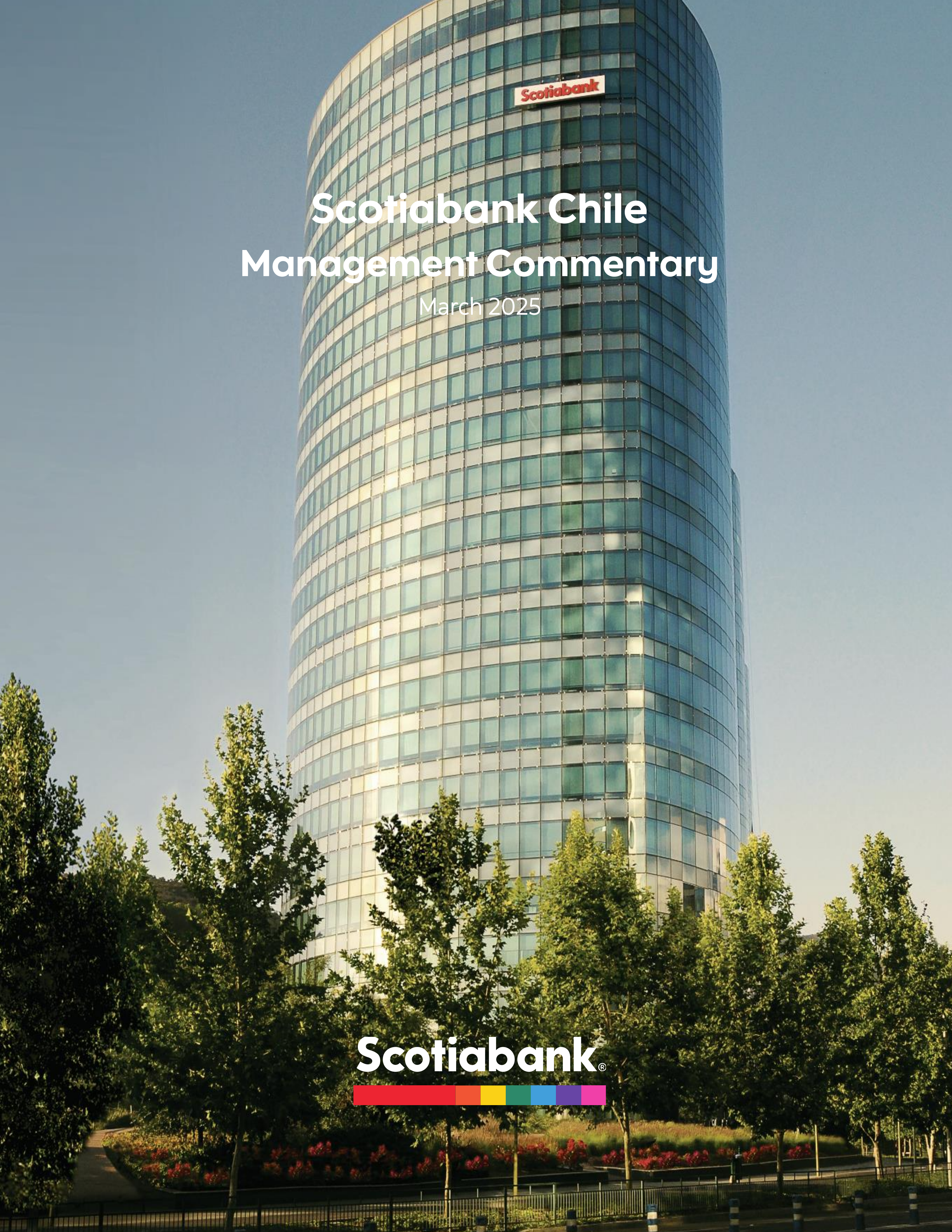
Scotiabank Chile
Management Commentary
March 2025



Scotiabank

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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 contributes to an understanding of the entity's financial position in regard to the Consolidated Financial Statements as at March 31, 2025.

1. NATURE OF THE BUSINESS

Brief history of Scotiabank Chile

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

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

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

Having approximately 6,000 employees, Scotiabank Chile is engaged in helping its customers improve their financial position, delivering disruptive, simple and flexible products and services to its customers, not only through its network of 98 branches from Arica to Punta Arenas and 28 Connect customer service platforms, but also through Digital Banking.

Market positioning in the relevant segments

Scotiabank's market share in total loans as at February[1] 2025, excluding branches and subsidiaries abroad, reached 13.70%, equivalent to CLP 32,544,418 million. It ranks fifth among its competitors, down 38 basis points compared to February 2024.

Of the aforementioned total, commercial loans (including education) reached CLP 13,949,366 million, recording market share of 11.44%. Market share in consumer loans recorded 14.82%, equivalent to CLP 4,397,358 million, whereas market share in mortgage loans recorded 16.50%, equivalent to CLP 14,197,694 million.

As at February[1] 2025, Scotiabank's liabilities record total deposits of CLP 18,678,223 million, of which CLP 13,113,376 million correspond to term deposits (market share of 12.19%) and CLP 5,564,848 million to on-demand deposits (market share of 8.54%). Accordingly, Scotiabank Chile's market share in total deposits, excluding branches and subsidiaries abroad, reached 10.81% as at February 2025, down 52 basis points compared to February 2024.

Significant environment features

[1] For the data on loans and deposits, figures as at February 2025 are considered, as no public information is available as at March.

International scenario

The external environment continues to be the main source of risk for the Chilean economy, highlighting the high levels of uncertainty that have increased following the escalation of the trade conflict. Over the last few weeks, the United States government has announced new differentiated tariffs for most of its trading partners, especially China, where tariffs exceed 100%. However, a pause in these tariffs has recently been announced for at least 90 days, pending bilateral negotiations with the countries affected, excluding China. Meanwhile, inflation continues to slow in the United States, down 2.4% year-on-year in March, and the labor market continues to show signs of strength. The U.S. Federal Reserve maintained the MPR in March and has continued to exercise caution regarding future cuts. However, the likelihood of a sharp contraction in GDP in the first quarter has recently increased, prompting the market to internalize nearly three MPR cuts for this year. In March, the Fed maintained its rate path, considering two additional rate cuts for 2025.

In the Eurozone, the German government announced the creation of an infrastructure fund of approximately EUR 500 billion, which was well received by the market and boosted the outlook for the zone. The Chinese government reaffirmed its 5% growth target for this year, reiterating that it will implement a tax package to support domestic consumption. Additionally, sharp interest rate cuts are expected this year.

In certain emerging economies, the cycle of MPR cuts has been paused due to concerns about inflation convergence, amid heightened global uncertainty. After Trump's election and as a result of the protectionist policies that he has started to implement, there is a high degree of pessimism about global growth and the effects of the tariffs on global inflation.

Local political environment

The political environment in Chile has become more favorable following the approval of the pension reform at the beginning of the year. This, combined with the already approved tax reform, would mark the conclusion of the discussion on structural reforms that began toward the end of 2022. In addition, in a year of presidential and parliamentary elections, polls continue to show greater support for opposition candidates.

The recently approved pension reform includes an increase in the UGP (Universal Guaranteed Pension) to CLP 250 thousand, a 7 percentage point increase in employer contributions, a bidding process for the affiliated member pool, and a move toward a generational fund system that would replace the current multi-fund system, among other things.

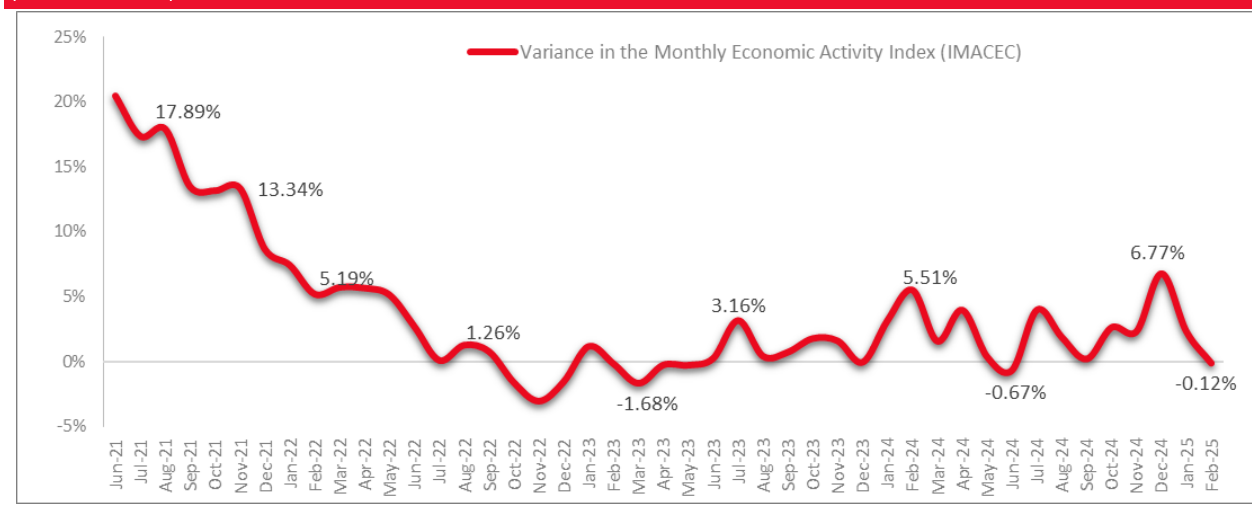
Economic activity level

Local economic activity began the year with strong momentum, especially in the trade and services sectors, leading the Central Bank to raise its growth projections for the year. However, recent risks from the external environment have increased, leading the market consensus to maintain or reduce growth projections for the year. While the February IMACEC contracted by 0.1% y/y (-0.5% m/m), this was due to specific factors associated with one day less in February compared to the same month in 2024 (a leap year) and the effects of the massive power outage, especially in the mining sector. However, activity figures reveal a recovery in dynamism in industry and commerce in recent months, the latter sector greatly influenced by increased demand due to record levels of Argentine tourist arrivals in Chile during summer months. Accordingly, non-mining sectors have accumulated growth of 0.8% at the beginning of the year, which represents a good starting point for achieving growth above 2% by 2025. These figures would be in line with the new base scenario published by the Central Bank in the March Monetary Policy Report (IPoM), which projects GDP expansion of 2.2% for 2025.

Although the external environment has appeared more challenging in recent weeks, the GDP growth projection for the year remains at 2.5%, due to the strong growth expected in investment and a strong start to the year for private consumption. For the time being, growth expectations remain unchanged, pending greater certainty regarding the new global tariff scenario. Beyond the recent high volatility in financial markets, there are factors that could also offset negative expectations regarding global growth, especially the tax and monetary stimulus packages in China and Europe.

Figure No. 1

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



Source: Banco Central de Chile.

Inflation

Inflation ended the first quarter of 2025 at 4.9% year-on-year, in line with market and Central Bank projections in the March Monetary Policy Report (IPoM). Although inflation remains high, it is expected to converge to 3.5% year-on-year by the end of the year due to low inflationary

[2]For IMACEC purposes, data considered figures as at February 2025 because as at March no public information was available.

pressures in services and limited increases in goods. However, external risks remain elevated, indicating caution in monetary policy, especially because of the high volatility of the Chilean peso.

Compared to the previous month, the March CPI increased by 0.5%, mainly due to seasonal increases in education and transportation services, along with increases in volatile goods, especially food. At the same time, the CPI without volatiles (CPI SV) registered a 0.4% increase, the lowest for the month since 2013. However, the recent depreciation of the Chilean peso could put pressure on tradable goods, adding to the price adjustments for services. That combination would probably be the most complex for inflationary convergence. It is still early to determine the significance of these factors, but a degree of caution is certainly being introduced into monetary policy despite the low underlying inflation rate.

For the next few months, if the exchange rate stabilizes, we will continue to see limited inflationary pressures on both goods and services. In line with this, the Bank projects that the CPI will end 2025 at 3.5% year-on-year.

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

Month	Monthly	Accumulated	Last 12 months
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
October 2024	1.0	4.5	4.7
November 2024	0.2	4.7	4.2
December 2024	-0.2	4.5	4.5
January 2025	1.1	1.1	4.9
February 2025	0.4	1.5	4.7
March 2025	0.5	2.0	4.9

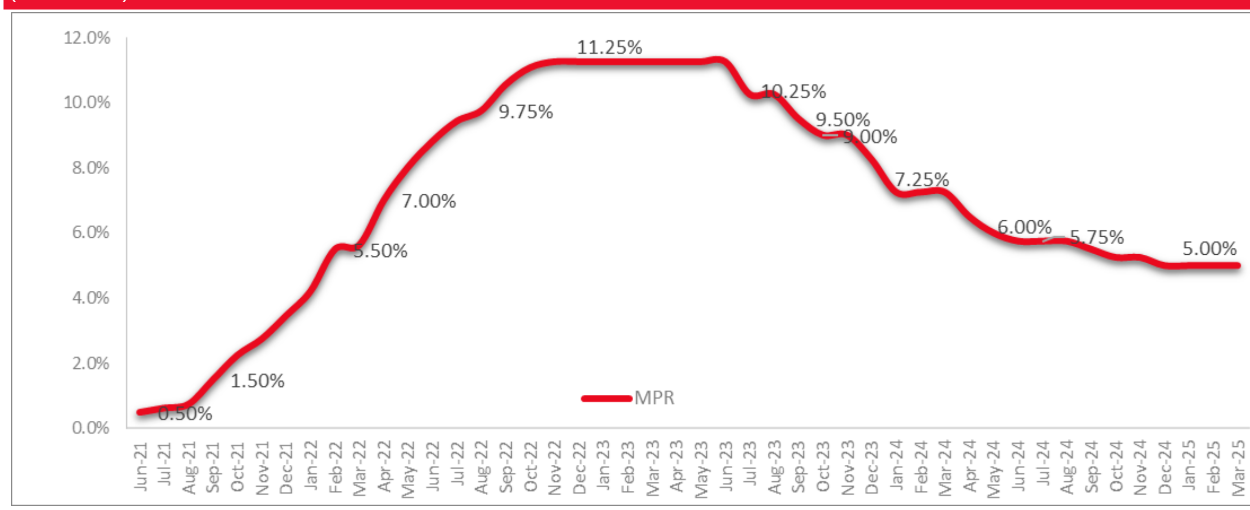
Interest rate

At its meeting of March 2025, the Central Bank maintained the interest rate at 5% with a neutral bias, reiterating its message of caution regarding global uncertainty and the outlook for global growth, amid an escalating trade conflict and worsening growth projections for the United States. Furthermore, the IPoM Report that accompanied this meeting outlined an interest rate scenario that includes two additional cuts to the MPR in the second half of this year.

It is considered that both the economic figures at local level and the international scenario, having high external risks and high volatility in the financial markets, warrant a neutral short-term stance for the monetary policy. Regarding the partial realization of external risks linked to the trade war, the effects go in opposite directions. On the one hand, they diminish the medium-term external momentum, widening the activity gap and suggesting greater monetary stimulus, but they also put pressure on both external and domestic prices. While it is still too early to assess the quantitative effects on the path of monetary policy, the Central Bank's scenario of two MPR cuts during the second half of the year remains in place, especially because short-term figures have met expectations.

Figure No. 2

Monetary Policy Rate Evaluation
(variance %)



Source: Banco Central de Chile.

Exchange rate

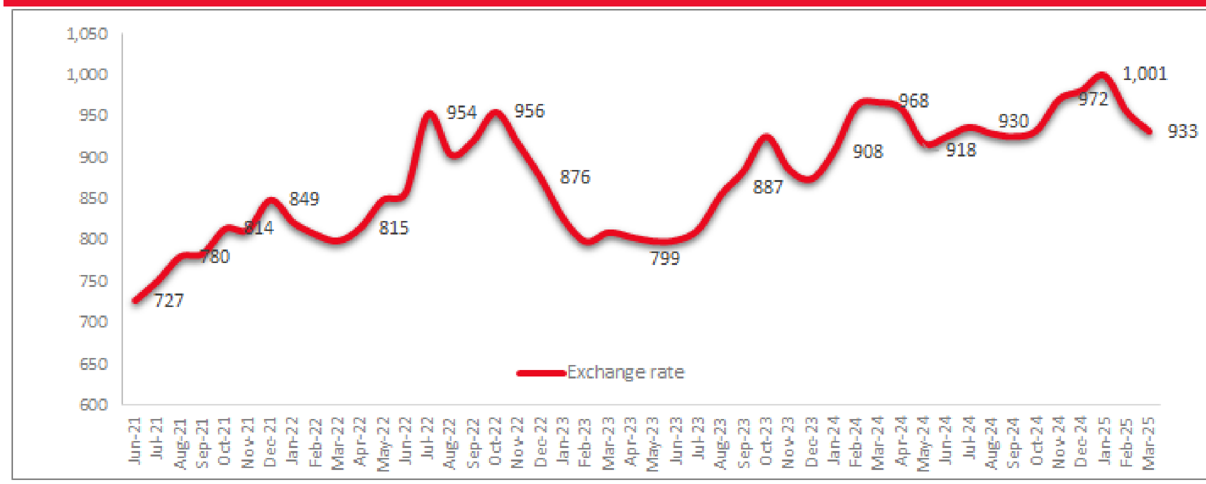
Chilean peso is more than 5% below the level at the statistical closing date of the previous Report, of approximately CLP 965. Since then, the price of copper has increased by between 2 and 6%, depending on the metal's market price, which fluctuates due to the expectation of U.S. tariffs on copper, driving up its price in the North American market. Meanwhile, the global dollar (DXY) has depreciated by nearly 9% over the period, due to fears about the tariff policies implemented by

President Trump and the resurgence of a new trade war. Although the Chilean peso has shown high volatility in recent weeks, it is the Latin American currency that has appreciated the most over the period, partly due to the structural strength of the copper price and the increased appetite for local assets. From a political view, reaching agreements on structural reforms would have also contributed to an appreciation of Chilean peso.

Regarding cash flows, part of the appreciation of Chilean peso is explained by an increase in bets in favor of Chilean peso by non-resident agents, while more recently it would be favored by the sale of U.S. dollars by real sector companies in the spot exchange market. Additionally, the Ministry of Finance announced the sale of U.S. dollars for nearly USD 4.2 billion between March and June, which could help sustain the appreciation of Chilean peso.

Figure No. 3

Exchange rate fluctuation, CLP/USD
(variance %)



Source: Banco Central de Chile.

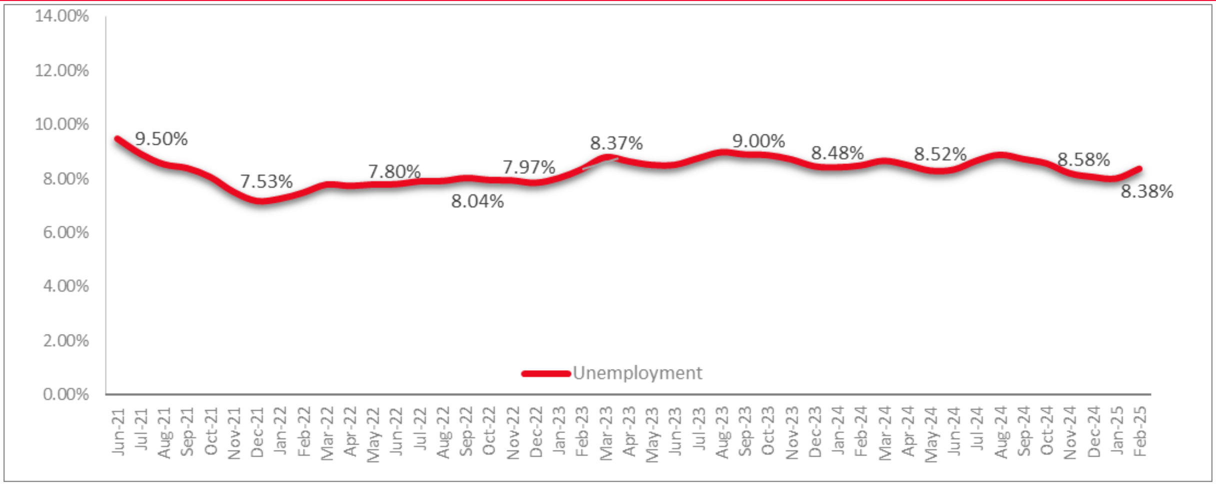
Labor market

Most recently, the unemployment rate increased to 8.4% in the quarter ending in February as the labor force recovered. Employment figures show a sound recovery in salaried employment, while self-employment remains significantly behind. At the economic sector level, construction stands out, creating jobs, as was seen at the beginning of last year, but in a context of strong expansion of public investment. This year, the recovery of construction will depend more on the completion of private investment projects, which are projected to return to positive growth rates in 2025, after two years of contraction.

Regarding the workforce, it continues to show a recovery faster than that of employment. The main reason behind the increased labor force participation, as in January, was the sharp reduction in the number of people unwilling to work. This aspect results in a concern to the extent that employment does not increase its dynamism, as it could put upward pressure on the unemployment rate in the next few months.

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 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

[3] The unemployment rate considered figures as at November 2024 because as at December no public information was available.

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 500 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 March 31, 2025 (in millions of CLP (MCLP))	Retail	Wholesale	CAT	Treasury	Other	Accounting total
Net interest income	152,816	84,085	77,513	(83,888)	182	230,708
Other income	38,988	49,815	18,712	89,332	(3,006)	193,841
Equity in net income of investees	-	-	-	-	280	280
Total operating income	**191,804**	**133,900**	**96,225**	**5,444**	**(2,544)**	**424,829**
Operating expenses	(80,763)	(32,931)	(30,490)	(1,885)	(515)	(146.584)
Depreciation and amortization	(11,696)	(2,824)	(4,063)	(106)	(446)	(19,135)
Provisions	(37,953)	(11,862)	(54,937)	-	(85,471)	(190,223)
Segment operating profit (loss)	**61,392**	**86,283**	**6,735**	**3,453**	**(88,976)**	**68,887**
Income tax expense	(12,412)	(20,801)	(832)	(932)	23,425	(11,552)
Profit (loss) for the year	48,980	65,482	5,903	2,521	(65,551)	**57,335**
Spot volumes - MCLP						
Assets (loans)	18,976,733	10,723,224	1,709,271	-	209,152	31,618,380
Liabilities (Core and Term deposits)	6,979,438	6,176,291	-	3,788,740	1,829,799	18,774,268

Quarter ended December 31, 2024 (in millions of CLP (MCLP))	Retail	Wholesale	CAT	Treasury	Other	Accounting total
Net interest income	153,623	86,887	83,993	(103,478)	95	221,120
Other income	37,663	46,543	22,663	105,711	308	212,888
Equity in net income of investees	-	-	-	-	1,180	1,180
Total operating income	**191,286**	**133,430**	**106,656**	**2,233**	**1,583**	**435,188**
Operating expenses	(90,674)	(35,304)	(32,606)	(3,079)	328	(161,335)
Depreciation and amortization	(11,256)	(2,728)	(4,156)	(93)	(302)	(18,535)
Provisions	(43,939)	(20,431)	(53,512)	-	240	(117,642)
Segment operating profit (loss)	**45,417**	**74,967**	**16,382**	**(939)**	**1,849**	**137,676**
Income tax expense	(9,141)	(18,060)	(3,014)	254	5,434	(24,527)
Profit (loss) for the year	36,276	56,907	13,368	(685)	7,283	**113,149**
Spot volumes - MCLP						
Assets (loans)	18,862,914	11,093,792	1,785,128	-	213,375	31,955,209
Liabilities (Core and Term deposits)	6,943,352	5,877,879	-	3,886,932	2,028,418	18,736,581

Quarter ended March 31, 2024 (in millions of CLP (MCLP))	Retail	Wholesale	CAT	Treasury	Other	Accounting total
Net interest income	141,252	83,249	77,306	(87,582)	51	214,276
Other income	32,071	56,489	19,163	104,846	207	212,776
Equity in net income of investees	-	-	-	-	678	678
Total operating income	**173,323**	**139,738**	**96,469**	**17,264**	**936**	**427,730**
Operating expenses	(79,360)	(32,139)	(34,132)	(1,991)	(1,403)	(149,025)
Depreciation and amortization	(12,099)	(2,373)	(3,559)	(38)	181	(17,888)
Provisions	(41,996)	(18,489)	(53,602)	-	(523)	(114,610)
Segment operating profit (loss)	**39,868**	**86,737**	**5,176**	**15,235**	**(809)**	**146,207**
Income tax expense	(8,287)	(21,159)	(1,142)	(4,114)	5,407	(29,295)
Profit (loss) for the year	31,581	65,578	4,034	11,121	4,598	**116,912**
Spot volumes - MCLP						
Assets (loans)	18,568,407	11,452,871	1,650,627	-	223,939	31,895,844
Liabilities (Core and Term deposits)	7,033,476	5,565,960	-	3,977,435	2,566,215	19,143,086

Entity structure and how it creates value

As at March 2025, 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.

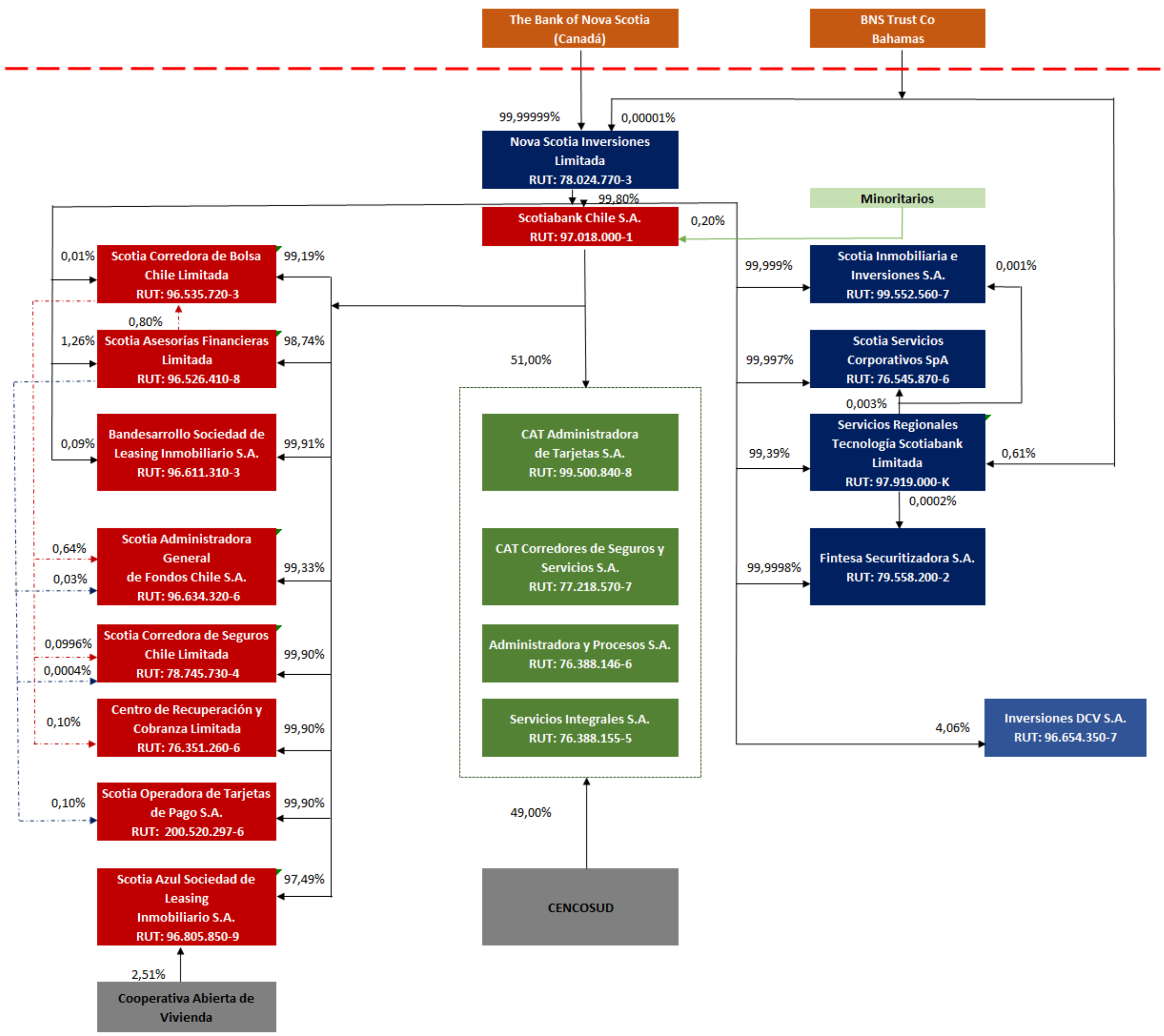
In its turn, Scotiabank Chile controls the subsidiaries Scotia Corredora de Bolsa Chile Limitada, Scotia Asesorías Financieras Limitada, Bandesarrollo Sociedad de Leasing Inmobiliario S.A., Scotia Administradora General de Fondos Chile S.A., Scotia Corredora de Seguros Chile Limitada, Centro de Recuperación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

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

Figure No. 5

Corporate structure

ESTRUCTURA SOCIETARIA BNS EN CHILE



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 more than 190 years ago. The Bank creates jobs, invests in businesses, in communities, promotes its values and is part of the society in which it participates. In its quest to build a stronger Bank, it is also building stronger societies. It is also a financial solutions provider and supports its customers, their families and communities, seeking to achieve success through a wide range of advice.

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

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

At the community and social investment level, the Bank's efforts are focused on continue to develop its social impact 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. In its latest version, eight organizations received funding for the development of their projects. To date, all of the initiatives are being implemented in full.

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, 1.5% of the Bank's staff as at March 2025 corresponds to people with some type of visible and non-visible disability and 99% of them has an indefinite employment contract.

Under the pillar of ensuring equality between men and women, the Bank has promoted high-impact programs and measures in recent years, which have allowed it to become a benchmark, not only in the financial industry but also at the general business level. Bearing this in mind, Scotiabank launched its first "Gender Equity Report" in March, a document that presents the main indicators on this subject related to different stakeholder groups.

Within the framework of the culture of inclusion and diversity, Scotiabank has a 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).

These initiatives are in addition to several programs the Bank has promoted over the years, such as the Scotiabank Includes Program, which seeks to improve the quality of life of employees with disabilities; and the On Pause Program, a benefit that allows employees to take unpaid leave of between two and eight months to pursue personal projects with the security of returning to their jobs once their absence is over.

The programs promoted have led to recognition and certification. Scotiabank Chile was recently recognized in third place in the Chile Unido Ranking, which recognizes the "Best Organizations for Integrating Personal and Work Life." On this occasion, the Bank went up four positions compared to the prior year's measurement. Also, during the reporting period, the Bank received Top Employer certification, which recognizes companies with excellent policies to promote the well-being and development of their employees.

Regarding ESG, the Bank was ranked 24th in Merco's ranking of the 100 most responsible companies in Chile, which recognizes companies based on their performance in environmental, social, and governance areas.

Another inclusion initiative is the "Creamos Futuro" program, which, in partnership with the Entrepreneur Foundation, uses recreational tools such as the interactive game FinanCity to teach students about savings, debt management, and household management. At the recent 2025 Financial Innovators of the Americas Awards ceremony, organized by Fintech Americas Miami, Scotiabank Chile's Sustainability team was awarded the Gold Prize in the Sustainability and Social Responsibility category for the impact and innovation of this financial education program.

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.

Scotiabank also actively participates in the public-private Green Finance roundtable, led by the Ministry of Finance, which earlier this year presented a draft called the Environmentally Sustainable Taxonomy (T-MAS). A classification system based on scientific evidence, developed through a participatory process involving international organizations, specialized entities providing technical support, more than 20 expert industry consultants, and the participation of more than 400 individuals and entities in workshops, interviews, and technical groups.

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 in its second version included with the participation of employees from Scotiabank Uruguay.

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.

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.

With the objective of constantly improving the digital service offered to customers, a number of new developments were added during the reporting period:

During this period, in the Retail sector, the improvements implemented in both the ScotiaGo app and the web portal stand out. This includes a new module on the customer's private website that allows for the creation of different requirements and requests for subsequent tracking.

Additionally, accessibility has been implemented throughout the "Need Help" menu, with voiceover support for all features. Another innovation incorporated for personal banking customers was the implementation of the avatar menu on the home page, and a product tour to explain what this new feature is all about when the customer sees it. It appears only once, when the customer sees the new functionality.

With the goal of increasing the volume of online renegotiations and reducing in-person visits to branches, a simulated renegotiation process approved in the eiAP system was made available on the private website for customers to confirm and complete online.

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 March 2025, 52.1% of the workforce was female, whereas 24.3% of senior management positions were 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.

In terms of financing, from the beginning of its implementation through March 2025, more than CAD$450 million in financing has been provided to companies led by women and a number of training and networking events have been held, covering the capital and also the regions.

In addition, 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.

The 2025 version, which this time seeks to highlight female sales managers, held the nomination process between March 3 and 21, and received more than 1,600 nominations from women across Chile. The awards ceremony, where the winner will be presented, will take place on April 29 at the Chilean Chamber of Construction.

From 2024, and as part of its commitment to gender equality, Scotiabank subscribed 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.

Scotiabank's vision is to become the most trusted financial partner of our customers and achieve sustainable and profitable growth.

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 5,448,351 million as at March 31, 2025 (CLP 5,605,991 million as at December 31, 2024 and CLP 5,132,518 million as at March 31, 2024). Deposits and other term deposits represented CLP 13,325,917 million as at March 31, 2025 (CLP 13,130,590 million as at December 31, 2024 and 14,010,568 million as at March 31, 2024), whereas bank borrowings amounted to CLP 2,318,141 million as at March 31, 2025 (CLP 2,355,128 million as at December 31, 2024 and 5,726,935 million as at March 31, 2024). In addition, core funding was supplemented with debt issuances of CLP 9,571,545 million as at March 31, 2025 (CLP 9,367,654 million as at December 31, 2024 and 9,619,563 as at March 31, 2024).

On November 26, 2024, Scotiabank privately issued USD$700 million in perpetual bonds at an annual rate of 6.94%. These bonds, classified as Additional Tier 1 (AT1) instruments, were acquired by an entity of The Bank of Nova Scotia, the Parent of Scotiabank Chile.

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

Table No.3 shows the main sources of financing for the first quarter of 2024 and 2025.

Table No.3: Sources of financing

Components	March 2025 MCh$	December 2024 MCh$	March 2024 MCh$
Deposits and other on-demand liabilities	5,448,351	5,605,991	5,132,518
Term and other on-demand deposits	13,325,917	13,130,590	14,010,568
Obligations with domestic banks	-	100,029	-
Obligations with foreign banks	2,318,141	2,355,128	2,696,909
Obligations with Banco Central de Chile	-	-	3,030,026
Letters of credit	73,287	76,339	84,937
Current bonds	8,219,967	8,033,742	8,319,212
Subordinated bonds	1,278,291	1,257,573	1,215,414
Bonds with no fixed maturity date	663,514	696,318	
Total	**31,327,468**	**31,255,710**	**34,489,584**

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

As at March 2025, the Bank has 28 Connect customer service platforms, 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 the 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 February 2024, more than 557 thousand active users have been achieved in the ScotiaGO application, more than 647 thousand active digital users and an overall customer digital adoption of 70%.

Scotiabankers

The entity's most important resource is its employees. As at March 2025, Scotiabank Chile has a total of 5,570 employees, distributed among the Bank and its subsidiaries. Scotiabank strongly believes the success of its activities is based on a sound performance culture, under a process concept that is ever growing. This has allowed it to enhance the development of its employees and identify learning opportunities to strengthen their growth and maintain a high level of commitment to the organization. The breakdown of employees can be seen in Table No.4.

Table No.4: Detail of employees

Total headcount	March 2025	December 2024	March 2024
Senior Management	22	21	25
Management	148	149	152
Professionals	3,865	3,858	3,981
Administrative staff	1,499	1,505	1,518
Sales force	36	38	40
Total	**5,570**	**5,571**	**5,716**

Diversity in the Board of Directors

As at March 2025, the Board of Directors is composed of 4 women and 4 men, as shown in Table No.5.

Table No.5: Diversity in the Board of Directors

Women	Men	Total
4	4	8

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

Discussion on the Capital structure

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

At the end of March 2025, basic equity amounted to CLP 3,528,192 million, to which the Additional Tier 1 is added, on November 26, 2024 and in accordance with its capital planning Scotiabank Chile conducted its first issue of bonds with no maturity for USD 700 million, and accordingly, Tier 1 equity amounts to CLP 4,191,706 million. Tier 2 capital, which corresponds to the sum of additional provisions plus subordinated bonds, amounted to CLP 1,182,603 million, resulting in total effective equity of CLP 5,374,309 million.

In addition, note that regulatory limits of the Tier 2 capital components showed headroom, as subordinated bonds were using 30.66% of a maximum of 50% of the possible core capital and, for additional allowances, these reached 0.40% 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 3,631,177 million for March 2025, together with the Operational Risk Weighted Assets, which amounted to CLP 2,968,553 million, and the method for the calculation of Credit Risk Weighted Assets, which amounted to CLP 24,986,671 million, was modified.

The ratio of effective equity to total RWA reached 17.01% as at March 2025 on a regulatory requirement of 12.19% to maintain grade A solvency and the CET 1 ratio was 11.17% on a regulatory minimum requirement of 8.58%. 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, 2025 and following the supervisory review and evaluation process performed by the CMF, Scotiabank was informed of the resolution adopted by the Board related to the additional minimum effective capital requirements, which decreased the additional capital charge from 1% to 0.25% for the Bank in accordance with Pillar Two, of which at least 56.3% must be satisfied with Common Equity Tier 1 (“CET1”) and the remaining balance using other capital instruments (AT1 or Tier 2), which results in maintaining the charge already made for this concept, and this will be assessed on an annual basis through the supervisory process.
- In March 2025, 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 8.48%.

In April 2025, the shareholders at the shareholders' meeting approved the distribution of 50% of the profits from 2024, which is based on the capital planning process and the Bank's flexibility regarding both the regulatory minimum and its internal target.

The capital structure is shown in Table No.6.

Table No.6 Capital Structure

Available Capital	March 2025 MCh$	December 2024 MCh$	March 2024 MCh$
Tier 1 Capital	**4,191,706**	**4,310,751**	**3,502,216**
CET 1	**3,528,192**	**3,614,433**	**3,502,216**
Capital	1,368,421	1,368,421	1,368,421
Reserves	381,405	381,405	381,405
Retained earnings	1,985,457	2,022,636	1,802,219
Accumulated other comprehensive income	(83,406)	(70,855)	(61,680)
Minority interest	114,092	145,734	124,427
Equity adjustments	(237,777)	(232,908)	(112,576)
AT1	**663,514**	**696,318**	**-**
Additional tier 1 capital	663,514	696,318	-
Tier 2 Capital	**1,182,603**	**1,230,349**	**1,190,724**
Subordinated bonds	1,081,573	1,066,101	1,026,475
Additional allowances	101,030	164,248	164,249
Total effective equity	**5,374,309**	**5,541,100**	**4,692,940**

Table No.7: Capital Components

Concept	March 2025 (%)	December 2024 (%)	March 2024 (%)	Regulatory Requirements
Regulatory Capital (T1 + T2)	17.01%	17.30%	14.91%	> = 12.19%
CET1 / RWA	11.17%	11.29%	11.13%	> = 8.58%
T1 / RWA	13.27%	13.46%	11.13%	> = 10.08%
Leverage ratio	8.48%	8.64%	7.87%	> = 3%
Tier 2 / Tier 1	33.52%	34.04%	34.00%	-
Subordinated debt / CET1	30.66%	29.50%	29.31%	< 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	March 2025 MCh$	December 2024 MCh$	March 2024 MCh$
High quality liquid assets	3,274,573	2,833,227	2,734,319
Net adjusted expenses	2,026,745	1,728,378	1,204,509
LCR%	161.57%	163.92%	227.01%

Net Stable Funding Ratio

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

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

Table No.9: Net Stable Funding Ratio

Net Stable Funding Ratio	March 2025 MCh$	December 2024 MCh$	March 2024 MCh$
Available stable funding (ASF)	27,216,413	27,249,034	26,944,322
Required stable funding (RSF)	24,424,563	24,650,708	24,185,269
Net Stable Funding Ratio (%)	111.43%	110.54%	111.41%

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.

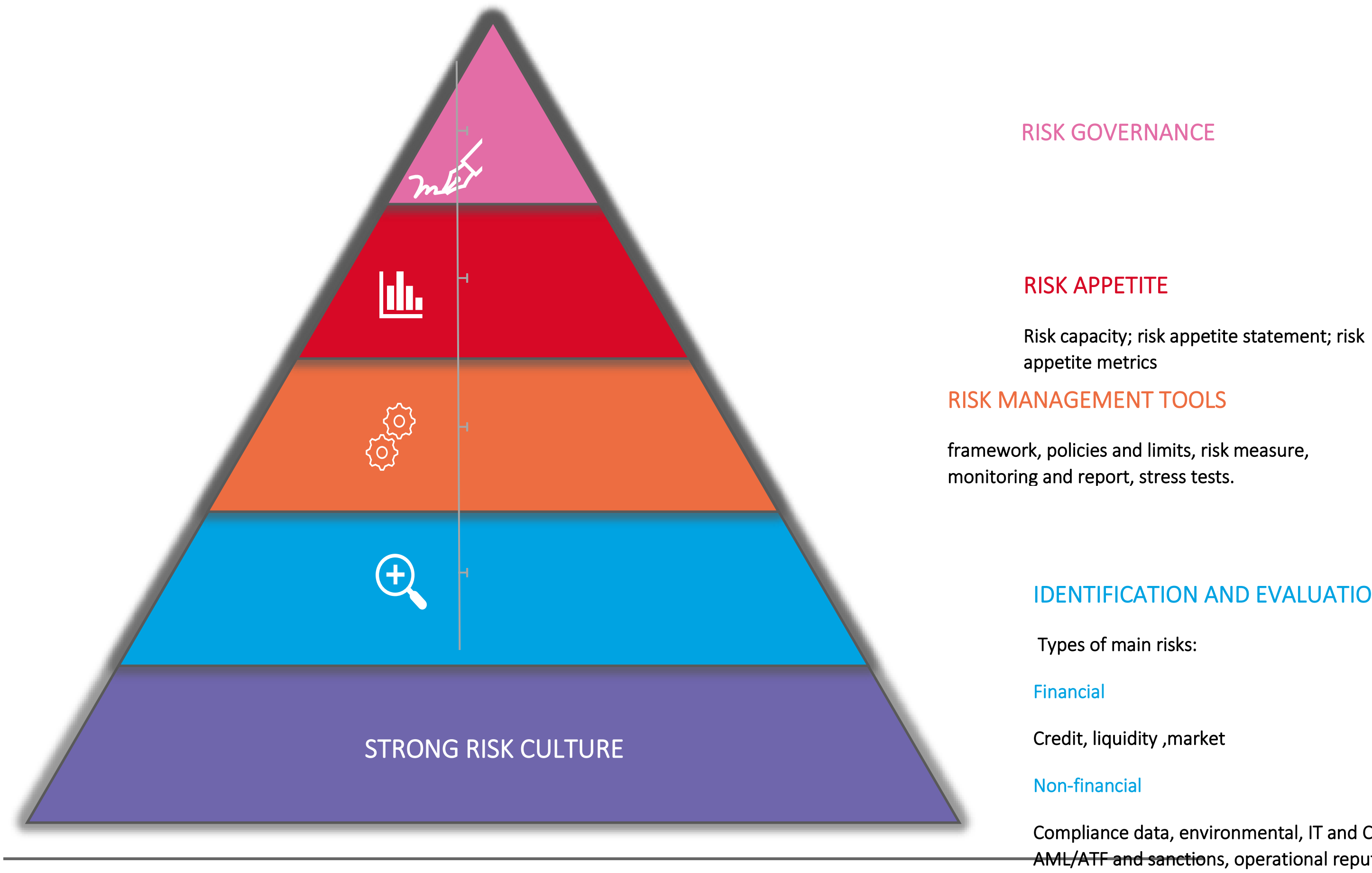
Scotiabank manages its excess financial resources within the framework established by market and liquidity risk limits.

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

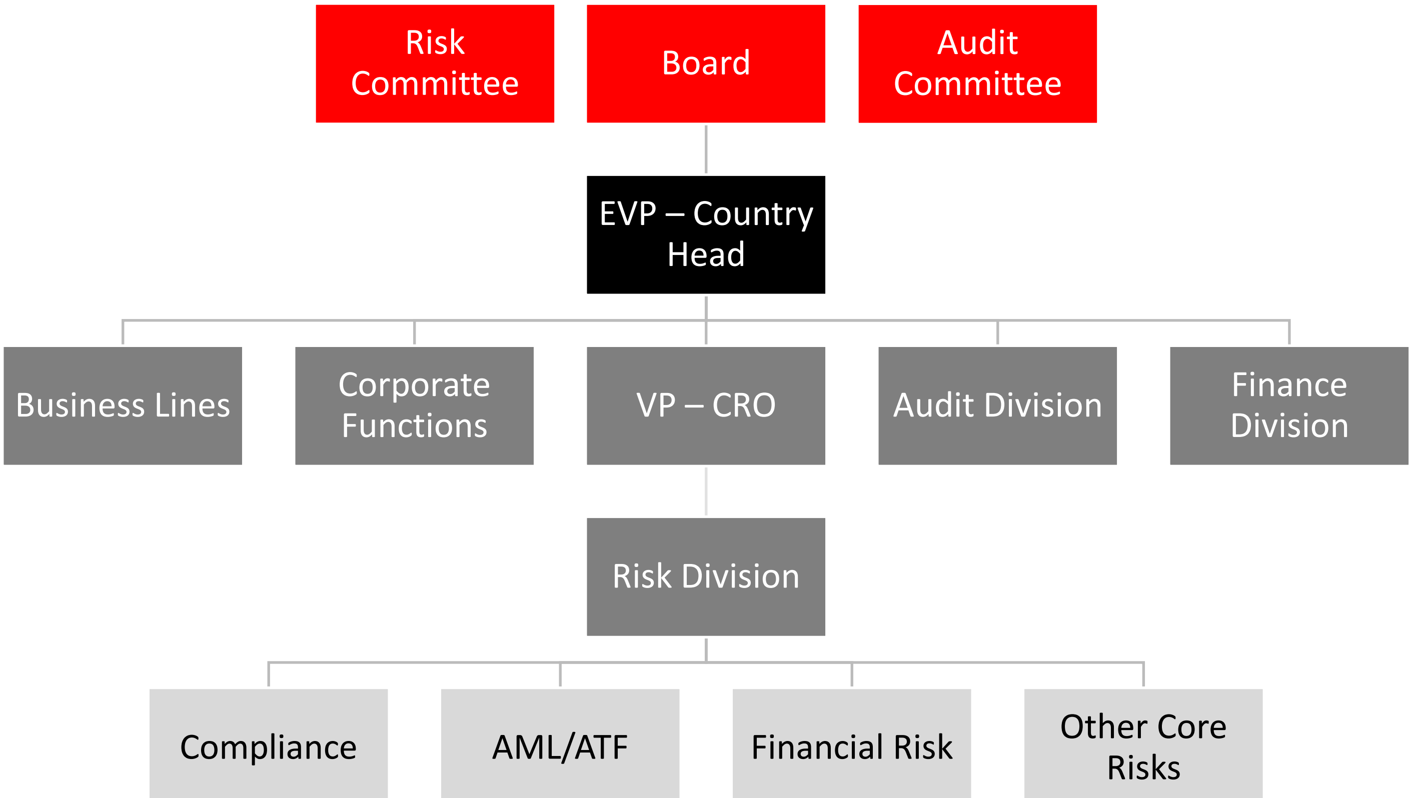


Governance structure

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.

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, do not meet the Bank's Risk Appetite or that such strategies are deficiently performed.

Reputational Risk

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

Compliance Risk

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

Cybersecurity and Information Technology (IT) Risk

It is the risk of loss of confidentiality, integrity, or availability of information, data, or information systems, and reflects potential adverse impacts on the organization's operations (i.e., mission, duties, image, or reputation) and assets, customers, and other stakeholders. Information technology risk relates to the risk of financial loss, disruption or reputational damage because of a failure in information technology systems.

Money Laundering and Terrorist Financing Risk (AML/AFT)

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

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

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

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 exposure to adverse financial and non-financial consequences (e.g., loss of revenue, reputational risk, regulatory risk, suboptimal management decisions) caused by mismanagement, misinterpretation, or misuse of the Bank’s data assets. This risk can arise from poor data quality; inadequate data management or data architecture; and/or unethical use of 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.

The Enterprise Risk Management (ERM) team is in charge of reviewing and updating the Risk Appetite Framework (RAF) of Scotiabank Chile on an annual basis, or depending on the requirements. 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. Likewise, the documents are also distributed and applied to the Bank's Subsidiaries according to the nature and requirements of each one.

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. Sports events with customers and the community

Throughout its history, Scotiabank has demonstrated a strategic commitment to sports, supporting disciplines such as golf in Chile, soccer at the Latin American level and hockey in Canada, where its Headquarters are located.

In March, the seventh edition of the Astara Chile Classic was held, presented by Scotiabank as the official sponsor. The tournament was held from March 6 to 9 and brought together 156 world-class golfers. For its second time hosting the event, Scotiabank held a Pro-Am that allowed the Bank’s customers who play golf as amateurs to share the course with professional golfers.

2. Client-facing innovations and releases

In January, the new e-commerce "Market Place" platform was launched, an initiative that seeks to offer a modern, convenient shopping experience that guarantees a reliable and personalized user experience, with cybersecurity systems and advanced analytics. The launch was performed with an initial stock of 2,000 products, grouped into 13 categories such as technology, accessories, beauty, home, children's, and others.

3. Relationship activities

In January, a group of students from the Business School and the team of the Master in Financial Management and the Diploma in Equity Management of the Adolfo Ibáñez University visited the Corporate Tower to meet with professionals from the Wealth Management team, with the aim of learning about wealth management and investments. The day included a keynote speech by the VP of Wealth Management, Ignacio Ruiz-Tagle, and an investment talk given by René Peragallo, Director of Wealth Services.

Also in January, Scotiabank's Corporate Communications team hosted students who were currently completing internships in the Economics and Finance departments at such press media as Pulso, El Mercurio, Diario Financiero, and Chócale. With the goal of generating a greater understanding of the financial market, they were offered an informative talk on the operation of the Money Desk (Trading, Balance Sheet, and Stockbrokerage), the main products and services that this area develops (FX, Fixed Income, Equities), and the main factors that impact them, led by a Money Desk executive.

4. Gender Equality Month

As part of its commitment to gender equality, Scotiabank Chile held a number of activities to commemorate International Women's Day, with the participation of approximately 800 women, including employees, opinion leaders, professionals, and women from different communities.

Among the initiatives was the discussion "Are Diversity, Equity, and Inclusion at Stake?", featuring panelists such as Nicolás Goldstein of Accenture; Johana Trureo of Astara; Francisca Jünemann of ChileMujeres; and Fernanda Vicente of Scotiabank Chile. During the event, moderated by journalist Carolina Urrejola, the experts highlighted the importance of these programs for the sustainability of organizations and the role that boards of directors play in their implementation.

Also during the month, Scotiabank Chile launched its first gender equity report, which measures the impact of its commitment internally, to its customers, and to its communities. The document was presented at a special event entitled: “Accelerate action: Progress, commitments, and best practices in gender equity for a sustainable future.

Together with Women in Payments, the discussion “Moving Towards Equity: “Stories that inspire,” where panelists such as Karen Ergas, Josefina Montenegro, and Paola Cifuentes shared their stories to motivate women to take control of their future. The event featured participation by Kristy Duncan, CEO and founder of Women in Payments, who previously met with a group of Scotiabankers to discuss their careers and the future they are currently working toward.

Another activity during Gender Equality Month was organized by the “ScotiaEmpower” ERG, which held a professional speed dating event with the participation of nearly 40 allies and 10 women leaders, as an opportunity to promote networking and professional empowerment.

5. Awards and acknowledgments

During the first three months of 2025, Scotiabank Chile has received five awards and/or distinctions. Regarding management, the Bank was recognized as one of the Best Organizations for Integrating Work and Personal Life, achieving third place in the Large Corporations category, in the rankings kept by Fundación Chile Unido and El Mercurio. Scotiabank advanced four positions compared to the previous edition. In this same area, for the third consecutive year, Scotiabank received the international certification that recognizes companies with policies of excellence to promote the well-being and development of their employees.

Additionally, in Merco's ranking of the 100 most responsible companies in Chile, Scotiabank ranked 24th.

Regarding businesses, for the third consecutive year, Scotia General Fund Manager was recognized as the Best Global Fund Manager in Chile at the Morningstar Funds Awards 2025, one of the most prestigious awards in the international investment industry.

Also, at the recent 2025 Sustainable Finance Awards, presented by the international magazine Global Finance, Scotiabank Chile received the award for Best Bank in Sustainable Finance in Chile for the second consecutive year, reaffirming its leadership in financing initiatives that promote sustainable development in Chile and the region.

6. Chile Day

On May 22 and 23, a new edition of Chile Day will be held in New York. This annual meeting, organized by InBest and the Ministry of Finance, brings together government leaders, investors, and financial sector leaders to discuss the opportunities and challenges of the Chilean market. During the reporting period, it was confirmed that Scotiabank will once again be the main sponsor of this important event.

4. OPERATING PERFORMANCE AND OUTLOOK

The following discussion relates to the Consolidated Financial Statements of Scotiabank Chile as at March 31, 2025 compared to March 2024.

The Bank's development and performance during the year

Table No.10 shows the balances of the 2025 and 2024 Statements of income.

Table No.10: Statement of Income

	Quarter ended:		
Statement of Income	**March 2025 MCh$**	**December 2024 MCh$**	**March 2024 MCh$**
Net interest and indexation income	318,627	360,116	326,140
Net fee and commission income	56,400	60,667	48,339
Net financial result	45,098	7,467	45,104
Other operating income	4,704	6,938	8,147
Total operating income	**424,829**	**435,188**	**427,730**
Total operating expenses	(165,719)	(179,870)	(166,913)
Operating income before credit losses	**259,110**	**255,318**	**260,817**
Credit loss expense	(190,223)	(117,642)	(114,610)
Profit or loss from continuing operations before taxes	**68,887**	**137,676**	**146,207**
Income tax expense	(11,552)	(24,527)	(29,295)
Consolidated profit (loss) for the year (or period)	**57,335**	**113,149**	**116,912**

For the quarter ended March 2025, net interest and indexation income amounted to CLP 318,627 million, 2.3% lower than the same quarter of prior year, primarily due to higher expenses from UF indexation on issued debt financial instruments and current bonds.

At the end of Q1 2025, net fee and commission amounted to CLP 56,400 million, up 16.7% compared to the same quarter of 2024, due to higher fees on insurance and mutual funds.

The net financial result registered CLP 45,098 million, in line with March of prior year (difference of 0.0%).

Also, other operating income [4]for the quarter amounted to CLP 4,704 million, down by 42.3%, explained by lower income from cards and lower expense recovery at CAT.

[4] Considers: Gain or loss from investment in companies, gain or loss from non-current assets and disposal groups not qualifying as discontinued operations: Other operating income.

Likewise, quarterly operating expenses amounted to CLP 165,719 million, a slight decrease of 0.7% compared to the same quarter of prior year, due to lower fraud and write-off expenses in CAT, along with lower expenses on performance bonuses in CAT.

Credit loss expenses for the quarter reached CLP 190,223 million, up 66.0% due to the implementation of the new risk model for the Consumer portfolio in January 2025, which primarily affected CAT.

Income tax for the quarter amounted to CLP 11,552 million, down 60.6%.

Because of all these factors, net income recorded in Q1 2025 was CLP 57,335 million, 51.0% lower than that recorded in 2024.

Table No.11 shows the balances of the 2025 and 2024 Statements of financial position.

Table No.11: Statement of Financial Position

Statement of Financial Position	March 2025 MCh$	December 2024 MCh$	March 2024 MCh$
Cash and deposits in banks	1,091,651	866,475	915,374
Transactions pending settlement	476,097	604,970	586,699
Financial assets held for trading at fair value through profit or loss	6,161,259	6,795,207	7,042,655
Financial assets at fair value through other comprehensive income	2,247,611	1,889,506	2,269,482
Derivative instruments for accounting hedge	271,551	330,263	383,543
Financial assets at amortized cost	31,826,452	32,244,899	34,621,332
Investments in companies	39,409	38,756	34,936
Intangible assets	248,893	255,606	256,946
Property and equipment	73,519	74,715	82,329
Right-of-use assets under lease contracts	141,545	145,143	157,584
Current taxes	6,403	3,832	2,100
Deferred tax liabilities	454,347	403,213	359,867
Other assets	924,378	848,054	797,358
Non-current assets and disposal groups held for sale	25,299	20,735	22,934
Total assets	**43,988,414**	**44,521,374**	**47,533,139**
Transactions pending settlement	421,227	455,278	522,635
Financial liabilities held for trading at fair value through profit or loss	4,750,992	5,214,340	5,702,869
Derivative instruments for accounting hedge	1,587,550	1,554,070	1,425,701
Financial liabilities at amortized cost	29,917,487	30,002,634	33,540,001
Lease contract obligations	135,403	138,208	148,174
Regulatory capital financial instruments issued	1,941,805	1,953,891	1,215,414
Provisions for contingencies	48,201	43,700	53,181
Provisions for dividends, payment of interest and repricing of issued regulatory capital financial instruments	257,279	133,659	34,176
Special allowances for credit losses	148,427	192,337	189,148
Current taxes	39,163	2,567	73,996
Deferred tax liabilities	804	836	827
Other liabilities	974,107	982,513	1,012,225
Total liabilities	**40,222,445**	**40,674,033**	**43,918,347**
Capital	1,368,421	1,368,421	1,368,421
Reserves	381,405	381,405	381,405
Accumulated other comprehensive income	(83,406)	(70,855)	(61,680)
Retained earnings from previous years	2,155,419	1,722,476	1,722,476
Profit or loss for the year	84,134	432,944	113,919
Provisions for dividends, payment of interest and repricing of issued regulatory capital financial instruments	(254,096)	(132,784)	(34,176)
Non-controlling interest	114,092	145,734	124,427
Total Equity	**3,765,969**	**3,847,341**	**3,614,792**
Total Liabilities and Equity	**43,988,414**	**44,521,374**	**47,533,139**

Total assets decreased by 7.5% between March 2025 and 2024, mainly due to financial assets at amortized cost (-8.1%) due to the FCIC line still present in March of prior year.

Likewise, total liabilities decreased by 8.4% due to Financial liabilities at amortized cost (-10.8%) (FCIC line).

Equity has increased by 4.2%, explained by Retained earnings from prior years (+25.1%).

Financial position

Borrowings[5]

As shown in Table No.12, the Bank's loan portfolio (net of allowances and excluding interbank loans) reached CLP 31,618,380 million, down 0.9% compared to the same period of prior year. Consumer loans grew by 2.8%, mortgage loans increased by 2.7% whereas commercial loans were down 5.3%.

Table No.12: Loans by product

Loans by product	March 2025 MCh$	December 2024 MCh$	March 2024 MCh$
Commercial loans	**13,407,509**	**13,804,771**	**14,162,674**
Consumer loans	**3,989,319**	**4,038,882**	**3,879,055**
Bank	2,280,049	2,253,754	2,228,428
CAT	1,709,270	1,785,128	1,650,627
Mortgage loans	**14,221,552**	**14,111,555**	**13,854,114**
Total loans	**31,618,380**	**31,955,208**	**31,895,844**

Deposits and debt instruments issued

As shown in Table No. 13, total deposits reached CLP 18,774,268 million, a decrease of 1.9% compared to March 2024: on-demand liabilities increased by 6.2%, whereas term deposits decreased by 4.9%.

Total bonds recorded CLP 10,161,772 million with an increase of 6.6%, mainly due to bonds with no fixed maturity period (issuance of perpetual bonds in November 2024). However, letters of credit contracted by 13.7% due to mortgage securities denominated in UF.

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

Table No.13: Sources of funds

Sources of funds	March 2025 MCh$	December 2024 MCh$	March 2024 MCh$
Deposits and other on-demand liabilities	5,448,351	5,605,991	5,132,518
Term and other on-demand deposits	13,325,917	13,130,590	14,010,568
Total deposits	**18,774,268**	**18,736,581**	**19,143,086**
Current bonds	8,219,967	8,033,742	8,319,212
Subordinated bonds	1,278,291	1,257,573	1,215,414
Bonds with no fixed maturity date	663,514	696,318	-
Total bonds	**10,161,772**	**9,987,633**	**9,534,626**
Letters of credit	**73,287**	**76,339**	**84,937**
Total debt securities issued	**29,009,327**	**28,800,553**	**28,762,649**

Financial spread

As noted in Table No.14, the annualized net interest margin (NIM) increased 13 basis points to 3.56% compared to the same quarter of prior year. This increase is explained by the reduction in commercial loans (-5.3%) (lower commercial loans in Chile and loans from foreign trade), and to a lesser extent by the decrease in the net financial margin (-2.3%).

Table No.14: Financial spread

	Quarter ended:		
Financial spread	**March 2025 MCh$**	**December 2024 MCh$**	**March 2024 MCh$**
Net financial margin (interest and indexation)	318,627	360,116	326,140
Total loans	31,618,380	31,955,208	31,895,843
Earning assets (average for the period)	35,811,193	35,334,461	38,021,759
Net interest margin (NIM)	3.56%	4.08%	3.43%

Allowances and portfolio quality

During Q1 2025, net allowances totaled Ch$247,514 million, up 65% compared to the same period of 2024, due to the impact of the effective application of the new Consumer Loan Allowance Standard in January. This was partially offset by the release of additional allowances, according to Table No. 15.

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

	Quarter ended:		
Allowances for credit losses	**March 2025 MCh$**	**December 2024 MCh$**	**March 2024 MCh$**
Initial allowance stock	762,164	736,982	706,538
Write-offs	109,152	120,738	109,858
Net allowances	247,514	145,920	149,854
Final allowance stock	**900,527**	**762,164**	**746,534**
Net allowances	253,256	133,808	138,792
Additional allowances	(43,332)	2,728	(5,299)
Recoveries	(19,433)	(18,880)	(18,954)
Other	(268)	(13)	72
Risk expense	**190,222**	**117,643**	**114,611**

Quality ratios	**March 2025 (%)**	**December 2024 (%)**	**March 2024 (%)**
Risk ratio (1)	2.77%	2.33%	2.27%
Coverage on +90 past due days (2)	125.55%	119.65%	114.20%
Expense Ratio (3)	0.58%	0.36%	0.35%
Write-off ratio (4)	0.34%	0.37%	0.33%
+90 days past due ratio (5)	2.45%	2.37%	2.43%
Recovery ratio (6)	0.06%	0.06%	0.06%

(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, the cost of credit increased 44 bp compared to the Q4 2024, reaching 2.77%, whereas compared to the same period of prior year the increase is 50 bp, as indicated in the preceding paragraph, the figure is influenced by the new Standard Consumption Matrix.

In addition, the non-performing loan portfolio showed an increase of 4% compared to the prior quarter, to 2.45%, whereas compared to the prior year it increased by 1%. Overall, coverage reaches 125.55%, up 10% compared to the same quarter of 2024, a variance also influenced by the aforementioned matrix.

Operating expenses

As shown in Table 16, in the quarterly comparison to March, personnel expenses dropped by 1.3%, explained by the collective bargaining agreement at CAT in January 2024. Administrative expenses decreased by 4.3%, due to lower expenses in Technology at the Bank (outsourced technology services) and fewer outsourced services at CAT. Other operating expenses increased by 18.8% due to higher expenses on securitized bonds and back-office expenses. Efficiency, understood as the ratio of operating expenses to net income, remained unchanged compared to the prior year (-1 bp).

Table No.16: Support expenses

Operating expenses	Quarter ended: March 2025 MCh$	December 2024 MCh$	March 2024 MCh$
Personnel expenses	74,293	83,908	75,236
Administrative expenses	61,874	68,892	64,686
Depreciation and amortization	19,135	18,535	17,888
Operating support expenses	**155,302**	**171,335**	**157,810**
Impairment	-	1	338
Other operating expenses	10,417	8,534	8,765
Operating expenses	**165,719**	**179,870**	**166,913**
Efficiency	**39.01%**	**41.33%**	**39.02%**

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

Key financial indicators

As noted in Table No. 17, the return on average equity (ROAE) ratio reached 6.08%, down 692 bp compared to March 2024, (because of the decrease in profit for the year, due to the application of the new risk model on the Consumer portfolio). Return on average assets (ROAA) reached 0.52%, down 48 bps.

Table No.17: Key Financial Indicators

Profitability and Efficiency Indicators	Quarter ended: March 2025 (%)	December 2024 (%)	March 2024 (%)
Net interest margin (Interest and indexation)	3.56%	4.08%	3.43%
Efficiency (Net Operating expenses / Net operating income)	39.01%	41.33%	39.02%
Return on average equity (ROAE)	6.08%	11.88%	12.99%
Return on average assets (ROAA)	0.52%	1.02%	0.99%

In Table No.18, note that mortgage loans have increased their share in the loan mix by 129 bps and consumer loans by 78 bps, whereas commercial loans have decreased by 207 bps. The loan-to-deposit ratio was 1.73, with a favorable drop of 1.6%.

As at February 2025, the number of branches nationwide (from March 2024) have decreased by 4 to 98, whereas the number of ATMs has decreased by 4% (7 ATMs).

Table No.18: Financial Performance

Financial performance	March 2025 MCh$	December 2024 MCh$	March 2024 MCh$
Loans and accounts receivable from customers	31,618,380	31,955,208	31,895,843
Commercial loans / Total loans	42.40%	43.35%	44.47%
Mortgage loans / Total loans	43.88%	43.28%	42.59%
Consumer loans / Total loans	13.72%	13.38%	12.95%
Loans / Deposits	1.73	1.75	1.71
Structure	**February 2025**	**December 2024**	**March 2024**
Total No. of branches	98	98	102
No. of ATMs	160	163	167

Indicators not derived from the financial statements

Table No.19: Environmental Performance

	Quarter ended:		
Energy consumption	**March 2025**	**December 2024**	**March 2024**
Natural gas consumption (liters)	2,626	3,601	2,915
Electricity consumption (KWh)	3,006,444	2,745,742	2,514,851

	Quarter ended:		
Print paper consumption	**March 2025**	**December 2024**	**March 2024**
Number of prints* (units)	7,955,331	8,517,868	8,936,715

	Quarter ended:		
Waste and recycling	**March 2025**	**December 2024**	**March 2024**
Waste produced (Kg)	12,727	17,890	15,613
Wasted recycled (Kg)	3,870	2,192	1,954
Recycling %	23.3%	12.3%	12.5%

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

Table No.20: Health and Safety

Employee health and safety	March 2025	December 2024	March 2024
	Quarter ended:		
Occupational Accident Rate (annual cumulative)	0.28	0.26	0.26
Severity Rate (million hours worked)	43.66	55.72	37.89
Accident Trip Rate (annual cumulative)	0.72	0.75	0.54
Fatal Accident Rate	-	-	-
Days of absenteeism (work-related accidents and occupational illnesses)	62	159	280

Table No.21: Turnover

Turnover	March 2025	December 2024	March 2024
	Quarter ended:		
Number of total hires	158	148	90
Number of women hires	79	90	53
Number of men hires	79	58	37
Total turnover	160	219	152
Women turnover	81	114	85
Men turnover	79	105	67
Total voluntary turnover	36	31	53
Women voluntary turnover	15	12	27
Men voluntary turnover	21	19	26

Scotiabank Chile seeks to promote a culture of learning and proactivity of all employees. Accordingly, as at March 2025, the Bank accumulates 29,406 training hours provided to 4,824 employees.

Table No.22: Training

Training	March 2025	December 2024	March 2024
	Quarter ended:		
Total number of training hours	29,406	51,227	17,856
Total number of trained employees	4,824	5,763	4,865
Total number of trained men employees	2,276	2,735	2,310
Total number of trained women employees	2,548	3,028	2,555
Average number of training hours by male employee, organization total	6	9	4
Average number of training hours by female employee	7	8	5
Average number of training hours by employee	5	10	3

Table No.23: Employee Engagement

Employee Engagement	December 2024	December 2023
Overall engagement	92%	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[6]	31%	67%

The current level of employee engagement is 92%.

Table No.24: Salary gap

Salary gap[7]	December 2024	December 2023
Salary gap by gender	1.00%	0.46%

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.

[6] In 2024, the methodology for participation in surveys with representative samples from the different areas changed.
[7] Up to the December 2023 measurement, the formula used considered an indicator of each employee's guaranteed fixed income. The current measurement considers all payments, including actual variable income, associated with each person's performance.

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