have a single mobile digital channel for all customers at a click's reach, with the highest standard of information security and providing all the functionalities that a customer needs to satisfy their needs and/or requirements. As at March 2024, there were 523,142 active mobile users, up 17% compared to the prior year. Likewise, March 2024 closed recording 640 thousand active digital users and digital adoption rate of 73%.

Scotiabankers

The entity's most important resource is its employees. As at March 2024, Scotiabank has a total of 5,716 employees, distributed among the Bank and its subsidiaries. Scotiabank strongly believes the success of its activities is based on a sound performance culture, under a process concept that is ever growing. This has allowed it to enhance the development of its employees and identify learning opportunities to strengthen their growth and maintain a high level of commitment to the organization. The breakdown of employees can be seen in Table No.4.

Table No.4 Detail of employees

Total headcount	March 2024	December 2023	March 2023
Senior Management	25	26	26
Management	152	153	163
Professionals	3,981	4,009	1,682
Administrative staff	1,518	1,550	4,016
Sales force	40	40	152
Total	**5,716**	**5,778**	**6,039**

Diversity in the Board of Directors

As at March 2024, the Board of Directors is composed of 4 women and 4 men, as shown in Table No.5.

Table No.5 Diversity in the Board of Directors

Women	Men	Total
4	4	8

Note that at the Extraordinary Shareholders' Meeting held on November 14, 2022, the number of members of the Board of Directors was reduced to 7 regular members and 1 alternate director. In January 2023, the Financial Market Commission (CMF) approved this change in the bylaws and in such month the first meeting of the board was held, which was made up of four men and four women. Accordingly, Scotiabank Chile became the first private bank in Chile to have a board having parity of representation.

Discussion on the Capital structure

Scotiabank's capital structure complies with the minimum capital requirements established by the Financial Market Commission (CMF) under Law No. 21.130, which defined new requirements in line with international standards known as "Basel III."

At the end of March 2024, basic capital amounted to CLP 3,502,216 million to which is added the additional Tier 1 capital. However, at such date we do not have this type of capital which added together complete the Tier 1 capital of CLP 3,502,216 million. Tier 2 capital, which corresponds to the sum of additional provisions plus subordinated bonds, amounted to CLP 1,190,724 million, resulting in total effective equity of CLP 4,692,940 million.

In addition, note that regulatory limits of the Tier 2 capital components showed headroom, as subordinated bonds were using 29.31% of a maximum of 50% of the possible core capital and, for additional allowances, these reached 0.64% of a maximum of 1.25% of the Credit Risk Weighted Assets (CRWA).

In compliance with the standards issued by the CMF, note that from December 1, 2021, the RWA used for the calculation of the effective equity ratios included Market Risk Weighted Assets, which amounted to CLP 2,781,622 million for March 2024, together with the Operational Risk Weighted Assets, which amounted to CLP 2,874,639 million, and the method for the calculation of Credit Risk Weighted Assets, which amounted to CLP 25,821,990 million, was modified.

The ratio of effective equity to total RWA reached 14.91% as at March 2024, which means that the Bank shows adequate solvency and is in line with the strategic definitions of its Parent, which allows it to comply with and maintain a buffer with respect to the regulatory provisions required from the Bank, which include among others:

- During May 2023, 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 beginning in May 2024.
- On January 17, 2024 and following the supervisory review and evaluation process performed by the CMF, Scotiabank was informed of the resolution adopted by the Board related to the additional minimum effective capital requirements, which established additional capital charges of 1% for the Bank in accordance with Pillar Two, of which at least 56.3% must be satisfied with Common Equity Tier 1 (“CET1”) and the remaining balance using other capital instruments (AT1 or Tier 2), such additional requirement must be established within 4 years (25% beginning in June 2024), and will be assessed on an annual basis through the supervisory process.
- In March 2024, the CMF reported that Scotiabank maintains its rating as a systemically important bank, confirming the 1.25% systemic buffer already required from the Bank.

Leverage ratio, Basic Capital to Total Assets ratio, was 7.87%.

The capital structure is shown in Table No.6.

Table No.6 Capital Structure

Available Capital	March 2024 MCh$	December 2023 MCh$	March 2023 MCh$
Tier 1 Capital	**3,502,216**	**3,450,827**	**3,294,729**
CET 1	**3,502,216**	**3,450,827**	**3,140,204**
Capital	1,368,421	1,368,421	1,368,421
Reserves	381,405	381,405	381,405
Retained earnings	1,802,219	1,722,476	1,487,080
Valuation	-61,680	-36,145	-187,573
Minority interest	124,427	138,821	132,525
Equity adjustments	-112,576	-124,151	-41,654
AT1	**0**	**0**	**154,525**
Additional tier 1 capital	0	0	154,525
Tier 2 Capital	**1,190,724**	**1,179,083**	**847,904**
Subordinated bonds	1,026,475	1,014,835	683,656
Additional allowances	164,249	164,248	164,248
Total effective equity	**4,692,940**	**4,629,910**	**4,142,633**

Table No.7: Capital Components

Concept	March 2024 (%)	December 2023 (%)	March 2023 (%)	Regulatory Requirements
Regulatory Capital (T1 + T2)	14.91%	15.05%	13.40%	> = 10.51%
CET1 / RWA	11.13%	11.22%	10.16%	> = 7.01%
T1 / RWA	11.13%	11.22%	10.66%	> = 8.51%
Leverage ratio	7.87%	8.11%	7..9%	> = 3%
Tier 2 / Tier 1	34.00%	34.17%	25.74%	-
Subordinated debt / CET1	29.31%	29.41%	21.77%	< 50%

Financial agreements

In the normal course of business, the Bank has entered into contractual agreements with third parties. Depending on the nature of the agreements, they could have a current or future impact on the Bank's financial performance. Among the most significant agreements is Scotiabank's strategic partnership with Cencosud, effective since 2015.

In recent periods, the Bank has entered into contracts with third parties in the areas of means of payment, insurance, outsourcing of services, among others.

Description of the Bank's liquidity and cash flows

Liquid assets are a key component of liquidity management, and the Bank holds sufficient liquid assets to meet potential liquidity management needs.

Liquid assets can be used to generate cash, either through sale, repurchase or other transactions where such assets can be used as collateral to generate cash or by allowing the asset to mature. Liquid assets include deposits with central banks, deposits with financial institutions, demand and other short-term loans, marketable securities and securities received as collateral for securities financing and derivative instruments.

The Board of Directors is responsible for periodically defining the Bank's liquidity risk tolerance level, understood as the level of liquidity risk that the Bank is willing to assume. Scotiabank Chile has a Liquidity Management Policy aimed at ensuring timely compliance with obligations, safeguarding adequate liquidity risk management.

The Bank conducts stress tests at least quarterly to analyze the potential impact of adverse scenarios on the liquidity position, considering idiosyncratic and systemic scenarios.

Liquidity coverage ratio

This indicator is intended to ensure that the Bank maintains a minimum level of unencumbered, high quality liquid assets that can be readily converted into cash to meet cash outflows over a 30-calendar daytime horizon, based on a critical regulatory liquidity stress scenario defined by the regulator.

The Bank's main liquidity metric is the Liquidity Coverage Ratio (LCR). The LCR amounts achieved by the Bank at the consolidated level are shown in Table No.8.

Table No.8: Liquidity Coverage Ratio

Liquidity coverage ratio	March 2024 MCh$	December 2023 MCh$	March 2023 MCh$
High quality liquid assets	2,734,319	2,293,236	3,413,313
Net adjusted expenses	1,204,509	1,496,769	1,638,109
LCR%	227.01%	153.21%	208.37%

Net Stable Funding Ratio

Additional to the LCR, and in accordance with current regulations, the Bank also monitors the Net Stable Funding Ratio (NSFR). This indicator consists of a structural liquidity metric, aimed at ensuring that the Bank maintains a stable funding profile in relation to the composition of assets and off-balance sheet activities.

In March 2022, Banco Central de Chile published a new regulation on liquidity risk management in the banking system. In accordance with such regulation, a minimum limit of 60% would be established beginning on January 1, 2022, considering a gradual implementation period that would finish in January 2026, with a limit of 100%. Amounts achieved by the Bank in this metric are shown in Table No.9.

Table No.9: Net Stable Funding Ratio

Net Stable Funding Ratio	March 2024 MCh$	December 2023 MCh$	March 2023 MCh$
Available stable funding (ASF)	26,944,322	26,610,006	26,738,670
Required stable funding (RSF)	24,185,269	24,017,045	27,979,645
Net Stable Funding Ratio (%)	111.41%	110.80%	95.56%

Action plan to manage an excess or shortfall of resources

The Bank has a liquidity contingency plan, which specifies an approach to analyze and respond to potential liquidity events. The plan describes an appropriate governance structure for the management and monitoring of liquidity events, processes for effective internal and external communication and identifies possible countermeasures to be considered at several stages of a liquidity event. A contingency plan is established both at the Bank level and for the main subsidiaries.

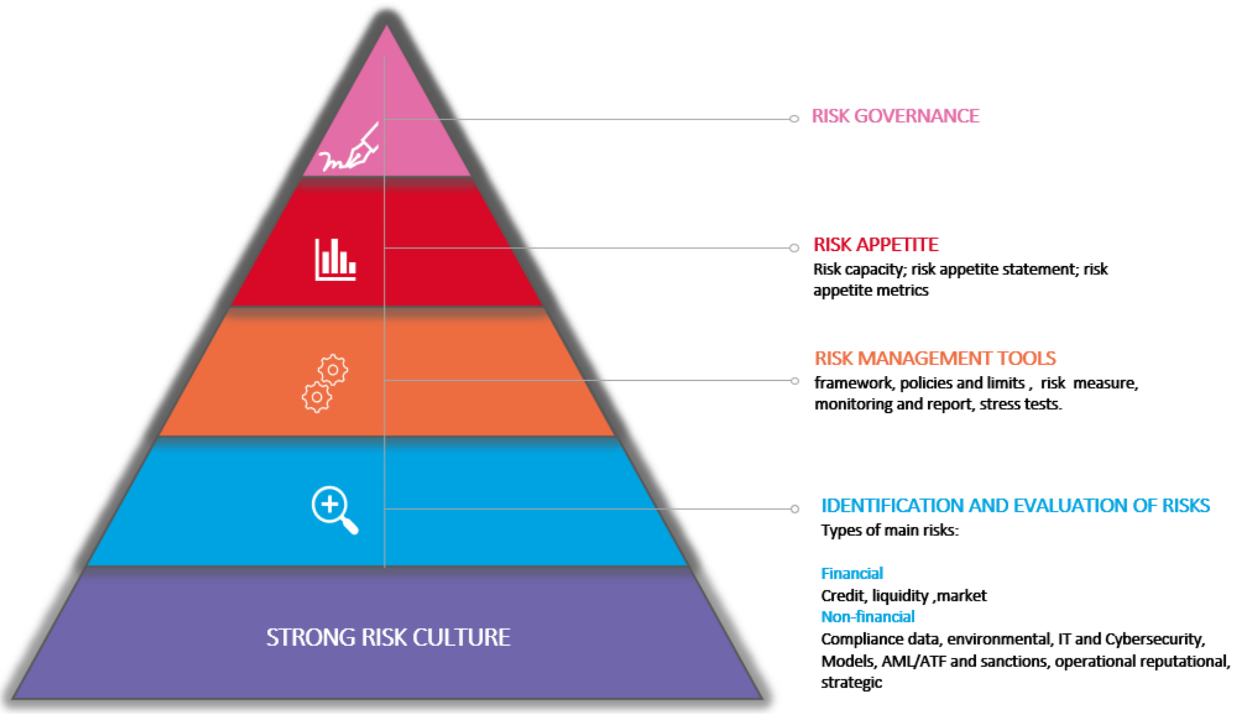
Scotiabank manages its excess financial resources within the framework established by market and liquidity risk limits.

Potential impact of identified risks and how they are managed

Efficient and effective risk management is pivotal to Scotiabank Chile's success and is a key part of both the Bank's risk management approach and the overall approach to strategy management. Scotiabank has a strong risk culture model, which involves all Bank's employees in managing risks. It considers policies, processes, control management and auditing as key elements, which are critical components for creating a strong risk culture. The components of risk culture can be observed in Figure No. 7.

Figure No. 7

Risk culture

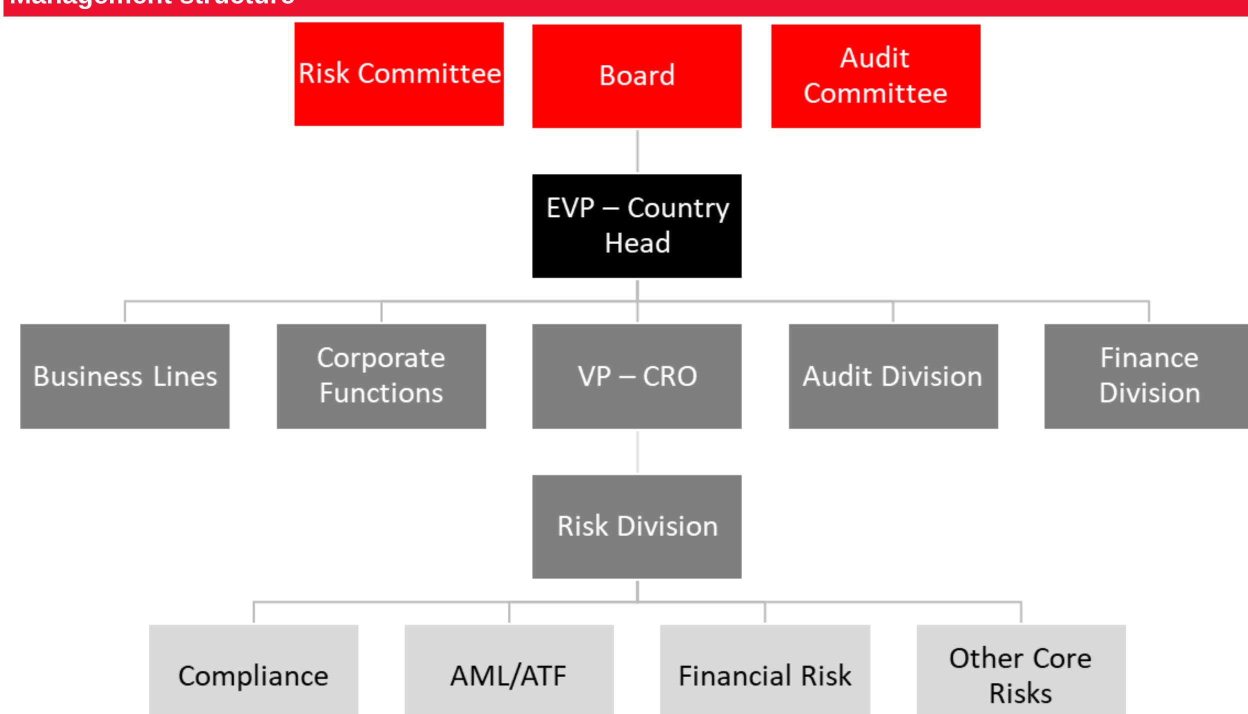


Governance structure

The Board of Directors and its committees are responsible for the Bank's oversight and risk management activities and are organized as shown in Figure No. 8.

Figure No. 8

Management structure



Risk structure key components

Board of Directors
Because it is the Bank's highest governance body, it provides oversight, either directly or through its committees, to ensure that decision-making is consistent with the Bank's strategies and risk }appetite. The Board of Directors receives regular updates on key risks, including a summary of the Bank's risk profile and the performance of the portfolio compared to the goals established and the key risk policies approved, limits and the risk appetite framework.

Risk Committee
Provides assistance to the Board of Directors in meeting its responsibilities of identifying and monitoring key financial and non-financial risks. The Committee supports the Board by overseeing risk management functions including credit risk, market risk and operational risk and other risks. This also includes periodically reviewing and approving key risk management policies, frameworks and limits and ensuring that all Bank management is operating within the risk appetite framework. The Committee also monitors the independence of each of these control functions, including the effectiveness of those in charge of such duties and the functions themselves.

Audit Committee
It is intended to be responsible for 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 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.

Executive Vice President - Country Head
Directly responsible for defining, communicating, and implementing Scotiabank Chile's strategic direction, goals and core values that maximize long-term shareholder value. Oversees the implementation of the Bank's risk appetite collaborating with the SVP *Chief Risk Officer* of the Risk Division and the SVP & *Chief Financial Officer* of the Finance Division, which is consistent with the Bank's short and long-term strategy, business, and capital plans.

SVP *Chief Risk Officer*
Ranks under the direct supervision of the Executive Vice President - *Country Head* and reports to the Risk Committee. He has overall responsibility for Scotiabank Chile's AML/ATF risk management, compliance and prevention of money laundering and terrorist financing. The SVP Chief Risk Officer has unrestricted access to certain Directors' committees to ensure the independence from their duties. As a Senior Member of the Bank's Senior Management, the *Senior* Risk Vice President participates in strategic decisions related to where and when the Bank will use its several sources of capital resources to achieve the Bank's business line performance goals and overall objectives.

Risk Management Department
The Risk Management Department reports to the Head Office's international management of the Risk Management Department. This management has operational, credit and market risk and other area divisions, which also report to Scotiabank Canada through their related risk units.

Management model
The risk management model is structured in three lines of defense:

1. The first line is composed of the business units, which are basically the business units that incur and own the risks.

2. The second line of defense is composed of the control functions (Risk Management and Compliance) and provides the guidelines and governance framework for risk management, along with monitoring and controlling risks.

3. The Internal Audit area is the third line of defense, independently verifying the performance of the business areas and the risk management control functions.

Bank's main risks

Financial risks

These are risks that are directly associated with the Bank's core business and revenue-generating activities. In turn, these are risks that the Bank understands well and assumes in order to generate sustainable, consistent, and predictable earnings. Financial risks are generally quantifiable and relatively predictable.

The Bank is willing to assume these types of risks, as they are considered to be a critical part of business activities. This is provided they are well understood, are within the limits that have been established and meet the desired risk or return profile.

Credit risk

The risk of loss resulting from the failure of a customer or counterparty to meet its financial or contractual obligations to the Bank. Credit risk arises in the Bank's direct lending operations and in its financing, investing, and trading activities, where counterparties have repayment or other obligations to the Bank.

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. See Note 47 to the Financial Statements as at December 2023 for further details regarding specific management and exposure to Credit Risk.

Market risk

The risk of loss from changes in market prices and rates (including interest rates, credit spreads, exchange rates and the prices of commodities), the correlations between them and their volatility levels. Market risk includes trading risk, investment risk, interest rate risk, foreign currency risk and indexation risk.

See Note 47 to the Financial Statements as at December 2023 for further details regarding specific management and exposure to Market Risk.

Liquidity risk

This is the risk that the Bank will not be able to meet its financial obligations in a timely manner at reasonable prices. Financial obligations include liabilities to depositors, payments due under derivative contracts, settlement of securities lending and repurchase transactions, and lending and investment commitments.

See Note 47 to the Interim Financial Statements as at December 2023 for further details regarding specific Liquidity Risk management.

Non-financial Risks

These risks are inherent to the Bank's business and may have negative strategic, business, financial or reputational consequences if not managed. Compared to financial risks, these risks are less predictable and more difficult to define and measure. The Bank states it assumes low levels of non-financial risks and works to ensure that they are adequately controlled.

Operational Risk

This is the risk of loss resulting from inadequate or failed people, processes, and systems, or from external events. Operational Risk includes third party risk, fraud risk 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, in the activities of third parties with which the Bank has established an outsourcing relationship or supply of products or services, and could give rise to financial losses, sanctions by regulatory authorities or damage to the Bank's reputation.

Strategic Risk
It is the risk that the Bank, its business lines, or corporate functions, make ineffective strategic decisions or are not sufficiently resilient to changes in the business environment, do not meet the Bank's risk appetite or that such strategies are deficiently performed.

Reputational Risk
The risk that negative publicity or the feeling that the stakeholders regarding Scotiabank's conduct, business practices or partnerships, whether true or not, will have an adverse effect on its revenues, operations or customers, or will require litigation or other costly defensive measures.

Compliance Risk
This is the risk that an activity will not be conducted complying with applicable laws, rules, regulations, and prescribed practices, as well as with the internal policies, procedures and ethical standards expected by regulators, customers, investors, employees, and other stakeholders. Compliance risk comprises regulatory compliance risk, conduct risk and privacy risk.

Cybersecurity and Information Technology (IT) Risk
Information Technology (IT) Risk relates to the risk of financial loss, disruption, or reputational damage due to some type of failure in IT systems. Cybersecurity risks are a subset of the unique IT risks that the Bank faces as a result of the use of interconnected systems and digital technologies.

Money Laundering and Terrorist Financing Risk (AML/AFT)
Money Laundering and Terrorist Financing Risk is the susceptibility of Scotiabank Chile to be used by individuals or organizations in the crime of money laundering, terrorist financing or violations of economic sanctions. This also includes the risk that the Bank does not comply with applicable anti-money laundering (AML)/anti-terrorist financing (ATF) legislation, sanctions legislation or fails to implement controls reasonably designed to deter, detect, and report AML/AFT.

Environmental, Social and Governance Risk (ESG)
This is the potential risk that environmental, social, and corporate governance factors related to Scotiabank's conduct, business practices or relationships may have an adverse impact on the Bank's performance.

The Bank is directly and indirectly exposed to ESG risks due to its business activities and internal operations. Because of their very nature, ESG risks can increase many of the Bank's other major risks, such as credit, compliance, operational and reputational risks. Consequently, ESG risk management is also integrated into the governance structures and risk management elements of the other main risks they may affect.

Model Risk
Model risk is that type of risk that produces adverse financial results (e.g., capital, loss, income) and reputational consequences arising from the design, development, implementation, or use of the model. 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.

Data Risk
Data risk is the exposure to adverse financial and non-financial consequences (for example, 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/or inappropriate, unplanned, or unethical data use.

Changes in risk management

The risk committee is in charge of managing and recommending to the Board of Directors the necessary changes to obtain adequate risk management and monitoring.

Scotiabank Chile's risk management framework and risk appetite framework are reviewed and updated at least on an annual basis or as material changes are required by the Enterprise Management Risk Management (ERM). These updates go through an *Advice & Counsel* process at the Head Office, to be finally presented to the Risk Committee and Local Board of Directors for approval.

After being approved by the Risk Committee and the local Board of Directors, documents are distributed among the Managers who are members of the Executive Committee. The documents are published on one or more web sites, including the Bank's intranet.

Relationships

The purpose of Sustainability is to create value for the society and for Scotiabank, through the commitments that the Bank makes to its main stakeholders through sound corporate governance and good Corporate Social Responsibility practices. Scotiabank understands Sustainability and Social Responsibility as a way of doing business in which the economic growth goes hand in hand with social inclusion and respect for the environment, identifying and mitigating risks and enhancing development opportunities, both for the Bank and for the society.

For the first time, in 2022 the Bank measured its sustainability performance at the level of its different stakeholders through the SSIndex tool.

Main relationships

Employees
Scotiabank helps employees build their future, so that work and family life can be balanced. Your health care is an issue of vital importance to the Bank. Scotiabank Chile has built a culture of significant benefits thought for all the diversity of employees, so that they are able to choose among some of its modalities, according to their priorities, needs and interests.

Customers
Customers are at the heart of the Bank's management and the purpose of its existence, and Scotiabank works to provide services to them in the best possible way. This means ensuring the confidentiality and security of information, complying with responsible sales practices, and resolving your requests and complaints as quickly as possible. Scotiabank is concerned with providing products, services and experiences that enable customers to project a better future through a broad portfolio of financial services and solutions. The Bank has more than 1,300,000 customers, including personal, commercial, SME and retail banking, and treasury.

Shareholders
Scotiabank's guidelines for the information provided to shareholders include maintaining continuous and fluid communication, facilitating shareholder participation in meetings, and holding the *Investor Day*.

Community
Scotiabank is concerned with establishing a link with the community and society in which it operates.

Environment
Scotiabank understands that climate change is affecting natural systems and communities, posing a risk to the global economy and society, in order to take action to accelerate climate solutions and promote sustainable economic growth. Scotiabank has made five corporate-level climate commitments:

Commitments

1. Mobilize CAD 350 billion by 2030 to reduce the impacts of climate change.
2. Ensure strong climate-related governance and transparency in the Bank's climate-related reporting.
3. Decarbonize operations and seek innovative solutions to reduce the Bank's impact on climate change.

4. Establish a Climate Change Center of Excellence to mobilize internal and external collaboration and coordinate discussion and information exchanges on such subject matter.

5. Optimize the integration of climate risk assessments in operations such as lending, financing, and investments.

Stakeholder-related milestones

1. Forest fires in Viña del Mar

On February 2 and 3, 2024 a fire affected the municipalities of Valparaíso, Viña del Mar, Quilpué and Villa Alemana, in the Valparaíso Region of Chile, being rated as one of the largest disasters in Chile over the last 30 years. To quickly come to the aid of our potential customers affected, the Bank communicated special measures such as refinancing with preferential rates and payment grace periods.
We also conducted a donation campaign aimed at employees, which raised US$ 16,373 and was complemented by a global corporate donation of 100,000 Canadian dollars.
In total, Scotiabank provided 133,000 Canadian dollars through the Chilean Red Cross to support the individuals affected by forest fires.
Lastly, Scotiabank, together with other banks in the industry, joined the solidarity campaign "Juntos Chile se Levanta (Together, Chile Rises)", setting up a banner on our website so that people could make a direct donation.

2. Women's Month

In the context of the commemoration of International Women's Day, we conducted several activities aimed at highlighting the importance of the role of women in society and the benefits of their full involvement in all areas.
"Libro Incompleto (Incomplete Book)" was the title of the initiative in which different women leaders participated by giving advice to their past selves. Additionally, we organized two workshops, one together with Make a Wish Chile, entitled "Emprender y Liderar (Entrepreneurship and Leadership): Mujeres que transforman" (Women who transform), which brought together four leading businesswomen to tell the story of their journey to their prominent positions. The second discussion, held jointly with Copesa, addressed key issues to promote the leadership of women in companies and the impact of Law 21.645 on the Conciliation of Work, Family and Personal Life.
Internally and for the second consecutive year, we started the Women's Leadership Programme, one of the Bank's many initiatives that seeks to promote the career development of its female employees. In this edition, which for the first time includes Scotiabankers from Uruguay, more than 330 women registered for the modules on empowerment, personal brand design, professional roadmap and communication and networking strategies.

3. Astara Chile Classic

Our Wealth Management segment once again participated as the main sponsor of the Astara Chile Classic golf tournament, which was played in March at the Prince of Wales Country Club in La Reina and was attended by leading figures from the local and international golf scene. The activities began with a Pro-Am, aimed exclusively at our customers.

4. Corporate volunteer program

During February, the first corporate volunteering programme was conducted together with Fundación Emplea. The initiative entitled: "Empléate sin Fronteras" convened migrant women to provide them with tools and knowledge of financial education that will contribute to their financial independence and ability to access employment opportunities.

5. Chile Day

During the reporting period, Scotiabank Chile announced that it will once again be part of, and the main sponsor of, Chile Day, a public-private initiative organized by InBest in partnership with the Ministry of Finance, which seeks to position Chile as a market of opportunities for foreign investment.

The event will be held this year on May 27-28 in Toronto and May 30-31 in New York.

6. Empresaria (Female Entrepreneur) Award

As part of its commitment to promote gender equality, inclusion, and women's leadership, during this period Scotiabank launched a new call for the Entrepreneur Award, an emblematic initiative of Scotiabank Chile, with 12 years of experience and which is part of the global programme, Women's Initiative, to recognize and promote female talent and good management of women in business, particularly in small and medium-sized enterprises in Chile. From its inception, it has attracted close to 33 thousand women entrepreneurs from different regions of Chile and awarded 81 women, whose stories have been an example of perseverance and entrepreneurial vision. Applications will be open from April 4 through May 28 and three categories will be awarded, each of which will receive a $4 million prize.

7. Liaison with the stakeholders

During March, EVP and Country Head, Diego Masola received a delegation from the German Central Bank (Bundesbank) who visited the Bank to learn more about the Chilean experience in cash management, information technology and financial oversight. The meeting addressed the domestic economic environment as well as technological and digital transformation challenges. Also, through Scotia SME, we participated as a jury in the first “Emprende Vespertino Diego Portales University Entrepreneurship Contest”, an initiative that gave six students the opportunity to submit several projects to generate innovative SMEs.

8. Awards and acknowledgments

In this period and for the second consecutive year, Scotiabank obtained the prestigious Top Employer certification, which distinguishes companies for the excellence of their people management practices. This seal reflects our ongoing commitment to the well-being of our Scotiabankers, their flexibility and quality of life.

Also, in terms of management, we were highlighted in the rankings Top of Mind Index and Top of Mind Tech, applied by the company FirstJob to more than 18 thousand young professionals from different universities in Chile to measure the 100 companies preferred by them to develop their professional careers.

In addition, in terms of customer experience, we received recognition for “sustained improvement” in the PXI-Praxis Index 2024 Experience Ranking. This distinction demonstrates our customers' satisfaction with Scotiabank's efforts to customize the solutions and service experience we provide.

In addition, our brokerage firm was distinguished in the ConaXion Ranking performed by Nuam Exchange, an entity resulting from the integration of the Lima, Santiago, and Colombia Stock Exchanges. Scotia Corredora de Bolsa was positioned as the entity with the highest amount traded in the category Amounts Traded in the Primary Market for Primary Debt Placement – Placement Agent and, in the same ranking, our Bank was recognized for the amounts traded in the Primary Market, Primary Debt Placement – Structuring Agent.

In terms of digital transformation, our “Insurance Digital Ecosystem” project won the highest distinction in the Channel Innovation category of the Fintech Americas 2024 Financial Innovators Awards. This solution allows our customers to have a simplified self-service experience with diversity in the available offerings.

Lastly, the international publication Global Finance awarded us as the Best Bank in Sustainable Finance in Emerging Markets for the Sustainable Finance Award, for our leadership in sustainable financial products and advisory services; and the British magazine Euromoney recognized Scotia Wealth Management as the Best Private Bank in Chile in Digital Solutions, thanks to the digital transformation initiatives developed by this Bank's division.

4. OPERATING PERFORMANCE AND OUTLOOK

The following discussion relates to the Consolidated Financial Statements of Scotiabank Chile as at March 31, 2024 compared to March 2023.

The Bank's development and performance during the year

Table No.10 shows the balances of the 2023 and 2024 statements of income.

Table No.10: Statement of Income

Statement of income	March 2024 MCh$	December 2023 MCh$	March 2023 MCh$
	Quarter ended:		
Net interest and indexation income	326,140	321,441	292,555
Net fee and commission income	48,339	54,191	45,954
Net financial result	45,104	53,999	6,537
Other operating income	8,147	7,525	9,825
Total operating income	**427,730**	**437,156**	**354,871**
Total operating expenses	-166,913	-181,536	-163,280
Operating income before credit losses	**260,818**	**255,620**	**191,591**
Credit loss expense	-114,610	-117,480	-103,689
Profit or loss from continuing operations before taxes	**146,207**	**138,140**	**87,902**
Income tax expense	-29,295	-15,885	-14,088
Consolidated profit (loss) for the year	**116,912**	**122,255**	**73,814**

For the quarter ended March 2024, net interest, and indexation income of CLP 326,140 million was recorded, 11.5% higher than the figure in the same period of the prior year, mainly due to better results from accounting hedges of the UF and CPI indexation risk, together with lower interest paid on term deposits.

At the end of Q1 2024, net fees amounted to CLP 48,339 million, an increase of 5.2% compared to March 2023, mainly explained by higher insurance fees and higher credit operations.

Net financial result amounted to CLP 45,104 million, up CLP 38,567 million, mainly due to a better performance in Capital Markets.

Other operating income amounted to CLP 8,148 million, down 17.1%, mainly due to lower expense recovery in CAT together with a lower amount earned on Transbank's Proportional Equity Value (PEV).

Likewise, operating expenses amounted to CLP 166,913 million, up 2.2% compared to the prior year's quarter, mainly due to higher expenses in Technology (licenses, temporary advisory) and Retail Management (advertising).

Credit loss expense amounted to CLP 114,611 million, up 10.5% compared to the prior year's quarter, due to the increase in allowances for credit losses in the Commercial segment.

Income tax amounted to CLP 29,295 million, equivalent to an increase in expenses of CLP 15,207 million.

Because of all these factors, net income recorded in Q1 2024 amounted to CLP 116,912 million, 58.4% higher than that recorded in 2023.

Table No.11 shows the balances of the 2023 and 2024 statements of financial position.

Table No.11: Statement of Financial Position

Statement of financial position	March 2024 MCh$	December 2023 MCh$	March 2023 MCh$
Cash and deposits in banks	915,374	1,209,884	903,616
Transactions pending settlement	586,699	389,141	475,721
Financial assets held for trading at fair value through profit or loss	7,042,655	5,944,341	6,634,437
Financial assets at fair value through other comprehensive income	2,269,482	2,188,905	3,181,863
Derivative instruments for accounting hedge	383,543	317,308	357,290
Financial assets at amortized cost	34,621,332	33,039,025	32,454,705
Investments in companies	34,936	34,220	27,850
Intangible assets	256,946	255,425	241,150
Property and equipment	82,329	84,327	88,912
Right-of-use assets under lease contracts	157,584	159,569	172,811
Current taxes	2,100	2,413	87,671
Deferred taxes	359,867	360,658	342,799
Other assets	797,358	708,531	739,306
Non-current assets and disposal groups held for sale	22,934	19,734	16,461
Total assets	**47,533,139**	**44,713,481**	**45,724,592**
Transactions pending settlement	522,635	333,372	419,109
Financial liabilities held for trading at fair value through profit or loss	5,702,869	4,606,750	5,728,103
Derivative instruments for accounting hedge	1,425,701	1,455,656	1,599,139
Financial liabilities at amortized cost	33,540,001	31,907,242	32,193,906
Liabilities under lease contracts	148,174	149,308	159,623
Regulatory capital financial instruments issued	1,215,414	1,201,214	1,007,297
Provisions for contingencies	53,181	55,274	54,466
Regulatory capital financial instruments issued	34,176	122,388	21,504
Special allowances for credit losses	189,148	193,134	191,762
Current taxes	73,996	63,222	2,862
Deferred taxes	827	795	530
Other liabilities	1,012,225	1,050,148	1,164,433
Total liabilities	**43,918,347**	**41,138,503**	**42,542,734**
Capital	1,368,421	1,368,421	1,368,421
Reserves	381,405	381,405	381,405
Accumulated other comprehensive income	-61,680	-36,145	-187,573
Retained earnings (losses) from prior years	1,722,476	1,436,903	1,436,903
Profit (loss) for the year	113,919	407,961	71,681
Provisions for dividends, payment of interest and repricing of issued regulatory capital financial instruments	-34,176	-122,388	-21,504
Non-controlling interest	124,427	138,821	132,525
Total Equity	**3,614,792**	**3,574,978**	**3,181,858**
Total Liabilities and Equity	**47,533,139**	**44,713,481**	**45,724,592**

Total assets increased by 4.0% in March 2024 vs. 2023, mainly due to Financial assets at amortized cost (+6.7%) (FCIC line deposit).

Total liabilities also increased by 3.2% due to financial liabilities at amortized cost (+4.2%) (obligations with foreign banks and bonds issued).

Equity has increased by%13.6%, explained by retained earnings (losses) from prior years (+19.9%).

Financial position

Borrowings[4]

As shown in Table No.12, the Bank's loan portfolio (net of allowances and excluding interbank loans) reached CLP 31,895,844 million, down 0.6% compared to the same period of prior year. This decrease is explained by a drop in commercial loans of 4.3%. In addition, consumer loans grew by 8.1% (credit card receivables) and mortgage loans increased by 1.0%.

Table No.12: Loans by product

Loans by product	March 2024 MCh$	December 2023 MCh$	March 2023 MCh$
Commercial loans	**14,162,674**	**13,738,775**	**14,797,755**
Consumer loans	**3,879,055**	**3,814,689**	**3,588,078**
Bank	2,228,428	2,152,480	2,038,423
CAT	1,650,627	1,662,209	1,549,655
Mortgage loans	**13,854,115**	**13,846,343**	**13,715,134**
Total loans	**31,895,844**	**31,399,807**	**32,100,967**

Deposits and debt instruments issued

As shown in Table No. 13, total deposits reached CLP 19,143,086 million, an increase of 1.6% compared to March 2023: on-demand liabilities increased by 3.8% and term deposits increased by 0.8%.

Total bonds amounted to CLP 9,534,626 million, up 8.1%, mainly due to current international bonds and bonds denominated in Chilean pesos. However, letters of credit contracted by 12.5% due to mortgage securities denominated in UF.

Table No.13: Sources of funds

Sources of funds	March 2024 MCh$	December 2023 MCh$	March 2023 MCh$
Deposits and other on demand liabilities	5,132,518	4,850,696	4,946,042
Term and other on-demand deposits	14,010,568	13,181,368	13,902,249
Total deposits	**19,143,086**	**18,032,064**	**18,848,291**
Current bonds	8,319,212	8,098,199	7,815,312
Subordinated bonds	1,215,414	1,201,214	1,007,297
Total bonds	**9,534,626**	**9,299,413**	**8,822,609**
Letters of credit	**84,937**	**88,293**	**97,086**
Total debt securities issued	**28,762,649**	**27,419,770**	**27,767,986**

Financial spread

As per Table No.14, the annualized net interest margin (NIM) increased 21 basis points to 3.43%. This increase is due to an improved financial margin (+11.5%) as a result of improved accounting hedges of the UF and CPI indexation risk and lower interest paid on term deposits.

Table No.14: Financial spread

	Quarter ended:		
Financial spread	March 2024 MCh$	December 2023 MCh$	March 2023 MCh$
Net financial margin (interest and indexation)	326,140	321,441	292,555
Total loans	31,895,843	31,399,807	32,100,967
Earning assets (average for the period)	38,021,759	36,966,218	36,352,450
Net interest margin (NIM)	3.43%	3.48%	3.22%

[4] Includes the caption "Loans and accounts receivable from customers" in the Consolidated Statements of Financial Position.

Allowances and portfolio quality

During Q1 2024, net allowances totaled Ch$149,854 million, up 36% compared to the same period of 2023, as shown in Table No.15.

Table No.15: Allowances for credit losses and portfolio quality

Allowances and risk expenses	Quarter ended: March 2024 MCh$	December 2023 MCh$	March 2023 MCh$
Initial allowance stock	706,538	679,032	596,538
Write-offs	109,858	104,910	85,805
Net allowances	149,854	132,416	110,428
Final allowance stock	**746,535**	**706,538**	**621,161**
Provisions recorded	138,792	134,686	117,166
Special allowances	-5,299	-2,058	1,103
Recoveries	-18,955	-17,579	-14,885
Credit risk impairment	72	2,430	306
Risk expenses	**114,610**	**117,480**	**103,689**

Quality ratios	March 2024	December 2023	March 2023
Risk ratio (1)	2.27%	2.20%	1.88%
Coverage on +90 past due days (2)	114.20%	125.37%	147.76%
Expense ratio (3)	0.35%	0.36%	0.32%
Write-off ratio (4)	0.33%	0.32%	0.26%
+90 days past due ratio (5)	2.43%	2.16%	1.61%
Recovery ratio (6)	0.06%	0.05%	0.05%

(1) Allowance / loan stock. (2) Allowance stock / +90 days past due stock. (3) Risk expenses / loan average. (4) Write-offs / loan average. (5) +90 days past due stock / loans. (6) Recoveries / loan average.

As noted, cost of loans increased 7 bps reaching 2.27% compared to Q4 2023, whereas the past due portfolio was up 12% compared to the prior quarter. Coverage reached 114.20%, down 23% from the same quarter of 2023.

Operating expenses

According to Table No.16, in the March 2024 vs. 2023 quarter comparison, personnel expenses decreased 3.2% due to one-time severance indemnity payment expenses in March 2023. Administrative expenses increased 7.8%, mainly due to higher expenses in Technology (licenses, temporary advisory services) and Retail Management (advertising). Other operating expenses dropped by 2.4% due to lower expenses on securitized bond adjustments.

Efficiency, understood as the ratio of operating expenses to net income, improved by 699 basis points to 39.02%.

Table No.16: Support expenses

Operating expenses	Quarter ended: March 2024 MCh$	December 2023 MCh$	March 2023 MCh$
Personnel expenses	75,236	78,689	77,745
Administrative expenses	64,686	62,611	59,997
Depreciation and amortization	17,888	16,884	16,520
Operating support expenses	**157,810**	**158,184**	**154,262**
Impairment	338	94	33
Other operating expenses	8,765	23,258	8,985
Operating expenses	**166,913**	**181.536**	**163,280**
Efficiency	**39.02%**	**41.53%**	**46.01%**

5. PERFORMANCE MEASURES AND INDICATORS FOR EVALUATING THE ENTITY'S PERFORMANCE

Key financial indicators

As shown in Table No.17, at the end of Q1 2024, net interest margin of 3.43% was reported (21 bps higher than that recorded in the same quarter of prior year) recording an efficiency ratio of 39.02% (improvement of 699 bps).

The return on average equity (ROAE) ratio reached 12.99%, up 374 bps compared to March 2023, due to the significant increase in net income for the year this quarter, explained by the net financial result and the net financial margin. Return on average assets (ROAA) reached 0.99%, up 35 bps.

Table No.17: Key Financial Indicators

Profitability and Efficiency Indicators	Quarter ended: March 2024 MCh$	December 2023 MCh$	March 2023 MCh$
Net interest margin (Interest and Indexation)	3.43%	3.48%	3.22%
Efficiency (Net Operating expenses / Net operating income)	39.02%	41.53%	46.01%
Return on average equity (ROAE)	12.99%	13.74%	9.25%
Return on average assets (ROAA)	0.99%	1.08%	0.64%

Table No.18, for the period March 2023 and 2024, shows that mortgage loans have increased their share in the loan mix by 113 bps and consumer loans by 55 bps, whereas commercial loans decreased by 168 bps. The loan-to-deposit ratio was 1.71, with a favorable drop of 1.8%.

In addition, and in line with the strategy and its focus on efficiency and digital transformation, the branch network has been optimized with a total of 102 branches (3 branches closed versus December 2023 and 7 versus March 2023) maintaining its presence in all regions of Chile, whereas ATMs reach 167 in March 2024 (reduction of 11%, 20 ATMs compared to March 2023).

Table No.18: Financial Performance

Financial performance	March 2024 MCh$	December 2023 MCh$	March 2023 MCh$
Loans and accounts receivable from customers	31,895,843	31,399,807	32,100,967
Commercial loans / Total loans	44.47%	43.81%	46.15%
Mortgage loans / Total loans	42.59%	43.27%	42.04%
Consumer loans / Total loans	12.95%	12.92%	11.82%
Loans / Deposits	1.71	1.78	1.74
Structure	**March 2024**	**December 2023**	**March 2023**
Total No. of branches	102	105	109
No. of ATMs	167	175	187

Indicators not derived from the financial statements

Table No.19: Environmental Performance

Energy consumption	Quarter ended: March 2024	December 2023	March 2023
Natural gas consumption (liters)	2,024	4,791	3,618
Electricity consumption (KWh)	3,110,125	2,699,530	3,357,788

Print paper consumption	Quarter ended: March 2024	December 2023	March 2023
Number of prints* (units)	8,963,715	9,524,658	9,535,118

Waste and recycling	March 2024	December 2023	March 2023
	Quarter ended:		
Waste produced (Kg)	15,613	14,217	16,267
Wasted recycled (Kg)	1,954	1,399	1,276
Recycling %	12.5%	9.8%	7.8%

CO2 emissions (tonCO2e)	December 2023	December 2022
Scope (1)	59	69
Scope (2)	5,483	5,359
Scope (3)	439	429
Total	**5,981**	**5,857**

Scotiabank is committed to the environment, which is why its metrics include the reduction of energy consumption, initiatives to reduce the amount of waste produced, an increase in recycled waste. In relation to these, several initiatives are performed, such as the Paperless program, the delivery of ecological Welcome Kits for customers and the collection and recycling of electronic waste.

Table No.20: Health and Safety

Employee health and safety	March 2024	December 2023	March 2023
	Quarter ended:		
Occupational Accident Rate (annual cumulative)	0.26	0.24	0.33
Severity Rate (million hours worked)	33.39	16.73	21.33
Accident Trip Rate (annual cumulative)	0.54	0.45	0.49
Fatal Accident Rate	0	0	0
Days of absenteeism (work-related accidents and occupational illnesses)	223	33	91

Table No.21: Turnover

Turnover	March 2024	December 2023	March 2023
	Quarter ended:		
Number of total hires	90	126	275
Number of women hires	53	73	115
Number of men hires	37	53	160
Total turnover	152	184	266
Women turnover	85	91	162
Men turnover	67	93	104
Total voluntary turnover	53	45	62
Women voluntary turnover	27	20	35
Men voluntary turnover	26	25	27

Table No.22: Training

Training	March 2024	December 2023	March 2023
	Quarter ended:		
Total number of training hours	12,131	80,788	25,884
Total number of trained employees	4,729	5,091	5,295
Total number of trained men employees	2,256	2,446	2,510
Total number of trained women employees	2,473	2,645	2,785
Average number of training hours by employee, total employees trained	2.6	16	5
Average number of training hours by female employee	2.9	20	4.9
Average number of training hours by employee	2.2	12	4.9

Table No.23: *Employee* Engagement

Employee Engagement	December 2023	December 2022
Overall engagement	95%	94%
Proud to work for Scotiabank	96%	96%
Her/his work makes her/him feel deeply fulfilled	93%	93%
Scotiabank motivates me to make an effort that is extra than expected	94%	93%
% of participation in the survey	67%	76%

Table No.24: Salary Gap

Salary gap	December 2023	December 2022
Salary gap by gender	0.46%	0.65%

Scotiabank Chile seeks to promote a culture of learning and proactivity of all employees. In the January-March 2024 quarter, a total of 12,131 hours of training was completed for 4,729 employees.

The current level of employee engagement is 95%, with survey participation of 67%.

Changes in measures quantified or indicators reported

Scotiabank's key financial and non-financial indicators are evaluated and analyzed periodically by the related management, which recommends to the Board of Directors whether a change in the indicators is necessary.

As at the date of preparation of this report, there are no indications of significant changes related to key financial and non-financial indicators.

Additional information

Risk rating

Scotiabank has risk ratings granted by international and local rating agencies. In this last period, it is worth highlighting the improvement in the outlook of the international risk rating according to S&P and Fitch, which improved from negative to stable, also confirming the A and A+ ratings, respectively. The most recent risk ratings obtained are detailed as follows:

Local Rating

Local financial rating was AAA, the best possible rating, on June 1, 2023 by Fitch and on June 5, 2023 by ICR, as shown in Table No.25. This rating is based on sound and diversified financing structure, the financial support and knowledge of the business provided by BNS, and the profitability that Scotiabank has achieved over the last few years.

Table No.25: Local Risk Rating

Fitch	***Rating***	**Last Rating Date**
Long-term	AAA (cl)	06-01-2023
Short-term	N1+ (cl)	06-01-2023
Bonds	AAA (cl)	06-01-2023
Subordinated bonds	AA (cl)	06-01-2023
Shares	First Class Level 3 (cl)	06-01-2023
Outlook	Stable	06-01-2023
ICR	***Rating***	**Last Rating Date**
Solvency, long-term deposits, long-term bonds	AAA	06-05-2023
Short-term deposits	N1+	06-05-2023
Subordinated bonds	AA+	06-05-2023
Shares	First Class Level 4	06-05-2023
Outlook	Stable	06-05-2023

International Rating

Scotiabank has obtained A rating from S&P, a rating that is supported by sound business position in the Chilean financial sector, broad diversification among sectors, segments, and customers, in addition to the strengthening of the business resulting from the merger with BBVA Chile. The detail is shown in Table No.26.

Table No.26: Rating by S&P

Standard & Poor's	***Rating***	**Last Rating Date**
Long-term Foreign Issuer Credit	A	10-20-2023
Long-term Local Issuer Credit	A	10-20-2023
Outlook	*Negative*	10-20-2023

On the other hand, Scotiabank obtained A+ rating from Fitch Ratings, which is shown in Table No.27 and is based on an adequate capital structure, the strong quality of its assets and the improvement in profitability ratios.

Table No.27: Fitch Rating

Fitch	***Rating***	**Last Rating Date**
Long-term Issuer Default Rating	A+	10-05-2023
Short-term Issuer Default Rating	F1+	10-05-2023
Local Currency Long-term Issuer Default Rating	A+	10-05-2023
Local Currency Short-term Issuer Default Rating	F1+	10-05-2023
Outlook	*Stable*	10-05-2023