Scotiabank Chile

Management Commentary

September 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 September 30, 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 191 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 103 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 August [1]2024, excluding branches and subsidiaries abroad, reached 13.75%, equivalent to CLP 31,831,426 million. It ranks fifth among its competitors, down 71 basis points compared to August 2023.

Of the aforementioned total, commercial loans (including education) reached CLP 13,605,360 million, recording market share of 11.40%. Market share in consumer loans recorded 14.82%, equivalent to CLP 4,242,698 million, whereas market share in mortgage loans recorded 16.76%, equivalent to CLP 13,983,368 million.

As at August[1] 2024, Scotiabank's liabilities record total deposits of CLP 18,628,490 million, of which CLP 13,744,400 million correspond to term deposits (market share of 12.71%) and CLP 4,884,090 million to on-demand deposits (market share of 7.95%). Accordingly, Scotiabank Chile's market share in total deposits, excluding branches and subsidiaries abroad, reached 10.99% as at August 2024, down 28 basis points compared to August 2023.

Significant environment features

International scenario

In the external scenario, inflation continues to decline, especially in the United States, where the labor market has shown signs of resilience. In September, the U.S. Federal Reserve cut the MPR by 50 basis points and adjusted downward the rate trajectory compared to that expected last June, considering two additional rate cuts for this year and four cuts for 2025. Several FOMC members believe that the economy is on track for a soft-landing, including Chairman Powell, which would rule out the possibility of a recession. Likewise, in the Eurozone, a second MPR cut occurred this year, leaving the door open for further reductions in the next meetings. In several emerging economies the MPR cut cycle continues. In addition, worldwide growth outlook have not shown significant changes for this year and the following year, although they have slightly improved recently.

[1]Loan and deposit data consider figures as at August 2024 because as at September no public information is available.

Risks increase in the external scenario. This has been particularly associated with the escalation of tensions in the Middle East, but also with the tightening and volatility of global financial conditions. Meanwhile, sovereign debt risks remain significant globally, especially in the United States. Despite the MPR cuts, advanced economies continue showing a restrictive monetary policy. Inflationary convergence towards the Central Banks' target remains on track. In the United States, short and long-term interest rates remain high, increasing their sensitivity to changes in the Fed's outlook. Meanwhile, vulnerabilities remain in some segments of US regional banking and non-banking financial intermediaries. Based on recent polls, the presidential election remains with an open outcome in the United States. In the Eurozone, activity surprised slightly downward in the second quarter (+0.2% QOQ), impacted by a recovery in net exports in the region's major economies, while domestic demand contributed negatively to quarterly growth. In China, the Central Bank and the Government announced strong monetary and tax stimulus measures to address the crisis in the real estate sector. This had a positive reception in the markets, which boosted the price of copper.

Local political environment

The political environment in Chile continues to be marked by the structural reforms that the government submitted to the Congress towards the end of 2022. The main new development is the approval of the Tax Compliance Law, which will mean revenues of close to USD 1.2 billion in 2025.

Among the articles approved, the following stand out: the inspection of business groups, the possibility of establishing traceability in the trade of goods, the extension of the precautionary measures that may be requested by the Internal Revenue Service (SII) and the rules for strengthening the Taxpayers' Ombudsman's Office (Dedecon), among others. In relation to the areas where there were amendments, the changes to bank secrecy stand out, where the simplified procedure is maintained (without opposition from the taxpayer) and the general legal procedure is amended. The General Anti-avoidance Rule was also improved and the governance of the SII was improved by incorporating a Tax Council.

Regarding the Pension Reform, intense negotiations are being held in the Congress to make progress towards its approval no later than January 2025, thanks to the protocol of agreement signed by opposition parliamentarians with the Government. There are still several aspects on which there is no consensus, such as the destination of the additional mandatory contribution (6%) and the separation of the industry. Through the present date, the bill is being analyzed by the Senate. Consequently, a favorable impact on risk perception for Chile would occur should the idea of legislating be approved, have the support of the opposition and respect the concerns indicated by the opposite political block, which has the majority of the Senate.

Economic activity level

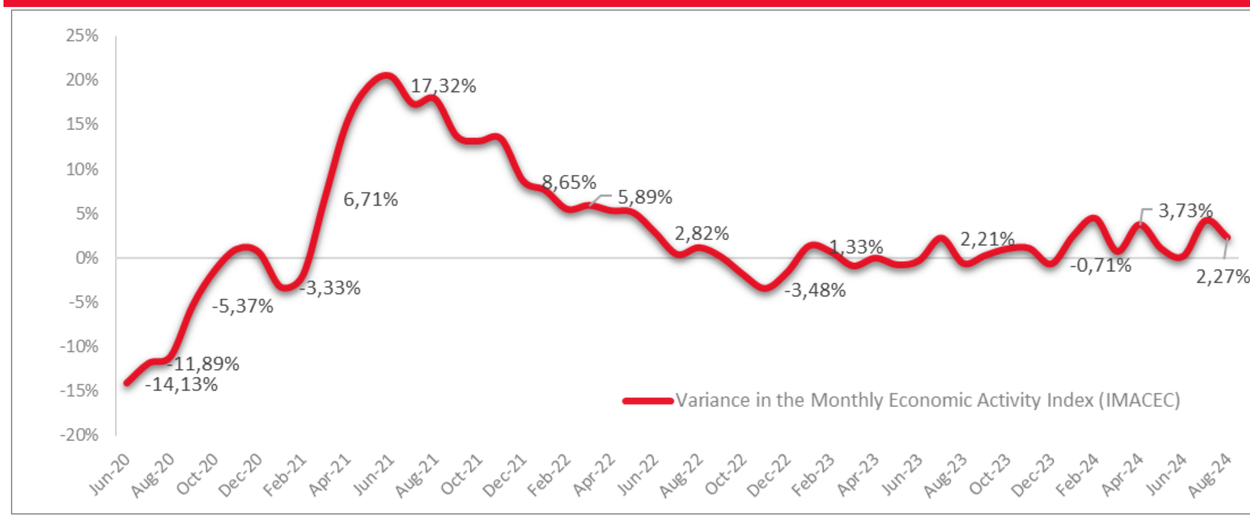
Economic activity grew 2.8% YoY in August (deseasonalized series), despite adverse climate factors. The Monthly Economic Activity Index (IMACEC) for August recorded growth not deseasonalized of -2.3% YoY (-0.2% MoM). However, a significant part would seem to be linked to transitory impacts that are difficult to tabulate, stemming from the suspension of classes, climatic factors that affected services and manufacturing, and even a stoppage in mining that mitigated the already strong expansion in such sector. A somewhat cleaner reading of the dynamism of activity can be rescued from the 2.8% YoY growth of the deseasonalized series, which maintains the momentum shown last July. This is surprising as July had a positive payback due to the weather effects from last June.

Positive calendar effect for the remaining portion of the year. Although August had one business day less than the same month last year, as did September, the fourth quarter stands out for having three more business days than the same period of last year, which could make a positive contribution to the year-on-year growth of the original series. This will result in an additional two business days over the next four months compared to the same period of prior year.

This maintenance of deseasonalized year-on-year dynamism is surprisingly favorable, so much so that it is estimated that the Central Bank's baseline scenario would be surprised upwards. For the Central Bank's baseline scenario, third quarter activity would be 2.1% YoY, however, recent growth in August together with an expansion of the September IMACEC between 1 and 2% YoY would push third quarter activity to around 2.5%, enough to bias upwards the 2024 GDP growth projection towards the top limit of the range forecasted in the September Monetary Policy Report (IPoM) (between 2.25 and 2.75%).

Figure No. 1

Variance in the Monthly Economic Activity Index (IMACEC)[2]
(variance % YoY)



Source: Banco Central de Chile (BCCh).

Inflation

Inflation ended last year in the high section of the tolerance range of the Banco Central de Chile's inflation target, at 3.4% YoY in its spliced series. In the third quarter, year-on-year inflation continued to rise to 4.0% in September, and is expected to continue to increase to 4.5% by the year-end. This is due to the electricity tariff adjustments approved and their second round effects on the rest of prices, as the other items in the CPI basket continue to show low inflationary pressures, especially at the goods level and lower services inflation at the margin. Looking ahead, the October CPI record will include a new increase in electricity tariffs, whereas the November and December records will show limited inflationary pressures.

The absence of second round effects of the last electricity rate hike is confirmed for the time being. The diffusion of total CPI of 50.5% in September evidences normalization around historical averages for the month, despite increases in recent volatile items. At the goods level, there is again an increase in the diffusion preceding the online shopping event “CyberMonday”, similar to that experienced during May, which leads to anticipate a relevant reversal during October. Services, meanwhile, returned to historical records after being sharply higher in August.

For the next few months, little inflationary pressure continues to be noted on both the good and service sides. However, both due to the direct effects of the electricity rate hike and its possible second round effects on costs and indexation of other prices, Scotiabank's inflation forecast for the next few months is adjusted upwards, closing 2024 at 4.5%.

[2] For IMACEC purposes, data considered figures as at August 2024 because as at September no public information was available.

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

Month	Monthly	Accumulated	Last 12 months
March 2022	1.9	3.4	9.4
April 2022	1.4	4.7	10.5
May 2022	1.2	5.9	11.5
June 2022	0.9	6.9	12.5
July 2022	1.4	8.3	13.1
August 2022	1.2	9.5	14.1
September 2022	0.9	10.3	13.7
October 2022	0.5	10.8	12.8
November 2022	1.0	11.8	13.3
December 2022	0.3	12.1	12.8
January 2023	0.8	0.8	12.3
February 2023	-0.1	0.7	11.9
March 2023	1.1	1.8	11.1
April 2023	0.3	2.1	9.9
May 2023	0.1	2.2	8.7
June 2023	-0.2	2.0	7.6
July 2023	0.4	2.4	6.5
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
December 2023	-0.5	3.3	3.9
January 2024	0.7	0.7	3.8
February 2024	0.6	1.3	4.5
March 2024	0.4	1.6	3.7
April 2024	0.5	2.2	4.0
May 2024	0.3	2.4	4.1
June 2024	-0.1	2.3	4.2
July 2024	0.7	3.0	4.6
August 2024	0.3	3.3	4.7
September 2024	0.1	3.4	4.1

Interest rate

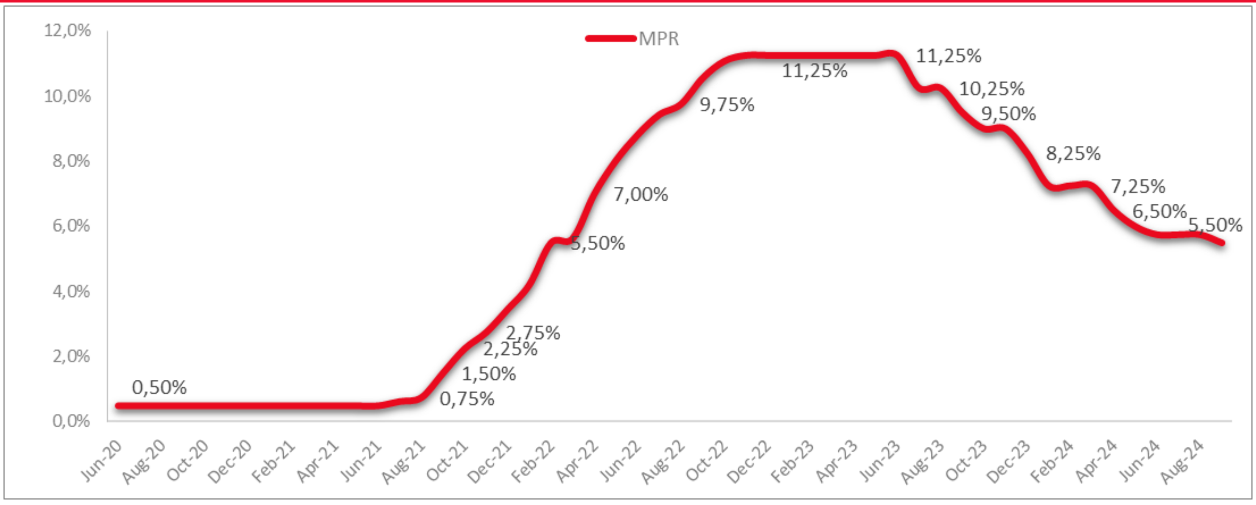
At its September 2024 meeting, the Banco Central decided to continue with the process of cutting the benchmark interest rate, but at a pace of 25 bps, leaving it at 5.5%. The main new development refers to the bias that the path to neutral MPR will be somewhat faster than expected in June.

Although the Council states that it will reach the neutral MPR somewhat earlier than expected, it is estimated that the BCCh could converge to that level by the end of 2025. However, the reading is that we do not necessarily see two cuts in the last quarter of this year, but that these could be concentrated during the first part of 2025, to the extent that total inflation and the second round effects of the increase in electricity tariffs are limited. It will also be important to verify the intensity of the Fed's cuts and their consequent impact on key variables before introducing or accelerating cuts at the local level.

It is estimated that the Council would cut the MPR again at its October meeting, without assuring a further cut at the December meeting. The set of activity and inflation figures would provide a floor for a 25 bp cut at the October meeting. A higher cut would be flatly ruled out in view of the recent increase in international fuel prices and the rise in the exchange rate, in addition to the geopolitical risk of an escalation of the situation in the Middle East. A message of caution is expected from the BCCh, which will try not to ensure a new cut in the December meeting, framed in a risk management from the international scenario.

Figure No. 2

Monetary Policy Rate Evaluation
(variance %)



Source: Banco Central de Chile.

Exchange rate

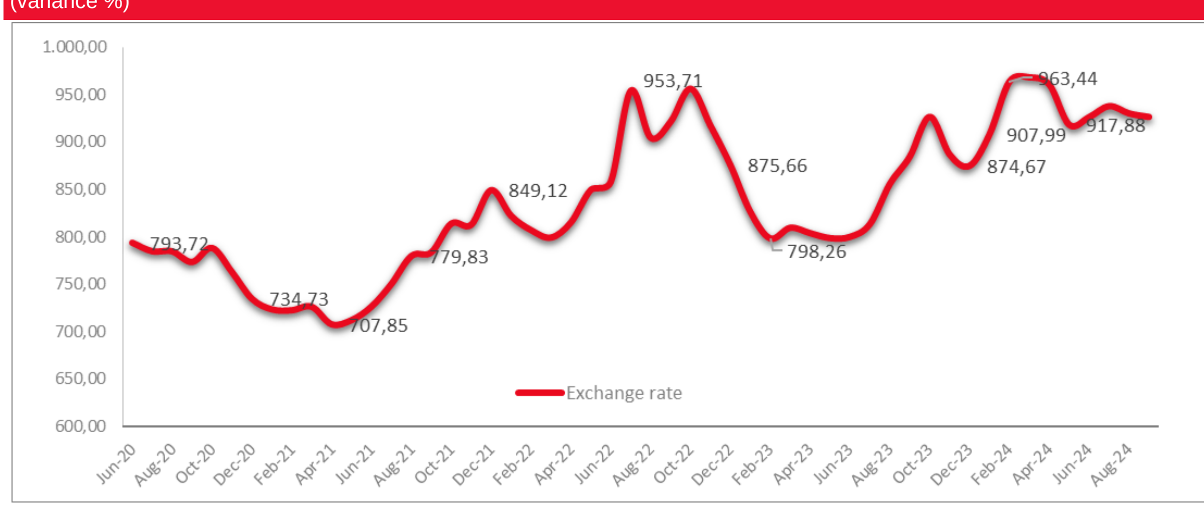
Chilean peso is more than 6% above the year-end 2023, as well as 2% above the level at the closing date of the previous report. Since then, the copper price has fallen 3%, whereas global dollar (DXY) has depreciated 2%. However, after trading at levels below Ch$900 per dollar at the end of September, Chilean peso has depreciated at the date of this report, reaching levels close to Ch$940. The recent weakening of Chilean peso is due to the strengthening of the dollar globally and the drop in copper prices, in a context of escalating geopolitical conflict in the Middle East, which has affected the currencies of emerging countries.

Going forward, the possibility that the Federal Reserve will continue to cut interest rates at its November and December meetings could contribute to an appreciation of Chilean peso to levels below Ch$900 by the end of this year, as long as the episodes of geopolitical uncertainty reduce their intensity and the price of copper remains at high levels from a historical perspective.

With respect to flows, note that bets in favor of Chilean peso by non-resident agents were at their highest level from the beginning of 2023, which would indicate that the recent depreciation of Chilean peso is due to an expectation phenomenon. Additionally, the Ministry of Finance announced the sale of US$ 3.2 billion between September and December, which has so far materialized partially compared to that announced

Figure No. 3

Exchange rate fluctuation, CLP/USD
(variance %)



Source: Banco Central de Chile.

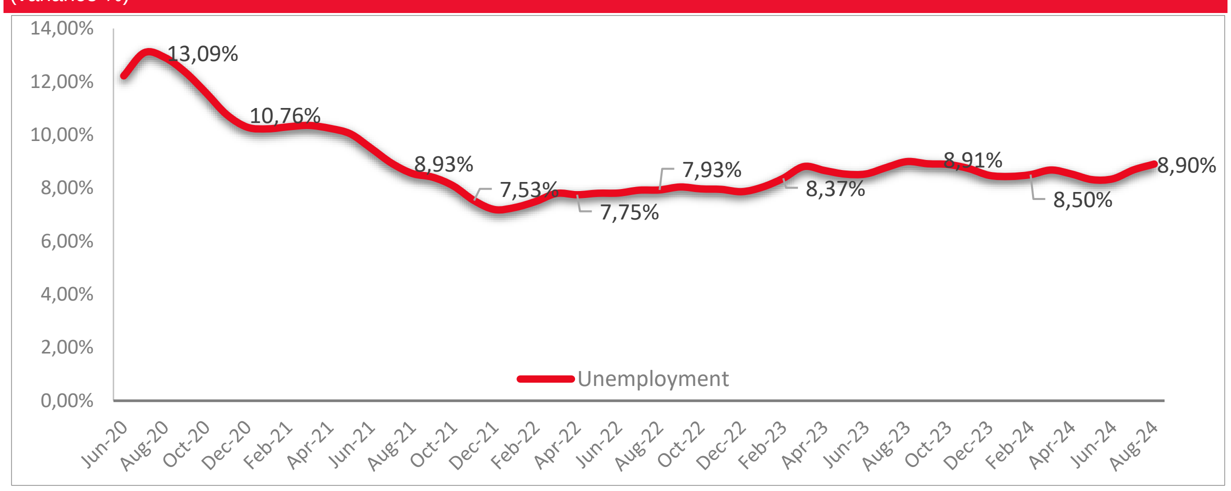
Labor market

Most recently, the unemployment rate increased to 8.9% in the quarter ended August. This increase was due to zero growth in the labor force along with the destruction of 22 thousand jobs. In this regard, the increase in the rate would go beyond the seasonal patterns for an August month, partly still influenced by the departure of surveyors after the end of the Census but also by the strong destruction of employment in the Construction sector, mostly salaried workers in formal companies.

The labor market continues to show weakness when analyzing a broad set of indicators, although framed in a context of slow 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[3]
(variance %)



Source: Banco Central de Chile.

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

[3] The unemployment rate considered figures as at August 2024 because as at September no public information is available.

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 great 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 them 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 non-recurring 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 September 30, 2024 MCLP	Retail	Wholesale	CAT	Treasury	Other	Accounting total
Net interest income	145,980	88,356	82,894	(92,575)	39	224,694
Other income	38,213	40,926	19,371	69,499	(3,442)	164,567
Equity in net income of investees	-	-	-	-	976	976
Total operating income	**184,193**	**129,282**	**102,265**	**(23,076)**	**(2,427)**	**390,237**
Operating expenses	(78,173)	(34,516)	(31,145)	(1,500)	(1,669)	(147,004)
Depreciation and amortization	(10,986)	(2,778)	(4,137)	(65)	(230)	(18,196)
Provisions	(47,484)	(19,200)	(42,964)	-	716	(108,933)
Segment operating profit (loss)	**47,549**	**72,788**	**24,019**	**(24,642)**	**(3,610)**	**116,104**
Income tax expense	(9,449)	(17,559)	(5,585)	6,653	12,907	(13,033)
Profit (loss) for the year	38,101	55,229	18,434	(17,987)	9,294	**103,071**
Spot volumes - MCLP						
Assets (loans)	18,647,634	10,348,402	1,682,295	-	174,158	30,852,489
Liabilities (Core and Term deposits)	6,856,011	5,865,787	-	5,365,211	446,060	18,533,069

Quarter ended June 30, 2024 MCLP	Retail	Wholesale	CAT	Treasury	Other	Accounting total
Net interest income	143,289	87,633	80,703	(64,762)	45	246,908
Other income	35,349	38,183	20,512	55,026	15,882	164,952
Equity in net income of investees	-	-	-	-	1,758	1,758
Total operating income	**178,638**	**125,816**	**101,215**	**(9,736)**	**17,685**	**413,618**
Operating expenses	(81,767)	(32,997)	(30,587)	(1,388)	(1,501)	(148,240)
Depreciation and amortization	(11,430)	(2,493)	(3,907)	(67)	(200)	(18,097)
Provisions	(38,602)	(8,149)	(52,484)	-	3,836	(95,399)
Segment operating profit (loss)	**46,839**	**82,177**	**14,237**	**(11,191)**	**19,820**	**151,882**
Income tax expense	(9,566)	(19,904)	(2,668)	3,021	1,426	(27,691)
Profit (loss) for the year	37,273	62,273	11,569	(8,170)	21,246	**124,191**
Spot volumes - MCLP						
Assets (loans)	18,893,728	10,924,968	1,680,101	-	12,888	31,511,685
Liabilities (Core and Term deposits)	7,034,155	5,431,404	-	5,708,622	477,086	18,651,267

Quarter ended September 30, 2023 MCLP	Retail	Wholesale	CAT	Treasury	Other	Accounting total
Net interest income	137,970	80,204	69,621	(75,225)	76	212,646
Other income	32,134	51,954	21,790	60,645	1,247	167,770
Equity in net income of investees	-	-	-	-	2,010	2,010
Total operating income	**170,104**	**132,158**	**91,411**	**(14,580)**	**3,333**	**382,426**
Operating expenses	(78,519)	(31,633)	(31,426)	(1,053)	(2,184)	(144,815)
Depreciation and amortization	(9,092)	(2,711)	(3,079)	(1,203)	(821)	(16,906)
Provisions	(38,983)	(18,688)	(57,465)	-	3,807	(111,329)
Segment operating profit (loss)	**43,510**	**79,126**	**(559)**	**(16,836)**	**4,135**	**109,376**
Income tax expense	(8,780)	(19,254)	431	4,546	6,524	(16,533)
Profit (loss) for the year	57,485	120,439	(128)	(23,499)	(61,454)	**92,843**
Spot volumes - MCLP						
Assets (loans)	18,702,668	11,663,532	1,595,665	-	85,087	32,046,952
Liabilities (Core and Term deposits)	6,820,703	5,718,714	-	5,662,426	415,145	18,616,988

9 months ended September 30, 2024 MCh$	Retail	Wholesale	CAT	Treasury	Other	Accounting total
Net interest income	430,624	259,336	240,903	(245,119)	134	685,878
Other income	104,542	136,091	61,063	230,205	10,394	542,295
Equity in net income of investees	-	-	-	-	3,412	3,412
Total operating income	**535,166**	**395,427**	**301,966**	**(14,914)**	**13,940**	**1,231,585**
Operating expenses	(239,300)	(99,652)	(95,864)	(4,621)	(4,832)	(444,269)
Depreciation and amortization	(34,515)	(7,644)	(11,603)	(170)	(249)	(54,181)
Provisions	(128,082)	(45,838)	(149,050)	-	4,028	(318,942)
Segment operating profit (loss)	**133,269**	**242,293**	**45,449**	**(19,705)**	**12,887**	**414,193**
Income tax expense	(27,079)	(58,745)	(9,395)	5,320	19,880	(70,019)
Profit (loss) for the year	106,190	183,548	36,054	(14,384)	32,766	**344,174**
Spot volumes - MCLP						
Assets (loans)	18,647,634	10,348,402	1,682,295	-	174,158	30,852,489
Liabilities (Core and Term deposits)	6,856,011	5,865,787	-	5,365,211	446,060	18,533,069

9 months ended September 30, 2023 MCLP	Retail	Wholesale	CAT	Treasury	Other	Accounting total
Net interest income	401,814	234,084	205,688	(242,616)	392	599,362
Other income	91,052	152,015	66,380	208,071	19,043	536,561
Equity in net income of investees	-	-	-	-	5,146	5,146
Total operating income	**492,866**	**386,099**	**272,068**	**(34,545)**	**24,581**	**1,141,069**
Operating expenses	(232,235)	(94,648)	(95,397)	(5,306)	(5,970)	(433,556)
Depreciation and amortization	(27,138)	(8,115)	(8,886)	(1,660)	(4,231)	(50,030)
Provisions	(122,335)	(32,682)	(153,430)	-	4,001	(304,446)
Segment operating profit (loss)	**111,158**	**250,654**	**14,355**	**(41,511)**	**18,381**	**353,037**
Income tax expense	(22,754)	(60,567)	(1,053)	11,208	14,439	(58,727)
Profit (loss) for the year	111,159	250,654	13,302	(41,512)	(39,293)	**294,310**
Spot volumes - MCLP						
Assets (loans)	18,702,668	11,663,532	1,595,665	-	85,087	32,046,952
Liabilities (Core and Term deposits)	6,820,703	5,718,714	-	5,662,426	415,145	18,616,988

Entity structure and how it creates value

As at September 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.

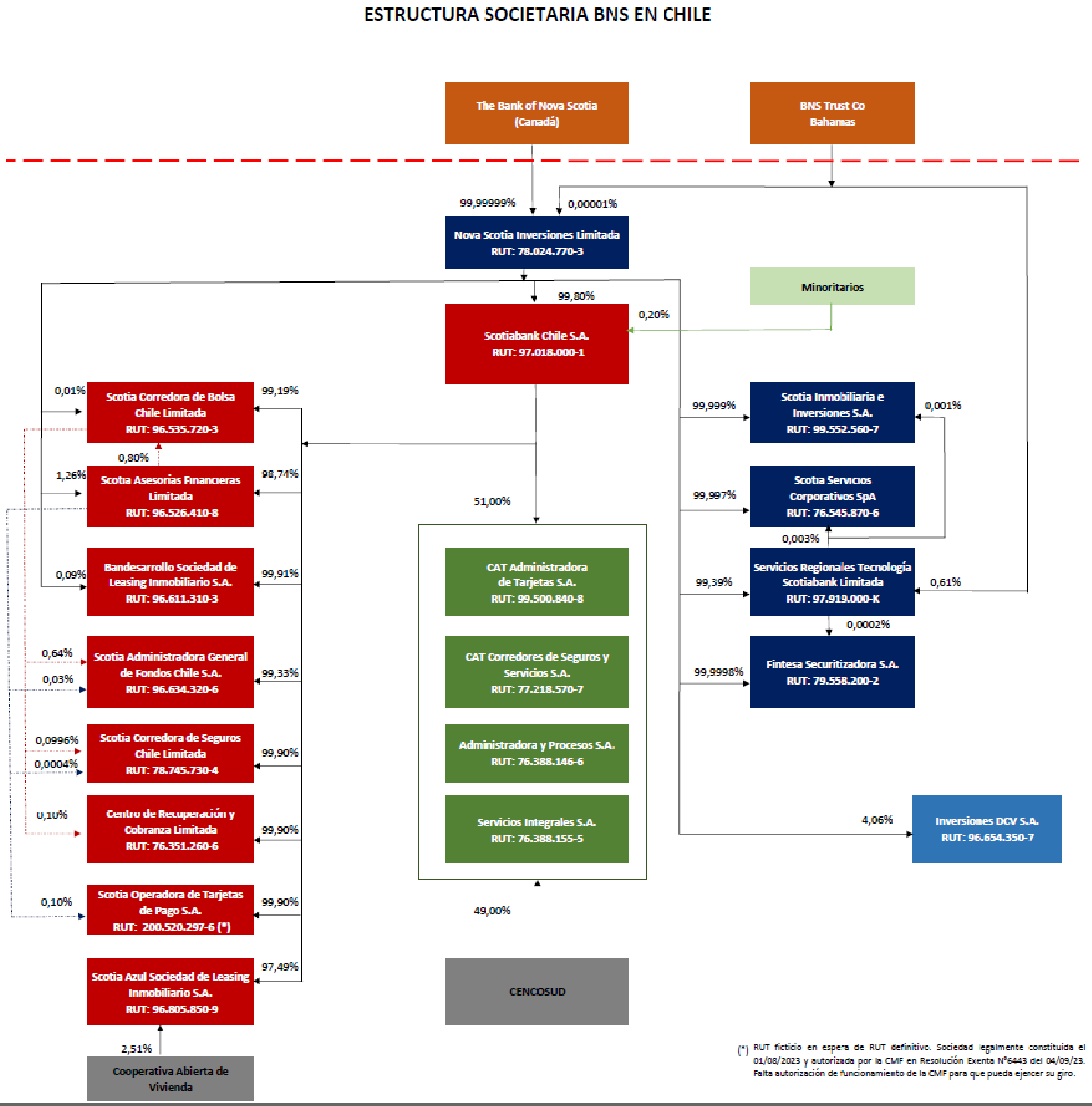
In its turn, Scotiabank Chile controls the subsidiaries Scotia Corredora de Bolsa Chile Limitada, Scotia Asesorías Financieras Limitada, Bandesarrollo Sociedad de Leasing Inmobiliario S.A., Scotia Administradora General de Fondos Chile S.A., Scotia Corredora de Seguros Chile Limitada, Centro de Recuperación y Cobranza Limitada, Scotia Azul Sociedad de Leasing Inmobiliario S.A., and Scotia Operadora de Tarjetas de Pago S.A.[4]

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%.

[4] 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.

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.

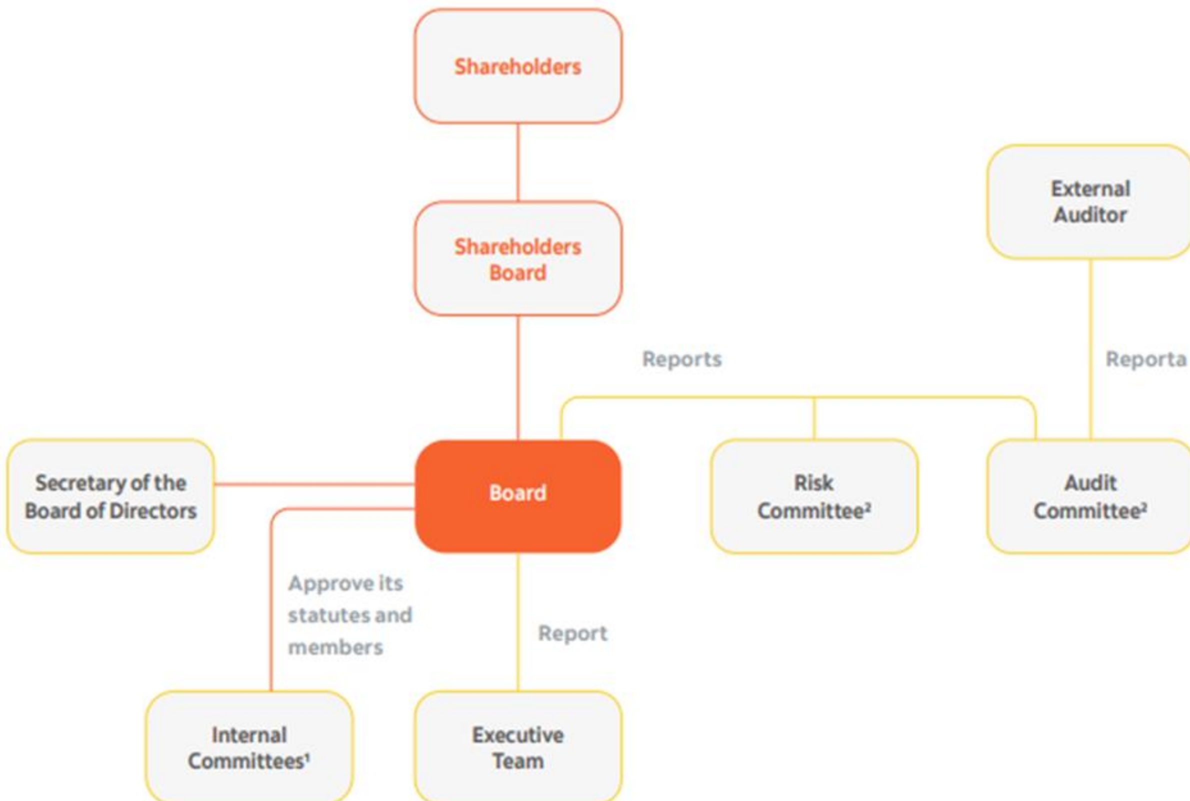
It is composed of the shareholders, who through their meeting appoint the Board of Directors. The various committees that control the different areas of management, such as the Risk Committee, the Audit Committee, together with the other internal committees, report to this body. This is completed by 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 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 its 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: Increase relations with primary customers. This means providing advice to propose solutions, continuously delivering an exceptional experience and a compelling value proposition. A bank focuses on its customers through appropriate segmentation for these purposes and seeking to optimize profitability and capital consumption.

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

- One team working in coordination: The focus is on eliminating silos in the organization, aligning incentives and initiatives to achieve objectives. This is based on an organization that invests in its employees, culture and communities, being seen as attractive for talent and fostering talent development.

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 191 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 continue to develop our 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.

Between May 1 and June 15, 2024, the new ScotiaRISE application period was held, with 73 projects registered, a significant increase over the 31 received in 2023. There were 8 winning projects, selected by real-time voting through a digital platform. The foundations behind the projects benefited were Mapeko; Pro bono; MiColab; Entrepreneur; Nocedal; Fundación Basura; Mis talentos and Soñadores Indestructibles. These initiatives are in addition to the other 16 that have benefited in previous editions and that to date have had a positive impact on more than 40 thousand people nationwide.

Also and regarding forest fires that affected Region V of Chile during February this year, 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 the Parent, as part of Scotiabank's commitment to Chile. In total, Scotiabank provided 133,000 Canadian dollars through the Chilean Red Cross.

The Bank 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, 1.6% of the Bank's staff as at September 2024 corresponds to people with some type of visible and non-visible disability and 100.0% of them has an indefinite employment contract.

Within the framework of the 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 the 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 have been performed throughout the years, such as the Scotiabank's Inclusion Programme, which seeks to improve the quality of life of employees with disabilities.

The different programs promoted have led to different recognitions and certifications such as Measuring Inclusion in the Workplace (MILE) conducted annually by the SOFOFA's Inclusive Companies Network (ReIN) and in which, for the second consecutive year, Scotiabank Chile was highlighted, obtaining a score of 90.14%, higher than the average of the participating companies (68.42%). Also, in the reporting period, Scotiabank was recognized in the Ranking of Companies Committed to Youth for the Creamos Futuro initiative, which, through the Financity board game, promotes the development of skills and knowledge about financial education in a playful way.

Once again, and for the sixth consecutive year, Scotiabank Chile obtained the Equidad CL seal, a certification that distinguishes the best workplaces for LGBT+ people and is granted by the Human Rights Campaign, the world's largest diversity NGO, and Fundación Iguales, which evaluates the equity and inclusion of this community in the workplace.

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.

During April of this year, and within the framework of International Earth Day, Scotiabank announced the opening of applications for the 2024 Net Zero Research Fund, a fund aimed at charitable and non-profit organizations at a global level, dedicated to research and development of opportunities to decarbonize key sectors of the economy. The results of this call will be communicated in November of this year.

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 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 developed a complete ecosystem of products and functionalities that seek to offer efficient solutions that simplify people's lives, accompanying them in their digital habits and needs.

These efforts have been recognized by several institutions such as the financial media The Digital Banker, in its Global Transaction Banking Innovation Awards, for our digital platform Scotia Store as the “Best automation initiative of the year.” The British magazine Euromoney, a leader in international banking and finance information, also recognized Scotiabank Chile as Best Digital Bank, as did the U.S. World Economic Magazine in its category “Best Digital Bank Chile 2024.”

With this momentum and with a view to improving the digital service offered to customers, a number of new developments were added during the reporting period:

In the Retail sector, the release of new functionalities in the iCRM system that allow the executive to improve efficiency and management by having the consolidation of the customer's financial information, a financial calculator that allows him to negotiate through simulation and sale of products by making an online call to the risk assessment engine, to obtain a credit resolution, and then direct the customer to an online course through the financial supermarket. A segmented access to the ScotiaGo App was also incorporated to differentiate the look & feel of the login according to the user's segment.

Additionally, a proactive chat (Genesys) has been developed to retrieve a push message sent by an executive to the customer and connect it to the chat bot to start a conversation. A push message delivery was also added in Scotia Go to trigger the birthday flow for customers to receive a gift.

Since August, customers can also activate credit/debit cards on the web, where the user must enter the last 4 digits of the card and confirm the activation through ScotiaPass Digital.

In the corporate sector, Scotiabank has implemented a number of initiatives in its web portal to enhance the digitalization of its customers such as; the implementation of a service (API) that allows corporate customers to make their import letter of credit request to the Bank, directly from their ERP (Enterprise Resource Planning), making it easier to do business with the bank and taking the first steps towards open finance.

As part of the regionalization strategy, the Regional Blotter application was released for Peru, for the allocation and control of Money Desk prices integrated with Kóndor Peru.

In August, the Scotia Empresas mobile application was also launched, which allows transactions to be authorized digitally, eliminating the physical token and simplifying procedures such as signature management, in a faster and more secure manner. In addition, a new API channel for consulting transactions and balances for corporate clients was launched, and the digital E2E onboarding for companies was released.

During the reported period, the credit card processor was migrated from Nexus to TSYS, involving 329 thousand credit card customers, with 437 thousand associated cards, plus an additional 109 thousand customers. The purpose of this initiative was to improve the quality of service provided to customers, implementing improvements in terms of security, speed and agility for transactions, reducing the risk of service interruption and, as a result, a better user experience with more intuitive and simple applications, with flexibility and customization of the service provided.

Promoting women's leadership

From its incorporation, Scotiabank has been interested and engaged in advancing diversity and inclusion in general, with a strong commitment to gender equity and the promotion of opportunities for women. This is both internally with its employees, as well as with customers and communities. For example, as early as the late 1950s, the bank in Canada had women in management positions.

As at September 2024, 52% of the staff is female, while 23.4% of senior management positions are held by women.

In August 2022, the Scotiabank Women's Initiative was launched in Chile, a global program that seeks to break down barriers and promote women's leadership in business. Its value proposition is based on three pillars: financing, education and counseling, which have had an impact on more than 3,000 women. During the reporting period, the Iniciativa Mujeres program was recognized in the eWomen Category of the Ecommerce Award Chile 2024.

In terms of financing, more than US$300 million in financing has been provided to companies led by women and more than 25 face-to-face and virtual training and networking events have been held, covering the capital and also the regions. In addition, during the two years from the implementation of the program, we increased our monthly intake of women-led companies from 22% to 30%.

The Women's Initiative also seeks to recognize through the support of several instances such as the Executive Woman Award, in which Scotiabank has been participating for 9 years and which is given together with Mujeres Empresarias and Diario Financiero, with the aim of making visible the trajectory and impact of women in different roles. In this 2024 version, the distinction was focused on the legal managers of different companies, being Paola Cifuentes, Legal Manager Chile of Anglo American, the 2024 Executive of the Year. Scotiabank awarded Paola Jervis, Legal and Corporate Affairs Manager at Abastible, the special mention Women's Initiative for her vision, commitment to diversity and impact on the environment.

In addition, between April 4 and June 15, the call for entries was open for the 2024 Businesswoman Award, a 12-year-old initiative that seeks to promote good management of women in business, particularly in the small and medium-sized companies in Chile.

During the reporting period, and as part of its commitment to gender equality, Scotiabank adhered to the Women's Empowerment Principles (WEPs) of UN Women and the UN Global Compact, designed as a tool to engage the private sector in promoting gender equality in the workplace, marketplace and communities.

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 5,121,591 million as at September 30, 2024 (CLP 5,057,184 million as at June 30, 2024 and 4,746,666 million as at September 30, 2023). Deposits and other term deposits represented CLP 13,411,478 million as at September 30, 2024 (CLP 13,594,083 million as at June 30, 2024 and 13,870,322 million as at September 30, 2023), whereas bank borrowings were CLP 2,204,378 million as at September 30, 2024 (CLP 3,450,858 million as at June 30, 2024 and 5,622,683 million as at September 30, 2023). In addition, core funding was supplemented with debt issuances of CLP 9,453,646 million as at September 30, 2024 (CLP 9,538,230 million as at June 30, 2024 and 9,006,131 as at September 30, 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 third quarter of 2023 and 2024.

Table No.3: Sources of financing

Components	September 2024 MCh$	June 2024 MCh$	December 2023 MCh$	September 2023 MCh$
Deposits and other on-demand liabilities	5,121,591	5,057,184	4,850,696	4,746,666
Term and other on-demand deposits	13,411,478	13,594,083	13,181,368	13,870,322
Obligations with domestic banks	-	-	-	-
Obligations with foreign banks	2,204,378	2,613,858	2,338,621	2,592,657
Obligations with Banco Central de Chile	-	837,000	3,030,026	3,030,026
Letters of credit	79,224	82,308	88,293	90,736
Current bonds	8,114,676	8,243,881	8,098,199	7,904,265
Subordinated bonds	1,259,746	1,212,041	1,201,214	1,011,130
Total	**30,191,093**	**31,640,355**	**32,788,417**	**33,245,802**

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 remote channel, 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 September 2024, the Bank has 24 Connect offices, serving over 200 thousand customers.

APP SCOTIABANKGO

The focus of this App is to make the bank available to customers from the comfort of their cell phone, delivering a first class user experience, with the highest standard of information security and providing all the functionalities that a customer needs to satisfy their needs and/or requirements. This application is able to provide an integrated experience under the "All inclusive" concept, where the customer can use all available digital functionalities and authorize their transactions from the same App without the need to download multiple separate applications. Additionally, all of ScotiaGO's new developments consider the implementation of digital accessibility, which strengthens our commitment as a Bank to the inclusion of people with disabilities and to facilitate access to financial services for everyone. This approach allows for instance that people with total visual disability can operate using assistive technology as screen readers may perfectly interact with the application.

As at September 2024, there were 535 thousand active mobile users, up 7% compared to the prior year. Likewise, September 2024 closed with 643 thousand active digital users and a digital adoption rate of 71%.

Scotiabankers

The entity's most important resource is its employees. As at September 2024, Scotiabank has a total of 5,720 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	September 2024	June 2024	December 2023	September 2023
Senior Management	23	24	26	25
Management	145	146	153	159
Professionals	3,972	3,963	4,009	4,047
Administrative staff	1,542	1,519	1,550	1,602
Sales force	38	38	40	40
Total	**5,720**	**5,690**	**5,778**	**5,873**

Diversity in the Board of Directors

As at September 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 September 2024, the basic capital amounted to CLP 3,641,152 million to which is added the additional Tier 1, as at September 30, 2024, Scotiabank Chile does not have this type of capital, therefore the Tier 1 capital is for the same amount of CLP 3,641,152 million. In addition, Tier 2 capital, which corresponds to the sum of additional provisions plus subordinated bonds, amounted to CLP 1,229,893 million, resulting in total effective equity of CLP 4,871,045 million.

Also, note that regulatory limits of the Tier 2 capital components showed headroom, as subordinated bonds were using 29.27% of a maximum of 50% of the possible core capital and, for additional allowances, these reached 0.66% 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 2,816,929 million for September 2024, together with the Operational Risk Weighted Assets, which amounted to CLP 2,943,004 million, and the method for the calculation of Credit Risk Weighted Assets, which amounted to CLP 24,799,810 million, was modified.

The ratio of effective equity to total RWA reached 15.94% as at September 2024 on a regulatory requirement of 11.88% to maintain grade A solvency (11.25% considering the regulatory implementation schedule), and the CET 1 ratio was 11.91% on a regulatory minimum requirement of 8.27% (7.64% considering the regulatory implementation schedule) Accordingly, the Bank shows adequate solvency and is in line with the strategic definitions of its Parent, which allows it to comply with and maintain buffers regarding the regulatory requirements 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 became enforceable beginning in May 2024.
- On January 17, 2024 and following the oversight 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 equity instruments (AT1 or Tier 2), such additional requirement must be established in a term of 4 years (25% started being computed in June 2024), and will be assessed on an annual basis through the oversight 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 8.98%.

The capital structure is shown in Table No.6.

Table No.6 Capital Structure

Available Capital	September 2024 MCh$	June 2024 MCh$	December 2023 MCh$	September 2023 MCh$
Tier 1 Capital	**3,641,152**	**3,606,321**	**3,450,827**	**3,596,215**
CET 1	**3,641,152**	**3,606,321**	**3,450,827**	**3,439,255**
Capital	1,368,421	1,368,421	1,368,421	1,368,421
Reserves	381,405	381,405	381,405	381,405
Retained earnings	1,950,957	1,885,160	1,722,476	1,638,285
Other comprehensive income accounts	(111,268)	(40,219)	(36,145)	(10,141)
Minority interest	139,133	130,127	138,821	136,831
Equity adjustments	(87,496)	(118,573)	(124,151)	(75,546)
AT1	**-**	**-**	**-**	**156,960**
Additional tier 1 capital	-	-	-	156,960
Tier 2 Capital	**1,229,893**	**1,190,170**	**1,179,083**	**848,259**
Subordinated bonds	1,065,645	1,025,922	1,014,835	684,011
Additional allowances	164,248	164,248	164,248	164,248
Total effective equity	**4,871,045**	**4,796,491**	**4,629,910**	**4,444,474**

Table No.7: Capital Components

Concept	September 2024 (%)	June 2024 (%)	December 2023 (%)	Regulatory Requirements
Regulatory Capital (T1 + T2)	15.94%	15.28%	15.05%	> = 11.25%
CET1 / RWA	11.91%	11.49%	11.22%	> = 7.64%
T1 / RWA	11.91%	11.49%	11.22%	> = 9.14%
Leverage ratio	8.98%	8.55%	8.11%	> = 3%
Tier 2 / Tier 1	33.78%	33.00%	34.17%	-
Subordinated debt / CET1	29.27%	28.45%	29.41%	< 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 day time 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	September 2024 MCh$	June 2024 MCh$	December 2023 MCh$	September 2023 MCh$
High quality liquid assets	2,891,757	2,326,858	2,293,236	2,492,090
Net adjusted expenses	2,006,578	1,223,738	1,496,769	1,454,861
LCR%	144.11%	190.14%	153.21%	171.29%

Net Stable Funding Ratio

Additional to the LCR, and in accordance with current regulations, the Bank also monitors the Net Stable Funding Ratio (NFSR). 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	September 2024 MCh$	June 2024 MCh$	December 2023 MCh$	September 2023 MCh$
Available stable funding (ASF)	26,253,121	26,539,176	26,610,006	28,390,808
Required stable funding (RSF)	23,773,319	23,906,016	24,017,045	24,572,521
Net Stable Funding Ratio (%)	110.43%	111.01%	110.80%	115.54%

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.

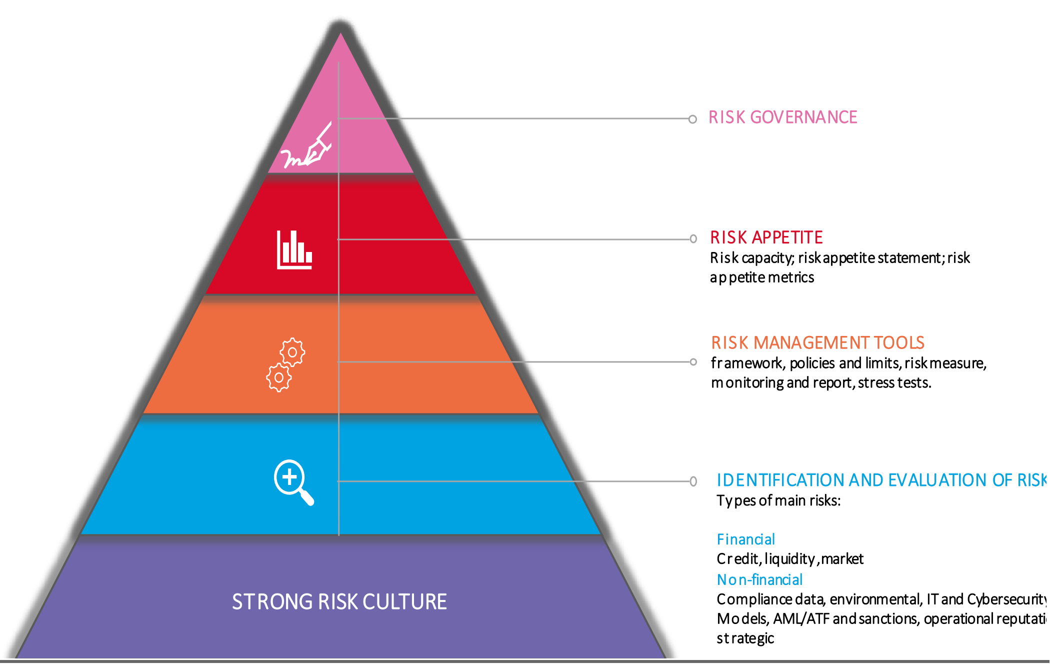
Scotiabank manages its excess financial resources within the framework established by market and liquidity risk limits.

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

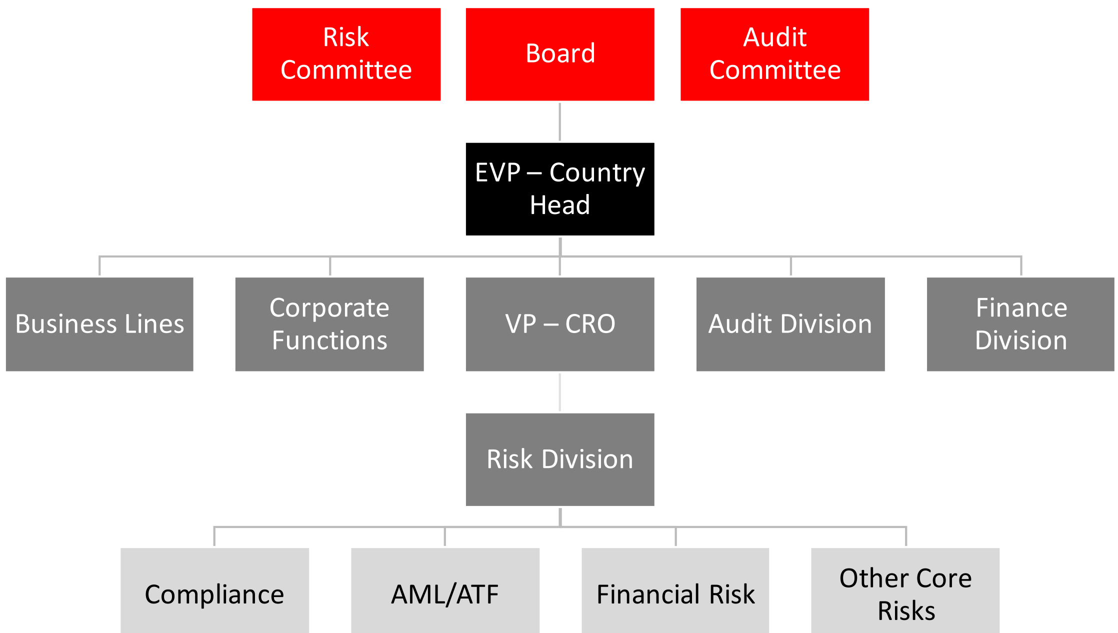


Governance structure

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. In addition, 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 limits established. Approves key risk policies, limits and 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 ESG risk. 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 their independence. 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 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 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 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 Financial Statements 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 and legal risk but excludes strategic risk and reputational risk. Operational Risk exists, in a certain way, in each of the business and support activities of the Bank and its Subsidiaries, and could give rise to financial losses, sanctions by regulatory authorities or damage to the reputation of the institution.

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 or that such strategies are deficiently performed.

Reputational Risk

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

Thanks to the Bank's reputation management and proactive communication with its stakeholders, Scotiabank increased 22 points in the latest edition of the Reputation Index conducted by the Reputation Observatory (IPSOS).

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 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.

ESG risk encompasses environmental risk, the potential negative impacts of potential damage to the natural environment from the Bank's direct and indirect practices, social risk, the potential negative impacts to a business that may arise due to improper management of social considerations that may cause real or perceived negative impacts on individuals and communities, and governance risk, which covers the Bank's processes and policies, how decisions are made, and how the Bank addresses the diverse interests and relationships with its many stakeholders, including shareholders, customers, employees, and the community in general.

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
This is the direct or indirect risk from data used to support the Bank's ability to make informed decisions and produce accurate reports and analysis for the Bank, including the Board of Directors, Senior Management and regulators, or for customers and/or for marketing purposes. Risks to which the Bank is exposed include data management, data taxonomy, metadata, breaches or incomplete, inaccurate, invalid, untimely or inaccessible data.

Risk Management Update Process

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 is reviewed and updated at least annually or as material changes are required by the Enterprise Management Risk Management (ERM), which is responsible for the RAF (Risk Appetite Framework). 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, it is distributed among the Managers who are members of the Executive Committee. The document is published on one or more web sites, including the Bank's intranet. Likewise, the RAF is distributed to the Senior Management of the Bank's subsidiaries for their respective adoption.

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.

From 2022, Scotiabank Chile assesses its sustainability management with the application of the SSINDEX (Stakeholders Sustainability Index) survey. The purpose of this tool is to identify and measure the management of companies with connection to the risks associated with the Environmental, Internal Social, External Social and Corporate Governance dimensions of the corporate sustainability strategy from the Bank's main stakeholders view. In 2023, 75% of the 2,642 people who were consulted for this measurement, including employees, customers and suppliers, rated Scotiabank Chile's risk management and sustainability positively, a slightly lower score than that obtained by the company in the previous measurement. In comparative terms, the dimensions that obtained the best score were External Social, with 78% of favorable responses, 2 percentage points more than in 2022, and Corporate Governance, which reached 80% positive evaluation, 2 points over the previous year. The greatest opportunities for improvement were detected in the stakeholders' perception of environmental management, which was rated with 62% favorable responses, 3 percentage points lower than the score recorded in 2022.

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 and corporate banking.

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.

Suppliers
Scotiabank seeks to establish a long-term relationship with its suppliers, based on trust, efficiency and compliance with commitments, which guarantees reciprocal development and contributes to the generation of sustainable economic value in the community.

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. Development of the 2024 version of ScotiaRISE

On July 29, the ScotiaRISE social impact program, the Bank's global initiative that supports the implementation of projects that promote employability, education, inclusion and environmental protection, ended.

Eleven organizations were finalists and presented their projects, in a 5-minute pitch format, before an expert jury formed by Reinalina Chavarrí, director of the Sustainability Observatory of the Faculty of Economics and Business of Universidad de Chile; Marisol Alarcón, co-founder of Laboratoria and Kaudal; Pamela Sandoval, executive director of Movidos x Chile; Bruno Trisotti, vice chancellor of INACAP; and Rodrigo Jordán, founder, president and partner of Vertical. On behalf of Scotiabank, the jury included Katia Berdichewsky, director of Corporate Affairs and Sustainability; Gabriel Morgan, vice-president of AML and Internal Control; and Manuel Silva, director of Social Impact and Employee Engagement in Toronto. Each initiative was evaluated based on relevance, clarity of development, projected impact, volunteer participation and feasibility of implementation.

Eight projects were the winners of this fourth version of the initiative, which will award total financing of CLP 372 million. This figure represents an increase of 33% in the amount allocated compared to 2023.

2. End of the Play and Learn Personal Finance championship with GORE Santiago

August marked the end of the program aimed at children and adolescents, Play and Learn Personal Finance, which seeks to test skills and abilities in the management of household resources, seeking the best balance between wellbeing and money, through the FinanCity board game.

The tournament, developed together with the Metropolitan Regional Government of Santiago and with the support of Fundación Entrepreneur, brought together 911 students from 67 educational establishments in the Metropolitan Region, who participated in the 3 phases: preparatory, qualifying and the final phase, which was attended by 102 competitors.

3. Corporate volunteer program

During February, the first corporate volunteering program 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.

During May, Scotiabank welcomed 20 young students from the Puente Maipo and El Almendral schools in Puente Alto, both belonging to the Nocedal Education Foundation, to visit the corporate tower to learn about the different Bank's areas that are attractive for their professional future.

In addition, work began with Fundación Basura. As part of its project "Ferias Libres Cero Desperdicio" (Zero Waste Free Fairs), a second selection food collection day was held in the Cerro Navia borough. Also, in July and September, a group of employees from the regions participated as volunteers in a beach cleaning day in the La Chimba sector, in the Antofagasta Region, and the Lenga Wetland, in the Hualpén borough, in the Biobío Region.

In August, Scotiabank launched its global volunteer and donation campaign through the Spark platform, which allows nonprofit organizations around the world to register their causes or initiatives. In order to encourage the use of this tool and add new employees, an activity was developed where the Vice Presidents prepared pancakes to share a breakfast and a talk about the commitment with the communities in which the Bank operates.

4. 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 Universidad Diego Portales Entrepreneurship Contest”, an initiative that gave six students the opportunity to submit several projects to generate innovative SMEs.

Also, from 2019 the Ministry of Finance leads the Public-Private Roundtable on Green Finance, also known as the "PPGF Roundtable" created with the aim of being a meeting point, coordination and long-term discussion between several players in the financial sector. During May, and with the representation of the Director of Corporate Affairs and Sustainability and the Sustainability Manager, participated in the ceremony in which the Green Agreement was renewed and the progress made over the last four years was presented, as well as indicating the challenges for the future. This activity was held at the residence of the Ambassador of the United Kingdom, Louise De Sousa, and was attended by representatives of the Ministry of Finance, ABIF, CMF and several companies and organizations.

Additionally, during the reporting period, the monthly newsletter was sent to suppliers, which summarizes the Bank's efforts in ESG topics. The newsletter provides information on the initiatives performed on the Bank's work in environmental, social and governance matters.

During the same month, the Director of Corporate Affairs and Sustainability participated in the presentation of the IPSOS Corporate Sustainability Monitor, a tool that allows to know the citizens' evaluation of the private sector's contribution to the progress towards sustainable development and how this management influences their relationship with and the brand’s perception. In this context, Scotiabank Chile, along with other companies, was invited to learn about the strategies that companies are implementing to communicate their environmental, social and governance initiatives.

5. Awards and acknowledgments

Scotiabank Chile was once again recognized as one of the most attractive companies for attracting and retaining talent in Chile according to the ranking of the Corporate Reputation Business Monitor (Merco Talento). In this 2024 version, the Bank ranked 12th in the measurement and was also recognized as one of the 10 best human resources teams of companies operating in Chile.

Also, during 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 the ongoing commitment to the well-being of Scotiabankers, their flexibility and quality of life.

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

In addition, Scotia Corredora de Bolsa 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, Scotiabank was recognized for the amounts traded in the Primary Market, Primary Debt Placement – Structuring Agent.

Scotia Administradora General de Fondos received, for the second consecutive year, the award for Best Global Fund Manager in the 2024 edition of the Morningstar Awards for Investing Excellence. In addition, Scotia Administradora General de Fondos was recognized with a Salmon Award in the U.S. Equity Fund Category.

In terms of digital transformation, the “Insurance Digital Ecosystem” project won the highest distinction in the Channel Innovation category of the Fintech Americas 2024 Financial Innovators Awards. And the financial media The Digital Banker, highlighted ScotiaStore as the “Best Automation Initiative of the Year” at the Global Transaction Banking Innovation Awards.

In addition, Scotiabank was recognized in the "Outstanding Use of Technology in Trade Finance" category for its solution for Letters of Credit operations, which streamlines the credit limit validation process for foreign trade finance by reviewing customer requests online or through back-end systems.

The international publication Global Finance awarded Scotiabank as the Best Bank in Sustainable Finance in Emerging Markets for the Sustainable Finance Award, for the 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. Also, the prestigious World Economic Magazine recognized Scotiabank in the categories "Best Digital Bank Chile 2024", for its progress in its digital plans; and "Best SME Bank Chile 2024", for its contribution and value offer for the small and medium-sized companies in Chile.

Another recognition was given by the International Finance Magazine, a media specialized in business and finance, which highlighted Scotiabank Chile as Best Corporate Bank Chile 2024. In addition, in the Euromoney Awards for Excellence 2024, Scotiabank Chile was highlighted in three categories; Best Bank, in recognition of its financial performance and ability to provide comprehensive services for the diverse needs of its customers. Best Digital Bank, for offering a complete omnichannel ecosystem, composed of disruptive, flexible, simple and customized solutions. And finally Best Bank for Corporates, highlighting customized and strategic financial solutions that support companies in achieving their goals.

6. Pride Month

During the reporting period, both in Scotiabank Chile and globally, Pride Month was celebrated with the objective of strengthening diversity and inclusion. Under the slogan "Shine with Pride", several initiatives were performed, including: the Pride Route, a tour of the Bank's offices to promote respect for diversity; an activation in the cafeteria of the Corporate Tower, inviting Scotiabankers to participate in a reflective experience; a webinar entitled "Dialoguing as a family about sexual diversity"; and joining the Pride March on Saturday, June 29, where more than 80 employees and their families participated.

7. Chile Day

On May 28 and 31, with the attendance of more than 550 executives from Chilean and foreign companies, a new version of Chile Day was held, an event that seeks to position Chile as an attractive market for foreign investment and which on this occasion was held in Toronto and subsequently in New York.
The event, organized by Inbest Chile and the Ministry of Finance, and of which Scotiabank was the main sponsor for the second consecutive year, was attended by the Ministers of Finance, Mario Marcel and of Public Works, Jéssica López, as well as the Canadian Minister of Tourism, Soraya Martínez Ferrada, and senior executives from several companies.

National Children's Soccer Cup

In April, the ninth edition of the traditional National Children's Soccer Championship was launched with the presence of former world champion and ambassador of the global platform Scotiabank Fútbol Club, Carles Puyol, who also took advantage of his visit to participate in the first milestone for the renovation of two 7-a-side soccer fields that the Bank will donate to the community of the Valparaíso region.
This 2024 the Children's Championship will be held in La Serena, Viña del Mar, Santiago, Concepción, Temuco and Antofagasta as venues for the matches. There are 192 schools that will participate in the Mixed U-11 and Women's U-14 categories, and the grand final will be held in Santiago on October 5 and 6.
Also, during the month of March, the representatives of the Santa Cruz Chicureo School, winners of the Scotiabank 2023 Children's Championship, traveled to Barcelona, Spain, where they were able to live various experiences, including a workshop given by physiotherapists and nutritionists from the FC Barcelona Sports City, to learn about injury prevention and recovery techniques, as well as playing a friendly match against a U14 team of Barça femenino and attending a Spanish La Liga match between FC Barcelona and Real Mallorca at the Olympic Stadium of Montjuic.

8. Businesswoman Award and Executive Award

As part of the commitment to promote gender equity, inclusion and female leadership, the call for the new edition of the "2024 Businesswoman" Award (formerly the Women Entrepreneur Award), to recognize and promote female talent and good management of women in business, particularly in small and medium-sized companies in Chile, was open from April 4 to June 15. In this 2024 edition, three categories will be awarded, each of which will receive a prize of CLP 4 million.
Also, during the reporting period, and as Scotiabank has done for the last 9 years, the Executive Award, an initiative developed by Mujeres Empresarias and Diario Financiero that seeks to recognize outstanding women in senior management roles and thus inspire many others to take on professional challenges, will be promoted. In its 2024 edition, the award sought to highlight female legal managers who exercise positive leadership in their organizations, reaching 2,300 nominations, 299 unique names of female legal managers, with only eight candidates reaching the final stage.

9. 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 the potential customers affected, the Bank communicated special measures such as refinancing with preferential rates and payment grace periods.
Also a donation campaign was conducted 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 the website so that people could make a direct donation.

10. Women's Month

In the context of the commemoration of International Women's Day, several activities were conducted 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, two workshops were organized, one together with Make a Wish Chile, entitled “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, the Women's Leadership Programme, one of the Bank's many initiatives that seeks to promote the career development of its female employees, started. 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.

11. Astara Chile Classic

The 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 customers.

12. Call for applications to the Net Zero Research Fund

During April of this year, and within the framework of International Earth Day, at global level Scotiabank announced the opening of applications for the 2024 Net Zero Research Fund, a fund aimed at charitable and non-profit organizations at a global level, dedicated to research and development of opportunities to decarbonize key sectors of the economy. Applications are currently under review and the results will be announced in November of this year.

4. OPERATING PERFORMANCE AND OUTLOOK

The following discussion relates to the Interim Consolidated Financial Statements of Scotiabank Chile as at September 30, 2024 and compares to September 2023 both on a quarterly and cumulative basis.

The Bank's development and performance during the year

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

Table No.10: Statement of Income

	Quarter ended:			9 months ended:	
Statement of income	**September 2024 MCh$**	**June 2024 MCh$**	**September 2023 MCh$**	**September 2024 MCh$**	**September 2023 MCh$**
Net interest and indexation income	300,535	325,269	328,155	951,944	899,635
Net fee and commission income	54,162	53,460	49,730	155,961	143,475
Net financial result	28,552	9,622	(7,606)	83,278	47,482
Other operating income	6,988	25,267	12,147	40,402	50,477
Total operating income	**390,237**	**413,618**	**382,426**	**1,231,585**	**1,141,069**
Total operating expenses	(165,200)	(166,337)	(161,721)	(498,450)	(483,586)
Operating income before credit losses	**225,037**	**247,281**	**220,705**	**733,135**	**657,483**
Credit loss expense	(108,933)	(95,399)	(111,329)	(318,942)	(304,446)
Profit or loss from continuing operations before taxes	**116,104**	**151,882**	**109,376**	**414,193**	**353,037**
Income tax expense	(13,033)	(27,691)	(16,533)	(70,019)	(58,727)
Consolidated profit (loss) for the year (or period)	**103,071**	**124,191**	**92,843**	**344,174**	**294,310**

For the quarter ended September 2024, net interest and indexation income of CLP 300,535 million was recorded, 8.4% lower than in the same quarter of prior year, mainly due to lower interest received on commercial loans and higher indexation paid on UF bonds. On a cumulative basis, net interest and indexation income of CLP 951,944 million was recorded, 5.8% higher than in prior year, mainly due to lower interest paid on term deposits.

At the end of Q3 2024, net fee and commission amounted to CLP 54,162 million, up 8.9% compared to the quarter ended September 2023, due to higher insurance fees, higher fees on credit operations and higher fees on mutual funds. On a cumulative basis, net fee and commission amounted to CLP 155,961 million, up 8.7% compared to the prior year, due to higher insurance fees.

Net financial result amounted to CLP 28,552 million, up CLP 36,161 million, mainly due to the lower cost of the derivatives trading fund, as a result of the decrease in the gap between CLP and USD rates. On a cumulative basis, net financial result of CLP 83,278 million was recorded, 75.4% higher than in the prior year, also due to a lower cost of the derivatives trading fund.

Other operating income for the quarter amounted to CLP 6,988 million, down 42.5%, explained by extraordinary income from the prior year's quarter: recovery of taxes in the Income Tax filing process, regularization of provision for lease liabilities, among others. On a cumulative basis, other income of CLP 40,402 million was recorded, down 20.0% compared to the prior year, mainly due to the effects mentioned above, together with lower income from Assets Received in Lieu of Payment, lower recovery of collection expenses in CAT and lower income from Transbank EV.

Likewise, quarterly operating expenses amounted to CLP 165,200 million, slightly up 2.2% compared to the prior year's quarter, mainly due to higher advertising, personnel, technology expenses (technology services, facial biometrics services, software licenses), together with higher depreciation and amortization expense. On a cumulative basis, operating expenses amounted to CLP 498,450 million, with a lower variation of 3.1% from prior year, mainly due to higher technology expenses (technology services, facial biometrics services, software licenses), higher personnel and advertising expenses.

Credit loss expense for the quarter amounted to CLP 108,933 million, down 2.2% compared to the same quarter of prior year, due to lower allowances at CAT. On a cumulative basis, credit loss expenses amounted to CLP 318,942 million, up 4.8% from prior year, explained by the increase in allowances in the Bank's collective and individual Commercial segments.

Income tax for the quarter amounted to CLP 13,033 million, down 21.2%. On a cumulative basis, income tax amounted to CLP 70,019 million, up 19.2% from prior year.

Because of all these factors, net income recorded in Q3 2024 amounted to CLP 103,071 million, 11.0% higher than that recorded in 2023. On a cumulative basis, net income amounted to CLP 344,174 million, up 16.9%.

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

Table No.11: Statement of Financial Position

Statement of financial position	September 2024 MCh$	June 2024 MCh$	December 2023 MCh$	September 2023 MCh$
Cash and deposits in banks	1,287,293	1,264,539	1,209,884	624,233
Transactions pending settlement	467,024	837,201	389,141	418,407
Financial assets held for trading at fair value through profit or loss	6,255,262	6,313,306	5,944,341	6,931,923
Financial assets at fair value through other comprehensive income	1,798,503	1,460,831	2,188,905	3,132,686
Derivative instruments for accounting hedge	243,658	302,019	317,308	348,370
Financial assets at amortized cost	31,150,144	32,705,246	33,039,025	32,857,545
Investments in companies	36,117	35,674	34,220	32,080
Intangible assets	258,597	258,902	255,425	250,792
Property and equipment	77,711	80,119	84,327	84,631
Right-of-use assets under lease contracts	146,551	148,676	159,569	166,732
Current taxes	30,367	1,095	2,413	2,960
Deferred tax assets	376,323	372,082	360,658	377,594
Other assets	852,286	859,880	708,531	730,394
Non-current assets and disposal groups held for sale	19,239	20,750	19,734	18,485
Total assets	**42,999,075**	**44,660,320**	**44,713,481**	**45,976,832**
Transactions pending settlement	474,032	827,825	333,372	406,932
Financial liabilities held for trading at fair value through profit or loss	4,986,527	5,162,718	4,606,750	5,643,664
Derivative instruments for accounting hedge	1,585,785	1,442,966	1,455,656	1,321,059
Financial liabilities at amortized cost	29,516,235	30,885,799	31,907,242	32,509,107
Lease contract obligations	138,819	140,149	149,308	155,803
Regulatory capital financial instruments issued	1,259,746	1,212,041	1,201,214	1,011,130
Provisions for contingencies	68,797	61,230	55,274	65,096
Provisions for dividends, payment of interest and repricing of issued regulatory capital financial instruments	97,921	69,722	122,388	86,307
Special allowances for credit losses	188,677	187,895	193,134	195,393
Current taxes	2,682	15,000	63,222	36,041
Deferred tax liabilities	953	842	795	551
Other liabilities	950,253	929,239	1,050,148	1,030,948
Total liabilities	**39,270,427**	**40,935,426**	**41,138,503**	**42,462,031**
Capital	1,368,421	1,368,421	1,368,421	1,368,421
Reserves	381,405	381,405	381,405	381,405
Accumulated other comprehensive income	(111,268)	(40,219)	(36,145)	(10,140)
Retained earnings from previous years	1,722,476	1,722,476	1,436,903	1,436,903
Profit or loss for the year	326,402	232,406	407,961	287,689
Provisions for dividends, payment of interest and repricing of issued regulatory capital financial instruments	(97,921)	(69,722)	(122,388)	(86,307)
Non-controlling interest	139,133	130,127	138,821	136,830
Total Equity	**3,728,648**	**3,724,894**	**3,574,978**	**3,514,801**
Total Liabilities and Equity	**42,999,075**	**44,660,320**	**44,713,481**	**45,976,832**

Total assets decreased by 6.5% in September 2024 compared to 2023, mainly due to Financial assets at amortized cost (-5.2%) (commercial loans) and financial assets at fair value through other comprehensive income (-42.6%) (promissory notes issued by Banco Central de Chile).

Likewise, total liabilities decreased by 7.5% due to Financial liabilities at amortized cost (-9.2%) (FCIC line payment).

Equity has increased by 6.1%, explained by Retained earnings from prior years (+19.9%).

Financial position

Loans[5]

As shown in Table No.12, the Bank's loan portfolio (net of allowances and excluding interbank loans) reached CLP 30,852,488 million, down 3.7% compared to the same period of prior year. This decrease is explained by a drop in commercial loans of 11.1% (commercial loans). In addition, consumer loans grew by 6.0% (credit card receivables and consumer loans in installments) and mortgage loans increased by 1.6%.

Table No.12: Loans by product

Loans by product	September 2024 MCh$	June 2024 MCh$	December 2023 MCh$	September 2023 MCh$
Commercial loans	**13,002,365**	**13,668,017**	**13,738,775**	**14,631,153**
Consumer loans	**3,883,790**	**3,919,093**	**3,814,689**	**3,663,168**
Bank	2,336,858	2,238,992	2,152,480	2,067,502
CAT	1,883,802	1,680,101	1,662,209	1,595,666
Mortgage loans	**13,966,333**	**13,924,575**	**13,846,343**	**13,752,631**
Total loans	**30,852,488**	**31,511,685**	**31,399,807**	**32,046,952**

Deposits and debt instruments issued

As shown in Table No. 13, total deposits reached CLP 18,533,069 million, down 0.5% compared to September 2023: term deposits decreased by 3.3%, whereas on-demand liabilities grew by 7.9%.

Total bonds recorded CLP 9,374,422 million, up 5.1%, mainly due to subordinated bonds. However, letters of credit contracted by 12.7% due to mortgage securities denominated in UF.

Table No.13: Sources of funds

Sources of funds	September 2024 MCh$	June 2024 MCh$	December 2023 MCh$	September 2023 MCh$
Deposits and other on-demand liabilities	5,121,591	5,057,184	4,850,696	4,746,666
Term and other on-demand deposits	13,411,478	13,594,083	13,181,368	13,870,322
Total deposits	**18,533,069**	**18,651,267**	**18,032,064**	**18,616,988**
Current bonds	8,114,676	8,243,881	8,098,199	7,904,265
Subordinated bonds	1,259,746	1,212,041	1,201,214	1,011,130
Total bonds	**9,374,422**	**9,455,922**	**9,299,413**	**8,915,395**
Letters of credit	**79,224**	**82,308**	**88,293**	**90,736**
Total debt securities issued	**27,986,715**	**28,189,497**	**27,419,770**	**27,623,119**

Financial spread

As per Table No.14, in the quarterly comparison, the annualized net interest margin (NIM) decreased 8 basis points to 3.44% compared to the same quarter of prior year. This decrease is explained by lower financial margin (-8.4%) due to lower interest received on commercial loans and higher indexation paid on UF bonds. On a cumulative basis, NIM increased by 24 basis points to 3.49%, due to lower interest paid on term deposits.

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

Table No.14: Financial spread

Financial spread	Quarter ended: September 2024 MCh$	June 2024 MCh$	September 2023 MCh$	9 months ended: September 2024 MCh$	September 2023 MCh$
Net financial margin (interest and indexation)	300,535	325,269	328,155	951,944	899,635
Total loans	30,852,488	31,511,685	32,046,952	30,852,488	32,046,952
Earning assets (average for the period)	34,939,363	36,017,487	37,259,886	36,326,203	36,852,376
Net interest margin (NIM)	3.44%	3.61%	3.52%	3.49%	3.25%

Allowances and portfolio quality

During Q3 2024, net allowances totaled Ch$120,145 million, down 17% compared to the same period of 2023. Accumulated net allowances for the year closed with an increase of 6% from the same period of 2023, as shown in Table No. 15 below.

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

Allowances for credit losses	Quarter ended: September 2024 MCh$	June 2024 MCh$	September 2023 MCh$	9 months ended: September 2024 MCh$	September 2023 MCh$
Initial allowance stock	741,799	746,534	637,386	706,538	596,538
Write-offs	124,962	119,187	103,205	354,007	279,834
Net allowances	120,145	114,452	144,851	384,451	362,328
Final allowance stock	**736,982**	**741,799**	**679,032**	**736,982**	**679,032**
Net allowances	126,416	119,418	135,845	384,626	359,302
Additional allowances	1,181	(865)	(2,765)	(4,983)	3,524
Recoveries	(18,676)	(22,917)	(21,787)	(60,548)	(58,650)
Other	12	(237)	35	(153)	270
Risk expense	**108,933**	**95,398**	**111,329**	**318,942**	**304,446**

Quality ratios	September 2024 (%)	June 2024 (%)	December 2023 (%)	September 2023 (%)
Risk Ratio (1)	2.33%	2.30%	2.20%	2.04%
Coverage on +90 past due days (2)	118.86%	115.98%	125.37%	144.35%
Expense Ratio (3)	0.34%	0.29%	0.36%	0.34%
Write-off Ratio (4)	0.39%	0.37%	0.32%	0.31%
+90 days past due ratio (5)	2.40%	2.42%	2.16%	1.76%
Recovery Ratio (6)	0.06%	0.07%	0.05%	0.07%

(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 3 bps reaching 2.33% compared to Q2 2024, whereas compared to the same period of prior year it increased by 29 bps due to an increase in expenses while loans maintain a downward trend.

In addition, the non-performing loan portfolio showed a marginal downward variance compared to the prior quarter, remaining at 2.40%, while compared to the prior year it increased 64 bps for the same reason indicated in the preceding paragraph. However, coverage reached 118.86%, down from 144% in the same quarter of 2023, but remaining stable compared to the prior quarter.

Operating expenses

As per Table No.16, in the September 2024 vs. 2023 quarter comparison, personnel expenses increased by 2.4%. Administrative expenses increased 3.8%, explained by higher advertising and technology expenses (technology services, facial biometric services, software licenses). Other operating expenses decreased 21.8% due to lower write-offs. Efficiency, understood as the ratio of operating expenses to net income, worsened by 4 basis points to 42.33%.

On a cumulative basis, personnel expenses slightly decreased 0.3% (indemnities). Administrative expenses increased 7.5%, mainly due to advertising and technology expenses (technology services, facial biometric services, software licenses). Other operating expenses decreased 8.1% due to lower expenses associated with the Fraud Law. Efficiency improved 191 bps reaching 40.47%.

Table No.16: Support expenses

	Quarter ended:			9 months ended:	
Operating expenses	**September 2024 MCh$**	**June 2024 MCh$**	**September 2023 MCh$**	**September 2024 MCh$**	**September 2023 MCh$**
Personnel expenses	76,722	75,999	74,896	227,957	228,729
Administrative expenses	63,318	63,903	61,013	191,907	178,479
Depreciation and amortization	18,196	18,097	16,906	54,181	50,030
Operating support expenses	**158,236**	**157,999**	**152,815**	**474,045**	**457,238**
Impairment	-	-	-	338	170
Other operating expenses	6,964	8,338	8,906	24,067	26,178
Operating expenses	**165,200**	**166,337**	**161,721**	**498,450**	**483,586**
Efficiency	**42.33%**	**40.22%**	**42.29%**	**40.47%**	**42.38%**

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

Key financial indicators

As shown in Table No. 17. In the quarterly comparison of the return on average equity (ROAE) ratio it reached 11.10%, up 41 bps compared to September 2023, due to the increase in net income for the year. Return on average assets (ROAA) reached 0.95%, improving 14 bps.

On a cumulative comparison basis, ROAE reached 12.50%, up 73 bps whereas ROAA reached 1.02%, up 16 bps.

Table No.17: Key Financial Indicators

	Quarter ended:			9 months ended:	
Profitability and Efficiency Indicators	**September 2024 (%)**	**June 2024 (%)**	**September 2023 (%)**	**September 2024 (%)**	**September 2023 (%)**
Net interest margin (Interest and indexation)	3.44%	3.61%	3.52%	3.49%	3.25%
Efficiency (Net Operating expenses / Net operating income)	42.33%	40.22%	42.29%	40.47%	42.38%
Return on average equity (ROAE)	11.10%	13.43%	10.69%	12.50%	11.77%
Return on average assets (ROAA)	0.95%	1.11%	0.81%	1.02%	0.86%

In Table No.18, we note that mortgage loans have increased their share in the loan mix by 220 bps and consumer loans by 124 bps, whereas commercial loans decreased by 344 bps. The loan-to-deposit ratio was 1.70, with a favorable drop of 3.0%.

As at September 2024, the number of branches nationwide decreased to 103 (108 in September 2023), whereas in the same period the number of ATMs has decreased by 8% (15 ATMs).

Table No.18: Financial Performance

Financial performance	September 2024 MCh$	June 2024 MCh$	December 2023 MCh$	September 2023 MCh$
Loans and accounts receivable from customers	30,852,488	31,511,685	31,399,807	32,046,952
Commercial loans / Total loans	42.28%	43.46%	43.81%	45.72%
Mortgage loans / Total loans	44.36%	43.32%	43.27%	42.16%
Consumer loans / Total loans	13.36%	13.22%	12.92%	12.12%
Loans / Deposits	1.70	1.73	1.78	1.76
Structure	**September 2024**	**June 2024**	**December 2023**	**September 2023**
Total No. of branches	103	102	105	108
No. of ATMs	167	167	175	182

Indicators not derived from the financial statements

Table No.19: Environmental Performance

	Quarter ended:			9 months ended:	
Energy consumption	September 2024	June 2024	September 2023	September 2024	September 2023
Natural gas consumption (liters)	6,857	9,274	12,601	19,046	24,981
Electricity consumption (KWh)	2,671,385	3,033,458	2,950,950	8,978,315	9,582,910

	Quarter ended:			9 months ended:	
Print paper consumption	September 2024	June 2024	September 2023	September 2024	September 2023
Number of prints (units)	8,550,549	8,815,398	9,972,686	26,302,662	20,195,583

	Quarter ended:			9 months ended:	
Waste and recycling	September 2024	June 2024	September 2023	September 2024	September 2023
Waste produced (Kg)	20,817	17,581	14,097	54,011	47,507
Wasted recycled (Kg)	2,028	2,107	1,219	6,089	3,853
Recycling %	9.74%	11.98%	8.65%	11.27%	8.11%

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

	Quarter ended:			Six months ended:	
Employee health and safety	September 2024 (*)	June 2024	September 2023	September 2024 (*)	September 2023
Occupational Accident Rate (annual cumulative)	0.21	0.23	0.28	0.23	0.29
Severity Rate (million hours worked)	93.2	89.79	49.61	73.03	36.03
Accident Trip Rate (annual cumulative)	0.71	0.58	0.44	0.6	0.47
Fatal Accident Rate	-	-	-	-	-
Days of absenteeism (work-related accidents and occupational illnesses)	110	334	29	724	327

(*) Data as at August

Table No.21: Turnover

Turnover	Quarter ended: September 2024	June 2024	September 2023	9 months ended: September 2024	September 2023
Number of total hires	171	155	155	416	576
Number of women hires	82	82	72	217	264
Number of men hires	89	73	83	199	312
Total turnover	111	152	151	418	538
Women turnover	60	66	80	213	306
Men turnover	51	86	71	205	232
Total voluntary turnover	46	58	49	160	159
Women voluntary turnover	21	25	22	75	79
Men voluntary turnover	25	33	27	85	80

Table No.22: Training

Training	Quarter ended: September 2024	June 2024	September 2023	9 months ended: September 2024	September 2023
Total number of training hours	47,188	45,825	62,588	111,840	154,489
Total number of trained employees	5,753	5,540	5,753	5,999	6,236
Total number of trained men employees	2,764	2,689	2,807	2,891	2,949
Total number of trained women employees	2,989	2,851	2,946	3,108	3,287
Average number of training hours by male employee, organization total	8.20	8.27	10.88	18.60	24.77
Average number of training hours by female employee	7.50	9.38	11.88	19.70	26.67
Average number of training hours by employee	9.00	7.09	9.83	17.50	22.66

Scotiabank Chile seeks to promote a culture of learning and proactivity of all employees. Accordingly, as at September 2024, the Bank accumulates 111,840 training hours provided to 5,880 employees.

Table No.23: Employee Engagement

Employee Engagement	September 2024	September 2023
Overall engagement	90%	95%
Proud to work for Scotiabank	95%	96%
Her/his work makes her/him feel deeply fulfilled	91%	93%
Scotiabank motivates me to make an effort that is extra than expected	90%	94%
% of participation in the survey	59%	67%

The current level of employee engagement is 90%, with survey participation of 59%.

Table No.24: Salary Gap

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

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. The most recent risk ratings obtained are detailed as follows:

Local Rating

Local financial rating was AAA, the best possible rating, on May 28, 2024 by Fitch and on June 7, 2024 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)	05-28-2024
Short-term	N1+ (cl)	05-28-2024
Bonds	AAA (cl)	05-28-2024
Subordinated bonds	AA (cl)	05-28-2024
Shares	First Class Level 3 (cl)	05-28-2024
Outlook	Stable	05-28-2024
ICR	***Rating***	**Last Rating Date**
Solvency, long-term deposits, long-term bonds	AAA	06-07-2024
Short-term deposits	N1+	06-07-2024
Subordinated bonds	AA+	06-07-2024
Shares	First Class Level 4	06-07-2024
Outlook	Stable	06-07-2024

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	10-16-2024
Long-term Local Issuer Credit	A	10-16-2024
Outlook	*Stable*	10-16-2024

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+	09-30-2024
Short-term Issuer Default Rating	F1+	09-30-2024
Local Currency Long-term Issuer Default Rating	A+	09-30-2024
Local Currency Short-term Issuer Default Rating	F1+	09-30-2024
Outlook	*Stable*	09-30-2024