

# Scotiabank Perú S.A.A. and Subsidiaries

Unaudited Consolidated Interim Financial Statements

**June 30, 2024**

**(With the Independent Auditors' Report on Review of Consolidated  
Interim Financial Statements)**



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# INDEPENDENT AUDITORS' REPORT ON REVIEW OF CONSOLIDATED INTERIM FINANCIAL INFORMATION

## To the Shareholders and Directors of Scotiabank Perú S.A.A.

### Introduction

We have reviewed the accompanying consolidated statement of financial position of Scotiabank Perú S.A.A. (a subsidiary of The Bank of Nova Scotia – BNS, an entity established in Canada) and Subsidiaries as of June 30, 2024 the consolidated statement of profit of loss, consolidated statements of profit of loss and other comprehensive income, changes in equity and cash flows for the six-month period then ended, and notes, comprising significant accounting policies and other explanatory information (“the consolidated interim financial statements”). Management is responsible for the preparation and fair presentation of these consolidated interim financial statements in accordance with accounting standards established by Superintendencia de Banca, Seguros y Administradoras Privadas de Fondos de Pensiones - SBS (Banking, Insurance and Pension Plan Agency) for financial institutions in Peru. Our responsibility is to express a conclusion on these consolidated interim financial statements based on our review.

### Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying June 30, 2024 consolidated interim financial statements do not present fairly, in all material respects, the financial position, financial performance and cash flows of Scotiabank Perú S.A.A. and Subsidiaries in accordance with accounting standards established by the SBS for financial institutions in Peru.

Lima, Peru,

October 4, 2024

Countersigned by:

Eduardo Alejos P. (Partner)  
Peruvian Certified Public Accountant  
Registration 29180

**Scotiabank Perú S.A.A and Subsidiaries**

# Consolidated Financial Statements

**June 30, 2024**

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## Scotiabank Perú S.A.A. and Subsidiaries

Consolidated Statement of Financial Position

As of June 30, 2024 and December 31, 2023

<i>In thousands of soles</i>	<i>Note</i>	<b>06.30.2024</b> <b>(Unaudited)</b>	<b>12.31.2023</b> <b>(Audited)</b>
<b>Assets</b>			
Cash and due from banks	6		
Cash		1,374,026	1,363,571
Deposits with Peruvian central bank (BCRP)		9,193,849	8,574,682
Deposits with local and foreign banks		453,472	837,090
Clearing		64,831	47,425
Restricted cash and due from banks and others		105,949	313,172
		<b>11,192,127</b>	<b>11,135,940</b>
Interbank funds		54,682	118,737
Investments at fair value through profit or loss and available-for-sale investments	7	6,453,920	5,785,558
Loan portfolio, net	8	50,424,849	51,504,936
Held-for-trading and hedging instruments	9	523,670	431,155
Accounts receivable, net	10	4,521,059	1,397,354
Investments in associates		27,831	33,336
Goodwill	11	291,846	524,161
Property, furniture and equipment, net	12	298,064	319,156
Deferred tax	28	687,042	579,977
Intangible assets, net	13	182,838	171,800
Other assets, net	14	1,456,002	618,904
<b>Total assets</b>		<b>76,113,930</b>	<b>72,621,014</b>
Contingent risks and commitments	20	75,798,282	69,540,739

<i>In thousands of soles</i>	<i>Note</i>	<b>06.30.2024</b> <b>(Unaudited)</b>	<b>12.31.2023</b> <b>(Audited)</b>
<b>Liabilities</b>			
Obligations with the public and deposits			
From financial institutions:	15		
Demand deposits		18,457,408	15,432,832
Savings deposits		12,514,694	12,632,369
Time deposits		16,850,680	15,923,179
Other obligations		558,106	802,418
		<b>48,380,888</b>	<b>44,790,798</b>
Interbank funds		216,101	37,020
Borrowings and debts	16	8,180,097	11,474,927
Held-for-trading and hedging instruments	9	359,913	462,934
Provisions and other liabilities	17	7,851,529	4,226,587
<b>Total liabilities</b>		<b>64,988,528</b>	<b>60,992,266</b>
<b>Equity</b>	18		
Share capital		8,226,777	8,226,777
Additional capital		33,079	33,079
Legal reserve		1,704,337	1,630,645
Equity-related adjustments		(170,498)	(127,937)
Retained earnings		1,258,886	1,798,442
<b>Equity attributable to shareholders of Scotiabank Perú S.A.A. Perú</b>		<b>11,052,581</b>	<b>11,561,006</b>
Non-controlling interests	2	72,821	67,742
<b>Total equity</b>		<b>11,125,402</b>	<b>11,628,748</b>
<b>Total equity and liabilities</b>		<b>76,113,930</b>	<b>72,621,014</b>
Contingent risks and commitments	20	75,798,282	69,540,739

The accompanying notes on pages 6 to 86 are part of these consolidated financial statements.

**Scotiabank Perú S.A.A. and Subsidiaries**

Consolidated Statement of Profit or Loss

For the six-month periods ended June 30, 2024 and 2023

<i>In thousands of soles</i>	<i>Note</i>	<b>06.30.2024 (Unaudited)</b>	<b>06.30.2023 (Unaudited)</b>
Interest income	21	2,930,027	2,940,291
Interest expenses	22	(1,018,993)	(1,158,172)
<b>Gross profit margin</b>		<b>1,911,034</b>	<b>1,782,119</b>
Provision for loan losses, net of recoveries	8(c)	(930,671)	(597,788)
<b>Net profit margin</b>		<b>980,363</b>	<b>1,184,331</b>
Financial service income, net	23	269,049	252,268
<b>Net profit margin of financial service income and expenses</b>		<b>1,249,412</b>	<b>1,436,599</b>
Income from financial transactions	24	60,743	205,213
<b>Operating margin</b>		<b>1,310,155</b>	<b>1,641,812</b>
Administrative expenses	25	(892,614)	(894,439)
Depreciation of property, furniture and equipment	12	(17,071)	(18,927)
Amortization of intangible assets	13	(20,363)	(33,174)
<b>Net operating margin</b>		<b>380,107</b>	<b>695,272</b>
Provisions for realizable, received as payment, recovered and obsolete assets		(13,998)	(10,501)
Net provisions for indirect loan losses, impairment loss on other accounts receivable, and others		(181,974)	(4,278)
<b>Operating income</b>		<b>184,135</b>	<b>680,493</b>
Other income, net	26	10,923	33,220
<b>Profit before income tax</b>		<b>195,058</b>	<b>713,713</b>
Deferred tax	28	107,065	(5,643)
Current tax	27.C	(110,326)	(161,962)
<b>Net profit</b>		<b>191,797</b>	<b>546,108</b>
<b>Profit attributable to:</b>			
Shareholders of Scotiabank Perú S.A.A.		196,492	551,260
Non-controlling interests	2	(4,695)	(5,152)
		<b>191,797</b>	<b>546,108</b>

The accompanying notes on pages 6 to 86 are part of these consolidated financial statements.

**Scotiabank Perú S.A.A. and Subsidiaries**

Consolidated Statement of Profit or Loss and Other Comprehensive Income  
For the six-month periods ended June 30, 2024 and 2023

<i>In thousands of soles</i>	<i>Note</i>	<b>06.30.2024</b>	<b>06.30.2023</b>
Net profit		191,797	546,108
<b>Other comprehensive income</b>			
Net loss (gain) on available-for-sale investments	18.F	(42,738)	240,432
Cash flow hedges	9	-	647
Net unrealized gain on associates	18.F	151	115
<b>Other comprehensive income for the year, net of income tax</b>		<b>(42,587)</b>	<b>241,194</b>
<b>Total comprehensive income for the year</b>		<b>149,210</b>	<b>787,302</b>
<b>Other comprehensive income attributable to:</b>			
Shareholders of Scotiabank Perú S.A.A.		153,931	792,430
Non-controlling interests	2	(4,721)	(5,128)
		<b>149,210</b>	<b>787,302</b>

The accompanying notes on pages 6 to 86 are part of these consolidated financial statements.

**Scotiabank Perú S.A.A. and Subsidiaries**

Consolidated Statement of Changes in Equity

For the six-month periods ended June 30, 2024 and 2023

	Number of shares (note 18.B)	Share capital (note 18.B)	Additional capital (note 18.C)	Legal reserve (note 18.D)	Retained earnings (note 18.E)	Equity-related adjustments		Total	Non-controlling interests	Total equity
						Unrealized gains and losses (note 18.F)	Other adjustments (note 18.G)			
<i>In thousands of soles</i>										
Balance as of December 31, 2022 (Audited)	802,677,853	8,026,777	394,463	1,488,093	1,350,593	(269,860)	(172,860)	10,817,206	77,602	10,894,808
Net profit	-	-	-	-	551,259	-	-	551,259	(5,151)	546,108
<b>Other comprehensive income</b>										
Net unrealized gains on available-for-sale investments	-	-	-	-	-	240,409	-	240,409	23	240,432
Cash flow hedges	-	-	-	-	-	647	-	647	-	647
Net unrealized gain on associates	-	-	-	-	-	115	-	115	-	115
<b>Total comprehensive income</b>	-	-	-	-	<b>551,259</b>	<b>241,171</b>	-	<b>792,430</b>	<b>(5,128)</b>	<b>787,302</b>
Allocation to legal reserve	-	-	-	142,551	(142,551)	-	-	-	-	-
Capitalization of retained earnings	-	200,000	-	-	(200,000)	-	-	-	-	-
Other adjustments	-	-	-	-	960	-	-	960	(1)	959
<b>Balance as of June 30, 2023 (Unaudited)</b>	<b>802,677,853</b>	<b>8,226,777</b>	<b>394,463</b>	<b>1,630,644</b>	<b>1,560,261</b>	<b>(28,689)</b>	<b>(172,860)</b>	<b>11,610,596</b>	<b>72,473</b>	<b>11,683,069</b>
Balance as of December 31, 2023 (Audited)	802,677,853	8,226,777	33,079	1,630,645	1,798,442	44,923	(172,860)	11,561,006	67,742	11,628,748
Net profit	-	-	-	-	196,492	-	-	196,492	(4,695)	191,797
<b>Other comprehensive income</b>										
Net unrealized loss on available-for-sale investments	-	-	-	-	-	(42,712)	-	(42,712)	(26)	(42,738)
Cash flow hedge	-	-	-	-	-	-	-	-	-	-
Net unrealized gain on associates	-	-	-	-	-	151	-	151	-	151
<b>Total comprehensive income</b>	-	-	-	-	<b>196,492</b>	<b>(42,561)</b>	-	<b>153,931</b>	<b>(4,721)</b>	<b>149,210</b>
Allocation to legal reserve	-	-	-	73,692	(73,692)	-	-	-	-	-
Dividend distribution	-	-	-	-	(663,233)	-	-	(663,233)	-	(663,233)
Other adjustments	-	-	-	-	877	-	-	877	9,800	10,677
<b>Balance as of June 30, 2024 (Unaudited)</b>	<b>802,677,853</b>	<b>8,226,777</b>	<b>33,079</b>	<b>1,704,337</b>	<b>1,258,886</b>	<b>2,362</b>	<b>(172,860)</b>	<b>11,052,581</b>	<b>72,821</b>	<b>11,125,402</b>

The accompanying notes on pages 6 to 86 are part of these consolidated financial statements.

**Scotiabank Perú S.A.A. and Subsidiaries**  
Consolidated Statement of Cash Flows  
For the six-month periods ended June 30, 2024 y and 2023

<i>In thousands of soles</i>	<i>Note</i>	<b>06.30.2024</b>	<b>06.30.2023</b>
<b>Cash flows from operating activities</b>			
Net profit		191,797	546,108
<b>Adjustments to reconcile net profit to net cash used in operating activities</b>			
Provision for loan losses, net of recoveries	8(c)	930,671	597,788
Provision for realizable, repossessed and other assets, net		6,411	9,177
Provision for accounts receivable, net		6,096	4,031
Depreciation and amortization	12 & 13	37,434	52,101
Provision for fringe benefits		24,766	24,405
Provision for current and deferred income tax	27C	3,261	167,605
Provision for indirect loan losses and country risk, net of recoveries		(61,043)	(2,989)
Other provisions		(77,761)	(57,153)
(Gain) loss on sale of property, furniture and equipment	26	(40,006)	44
Gain on sale of realizable and repossessed assets	26	(3,077)	(8,124)
<b>Net changes in assets and liabilities</b>			
Loan portfolio		144,084	465,107
Investments at fair value through profit or loss		154,298	(531,107)
Available-for-sale investments		(1,097,786)	424,557
Accounts receivable		(3,115,567)	(738,612)
Other assets		(997,773)	(745,463)
Non-subordinated financial liabilities		568,807	924,085
Accounts payable		3,346,839	833,350
Provisions and other liabilities		909,516	(1,206,324)
<b>Net loss after net changes in assets, liabilities and adjustments</b>		<b>930,967</b>	<b>758,586</b>
Income tax paid		(237,674)	(186,792)
<b>Net cash flows used operating activities</b>		<b>693,293</b>	<b>571,794</b>
<b>Cash flows from investing activities</b>			
Dividends received		74,344	97,950
Acquisition of property, furniture and equipment	12	(7,753)	(8,916)
Acquisition of intangible assets	13	(31,446)	(38,306)
Sale of property, furniture and equipment and repossessed assets		54,422	-
<b>Net cash flows used in investing activities</b>		<b>89,567</b>	<b>50,728</b>
<b>Cash flows from financing activities</b>			
Dividends paid		(663,233)	-
<b>Net cash flows used financing activities</b>		<b>(663,233)</b>	<b>-</b>
Net increase in cash and cash equivalents before effects of exchange rate fluctuations		119,627	622,522
<b>Effects of exchange rate fluctuations on cash and cash equivalents</b>		<b>82,323</b>	<b>60,463</b>
Net increase in cash and cash equivalents		201,950	682,985
<b>Cash and cash equivalents at the beginning of period</b>		<b>10,951,388</b>	<b>10,228,434</b>
<b>Cash and cash equivalents at the end of period</b>		<b>11,153,338</b>	<b>10,911,419</b>
<b>Non-cash transactions</b>			
Net unrealized (loss) gain on available-for-sale investments		(42,712)	240,409
Repurchase agreements		2,473,136	4,239,054

The accompanying notes on pages 6 to 86 are part of these consolidated financial statements.

## **Scotiabank Perú S.A.A. and Subsidiaries**

Notes to the Consolidated Financial Statements

As of June 30, 2024 (unaudited), December 31, 2023 (audited) and June 30, 2023 (unaudited)

### **1. Background and Economic Activity**

#### **A. Background**

Scotiabank Perú S.A.A. (hereinafter the Bank) is a subsidiary of the Bank of Nova Scotia – BNS (a financial institution incorporated in Canada), which directly and indirectly holds 99.31 % of the Bank's share capital as of June 30, 2024 and December 31, 2023 respectively.

#### **B. Economic activity**

The Bank is a publicly traded corporation incorporated on February 2, 1943 and is authorized to operate as a banking institution by the Peruvian banking and insurance regulator, the SBS. The Bank's business mainly comprises financial intermediation by commercial banks, which are governed by the SBS through Law 26702 "General Law of the Financial and Insurance Systems and the SBS Organic Law" (hereinafter the Banking Law). This law establishes the requirements, rights, obligations, collaterals, restrictions, and other operating conditions to which every legal entity operating in the financial and insurance system is subject.

The Bank's registered office is Av. Dionisio Derteano No. 102, San Isidro, Lima, Peru. As of June 30, 2024, the Scotiabank Group operates through a national network of 393 branches (412 branches as of December 31, 2023).

As of June 30, 2024 and December 31, 2023, the accompanying consolidated financial statements include the consolidated financial statements of the Bank and other entities of the consolidated group (hereinafter the Scotiabank Group), such as: CrediScotia Financiera S.A. (hereinafter the Financiera), which is engaged in intermediation transactions for the micro-business and consumer goods sectors; Servicios, Cobranzas e Inversiones S.A.C. (hereinafter the SCI), which is engaged in collections and address verification, among other activities; Scotia Sociedad Agente de Bolsa S.A. (hereinafter the SAB), which is engaged in intermediation activities in the Peruvian securities market; Scotia Fondos Sociedad Administradora de Fondos Mutuos S.A. (hereinafter the SAFM), which is engaged in mutual funds management; Scotia Sociedad Titulizadora S.A. (hereinafter the Titulizadora), which is engaged in trusts management; Caja Rural de Ahorro y Crédito Cencosud Scotia Perú S.A. (hereinafter the CRAC), which is engaged in credit and debit card issuance and management; and special purpose entities called the Fideicomiso CrediScotia Dinero Electrónico and the Patrimonio en Fideicomiso sobre Bienes Inmuebles – Depsa.

## Scotiabank Perú S.A.A. and Subsidiaries

Notes to the Consolidated Financial Statements

As of June 30, 2024 (unaudited), December 31, 2023 (audited) and June 30, 2023 (unaudited)

Below are the main balances of the Bank and the other entities referred to in the previous paragraph as of June 30, 2024 and December 31, 2023 indicating the Bank's shareholding percentages, as well as relevant information in this regard:

<i>In thousands of soles</i>	<b>Activity</b>	<b>Shareholding percentage</b>	<b>Assets</b>	<b>Liabilities</b>	<b>Equity</b>
<b>06.30.2024</b>					
Scotiabank Perú S.A.A.	Banking	-	73,698,987	62,624,608	11,074,379
CrediScotia Financiera S.A.	Financing	100.00	2,798,873	2,084,426	714,447
Caja Rural de Ahorro y Crédito Cencosud	Caja rural de ahorro y crédito	51.00	642,136	493,522	148,614
Servicios, Cobranzas e Inversiones S.A.C.	Collection services	100.00	84,223	36,577	47,646
Scotia Fondos Sociedad Administradora de Fondos Mutuos S.A.	Administration of mutual funds	100.00	87,210	7,823	79,387
Scotia Sociedad Agente de Bolsa S.A.	Intermediation in stock market	100.00	36,170	925	35,245
Scotia Sociedad Titulizadora S.A.	Securitization	100.00	6,617	1,988	4,629
<b>12.31.2023</b>					
Scotiabank Perú S.A.A.	Banking	-	70,421,238	58,838,707	11,582,531
CrediScotia Financiera S.A.	Financing	100.00	2,947,306	2,169,633	777,673
Caja Rural de Ahorro y Crédito Cencosud	Caja rural de ahorro y crédito	51.00	660,941	522,692	138,249
Servicios, Cobranzas e Inversiones S.A.C.	Collection services	100.00	78,134	24,818	53,316
Scotia Fondos Sociedad Administradora de Fondos Mutuos S.A.	Administration of mutual funds	100.00	72,302	379	71,923
Scotia Sociedad Agente de Bolsa S.A.	Intermediation in stock market	100.00	34,697	526	34,171
Scotia Sociedad Titulizadora S.A.	Securitization	100.00	5,594	546	5,048

### C. Business activities during the national state of emergency

On March 15, 2020, pursuant to Supreme Decree 044-2020-PCM, the Peruvian government declared a national state of emergency due to the serious circumstances affecting people's life as a result of the COVID-19 outbreak. On October 27, 2022, Supreme Decree No. 130-2022-PCM was issued, by which the government made official the end of the state of national emergency instated in 2020.

During the first quarter of 2023, the Peruvian Government instated a state of emergency in certain areas of the Peruvian territory due to the imminent danger and emergencies caused by the impact of damages or disasters of great magnitude due to intense rainfall and associated hazards in those areas. As a result of the heavy rain and flooding, economic losses and payment difficulties arose for debtors in those areas.

The consolidated financial statements as of June 30, 2024, and December 31, 2023 include the impacts resulting from the implementation of such measures that were in force as of that date, as detailed in the corresponding notes to the consolidated financial statements below.

## Scotiabank Perú S.A.A. and Subsidiaries

Notes to the Consolidated Financial Statements

As of June 30, 2024 (unaudited), December 31, 2023 (audited) and June 30, 2023 (unaudited)

### D. Approval of the consolidated financial statements

The consolidated financial statements as of June 30, 2024 were approved by management on August 09, 2024, and will be presented for approval to the Board of Directors and General Shareholders' Meeting within the term established by Law. In management's opinion, the Board of Directors and General Shareholders' Meeting will approve the consolidated interim financial statements without amendments. General Shareholders' Meeting held on March 26, 2024, approved the consolidated interim financial statements as of December 31, 2023.

## 2. Non-controlling Interests

The following table summarizes the financial reporting as of June 30, 2024 and 2023 of the CRAC (non-controlling shareholder) before the eliminations required in preparing the consolidated interim financial statements:

<i>In thousands of soles</i>	<b>06.30.2024</b>	<b>06.30.2023</b>
Total assets	642,136	608,109
Total liabilities	(493,522)	(460,206)
<b>Total assets, net</b>	<b>148,614</b>	<b>147,903</b>
<b>Net assets attributable to non-controlling interests 49%</b>	<b>72,821</b>	<b>72,473</b>
Net loss	(9,581)	(10,514)
Other comprehensive income	(54)	47
<b>Total comprehensive income</b>	<b>(9,635)</b>	<b>(10,467)</b>
<b>Net loss allocated to non-controlling interests 49%</b>	<b>(4,695)</b>	<b>(5,151)</b>
<b>Other comprehensive income allocated to non-controlling interests 49%</b>	<b>(26)</b>	<b>23</b>

At the General Shareholders' Meeting of Caja Rural de Ahorro y Crédito Cencosud (CRAC) held on February 28, 2024, the decision was made to increase capital by S/ 20,000 thousand. The contributions were made in cash by Scotiabank Perú S.A.A. and Cencosud Perú S.A. of S/ 10,200 thousand and S/ 9,800 thousand, respectively.

## 3. Basis for the Preparation of the Consolidated Financial Statements

### A. Statement of compliance

The accompanying consolidated financial statements have been prepared based on the Scotiabank Group's accounting records and are presented in accordance with current regulations and accounting principles authorized by the SBS. In the absence of such applicable SBS regulations, the International Financial Reporting Standards (IFRS), made official in Peru by the Peruvian Accounting Board (CNC, for its Spanish acronym) are applied. Such standards comprise the Standards and Interpretations issued or adopted by the International Accounting Standards Board (IASB), which include IFRSs, International Accounting Standards (IAS), and Interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), or the former Standing Interpretations Committee (SIC), adopted by the IASB and made official by the Peruvian standard setter, Consejo Normativo de Contabilidad (CNC) for their application in Peru.

### B. Basis of measurement

The consolidated financial statements have been prepared in accordance with the historical cost principle, except for the following:

- Derivative instruments are measured at fair value;
- Financial instruments at fair value through profit or loss (FVTPL) are measured at fair value; and
- Available-for-sale financial assets are measured at fair value.

## **Scotiabank Perú S.A.A. and Subsidiaries**

Notes to the Consolidated Financial Statements

As of June 30, 2024 (unaudited), December 31, 2023 (audited) and June 30, 2023 (unaudited)

### **C. Functional and presentation currency**

These consolidated financial statements are presented in soles (S/) in accordance with SBS regulations, which is the Scotiabank Group's functional and presentation currency. The information presented in soles (S/) has been rounded to the nearest thousand (S/ 000), unless otherwise indicated.

### **D. Significant accounting estimates and criteria**

In preparing these consolidated financial statements, management has used accounting estimates and criteria. The accounting estimates and criteria are reviewed on an ongoing basis and are based on historical experience, including the reasonable assumption of occurrence of future events depending on the circumstances. Actual results may differ from these estimates. In management's opinion, the estimates and assumptions used are not exposed to a significant risk to produce a material adjustment to the balances of assets and liabilities in the short term.

Significant estimates used in preparing the consolidated financial statements correspond to the provision for loan losses, measurement of investments, estimated useful life and recoverable amount of property, furniture and equipment and intangible assets, impairment of goodwill, provision for realizable, received as payment and repossessed assets, estimated deferred tax recovery, provision for income tax, and fair value of derivative instruments. Accounting criteria are described in note 4.

## **4. Material Accounting Policies**

Main accounting principles and practices used to prepare the Scotiabank Group's consolidated financial statements have been consistently applied in the prior period, unless otherwise indicated, and are the following:

### **A. Consolidation policies**

The consolidated financial statements include the financial statements of entities that are part of the Scotiabank Group, described in note 1, after eliminating significant balances and transactions among the consolidated entities, and the gains and losses resulting from those transactions. All subsidiaries have been consolidated from their date of incorporation or acquisition.

Subsidiaries are all entities over which the Bank has control and is able to manage their financial and operating policies.

The accounting records of Scotiabank Group companies comply with the information requirements established by the SBS.

The financial statements of the subsidiaries and special, purpose entities have been included for consolidation purposes and represent 4.72% and 5.12%, respectively, of the total Bank's assets before eliminations as of June 30, 2024, and December 31, 2023.

### **B. Financial instruments**

A financial instrument is any contract that gives rise to both a financial asset in one entity and a financial liability, or equity instrument in another.

Financial instruments are recognized on the date when they are originated and are classified as assets, liabilities, or equity instruments according to the contract that gave rise to the financial instrument. Interest, gains and losses generated by a financial instrument classified as an asset or a liability are recorded as income or expense in the consolidated statement of profit or loss. The payment to holders of financial instruments classified as equity is recorded directly in equity.

## **Scotiabank Perú S.A.A. and Subsidiaries**

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The Scotiabank Group classifies its financial instruments in one of the categories defined by IAS 39 established in SBS Resolution 7033-2012 as amended: (i) financial assets and financial liabilities at Fair value to profit or loss (FVTPL); (ii) loans and accounts receivable; (iii) available-for-sale investments; (iv) held-to-maturity investments; and (v) other financial liabilities. The Scotiabank Group determines the classification of financial instruments on initial recognition and on instrument-by-instrument basis.

The classification of financial instruments on initial recognition depends on the purpose for which the financial instruments were acquired and their characteristics. All financial instruments are initially recognized at their fair value plus incremental costs related to the transaction that are directly attributable to the acquisition or issuance of the instrument, except for financial assets or financial liabilities measured at FVTPL.

Acquisitions or sales of financial assets that require assets' delivery within a period established by regulations or conventions in the market concerned are recognized at trade date.

### ***Derecognition of financial assets and financial liabilities***

#### ***i. Financial assets***

A financial asset or, when applicable, a part of a financial asset or a part of a group of similar financial assets is derecognized when: (i) the rights to receive cash flows from the asset have expired; or (ii) the Scotiabank Group has transferred its rights to receive cash flows from the asset, or has assumed an obligation to pay total cash flows to a third party under a pass through agreement; and (iii) the Scotiabank Group has transferred substantially all risks and rewards of ownership of the financial asset, or the Scotiabank Group has neither transferred nor retained all risks and rewards of ownership of the financial asset, but has transferred control of the asset.

#### ***ii. Financial liabilities***

A financial liability is derecognized when the obligation to pay is discharged, canceled or expires. When an existing financial liability is replaced by other of the same borrower in terms significantly different, or terms are significantly modified, such replacement or modification is treated as derecognition of the original liability and a new liability is recognized. The Scotiabank Group recognizes the difference between both of them in the profit or loss for the year.

### ***Impairment of financial assets***

The Scotiabank Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired.

A financial asset or group of financial assets is impaired if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset ("loss event"), and if such loss event had an impact on the expected future cash flows of the financial asset or the group of financial assets that can be estimated reliably. Evidence of impairment includes an indication that a borrower or group of borrowers is experiencing significant financial difficulties, default or delay in payments of principal and interest, probability that the entity will enter bankruptcy or other financial reorganization indicating that there is a significant decrease in expected future cash flows, such as changes in circumstances or economic conditions related to payment defaults.

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### ***Offsetting financial instruments***

Financial assets and financial liabilities are offset and the net amount is presented in the consolidated statement of financial position when management has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

Financial assets and financial liabilities presented in the consolidated statement of financial position correspond to cash and due from banks, interbank funds, investments at FVTPL, available-for-sale investments, held-for-trading instruments, hedging instruments, loan portfolio, accounts receivable, other assets and liabilities, unless otherwise indicated in the note corresponding to assets or liabilities. Accounting policies on recognition and measurement of these items are disclosed in the corresponding accounting policies described in this note.

### **C. Derivative instruments**

The SBS provides authorizations per type of a derivative instrument and underlying asset, and may comprise more than one type of derivative instrument and underlying asset. Authorization schemes, measurement guidelines and accounting treatment for derivative instruments that financial institutions shall apply are established in SBS Resolution 1737-2006 "Regulation on Trading and Accounting of Derivative Instruments in Financial Institutions" and amendments, which include accounting criteria for held-for-trading and hedging instruments and embedded derivatives, which are consistent with IAS 39 *Financial Instruments: Recognition and Measurement*.

### ***Held-for-trading instruments***

Held-for-trading instruments are initially recognized in the consolidated statement of financial position at fair value. Subsequently, any change in fair value of such derivative generates an asset or liability in the consolidated statement of financial position, as applicable, and affects the profit or loss for the year.

In addition to their recording in the consolidated statement of financial position, the aforementioned derivative instruments are recorded in contingent accounts at par value translated to initial spot price.

### ***Hedging instruments***

A derivative instrument for hedging a specific risk is designated as hedging instrument if, at trade date, it is foreseen that changes in fair value or cash flows will be highly effective in offsetting changes in fair value or cash flows of the hedged item directly attributable to the risk hedged from the beginning. The latter shall be documented on the trade date of the derivative instrument and during the term of the hedging relationship. A hedge is considered to be highly effective if changes in fair value or cash flows of the hedged item and the hedging instrument are within a range from 80% to 125%.

For cash flow hedges, the effective portion of changes in fair value is recognized directly in equity in 'unrealized gains and losses' as a cash flow hedge reserve, net of tax effect. The ineffective portion of any gain or loss on the hedging instrument is recognized in the consolidated statement of profit or loss. The amounts recorded in equity are transferred to the consolidated statement of profit or loss in the periods in which the hedged item is recorded in the consolidated statement of profit or loss or when a forecast transaction occurs.

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If the hedging instrument expires or is sold, terminated, or exercised, or the hedge no longer meets the hedge accounting criteria, the hedging relationship ceases prospectively and the balances recorded in equity are transferred to the consolidated statement of profit or loss within the effective term of the hedged item.

As of June 30, 2024 and December 31, 2023, the Bank does not have contracts designated as cash flow hedges.

### **D. Investments**

The Scotiabank Group applies the recording and valuation criteria of investments in equity instruments established in SBS Resolution 7033-2012 "Regulation on Classification and Measurement of Investments of Financial Institutions", as amended, which is consistent with the classification and valuation criteria of IAS 39 Financial Instruments: Recognition and Measurement, except for investments in associates, which are not included in IAS 39, as detailed below:

#### ***i. Investments at FVTPL***

Equity and debt instruments are classified as investments at FVTPL if they have been acquired principally to sell in the near term, or they are part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent pattern of short-term profit-taking. These investments are initially recognized on trade date, which is when the Scotiabank Group enters into contractual arrangements with counterparties to purchase investments and are normally derecognized when they are sold.

They are initially measured at fair value, excluding transaction costs, which are recognized in the consolidated statement of profit or loss. Subsequently, fair values are remeasured, and fluctuations arising from changes in fair value are recognized in the consolidated statement of profit or loss.

Interest income is recognized using the effective interest method. Dividends are recognized in the consolidated statement of profit or loss when the right to receive the payment has been established.

Investments at FVTPL that are pledged as collaterals or transferred through a repurchase agreement shall be reclassified as available-for-sale investments.

Once these transactions are concluded, instruments shall be reclassified at their initial category, transferring the unrealized gains and losses from equity to the consolidated statement of profit or loss.

#### ***ii. Available-for-sale investments***

Available-for-sale investments are all other instruments that are not classified as investments at FVTPL, held-to-maturity investments or investments in associates. Likewise, all instruments will be included in this category as required by the SBS.

Available-for-sale investments are initially recognized on trade date and measured at fair value plus costs that are directly attributable to the instrument's acquisition. They are subsequently remeasured at fair value, and resulting gains and losses are recognized in equity in 'unrealized gains and losses' until investments are either sold or realized, which is when gains or losses are recognized in the consolidated statement of profit or loss.

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Amortized cost of debt instruments at fair value shall be remeasured using the effective interest method, and based on the resulting amortized cost, unrealized gains or losses from the changes in fair value shall be recognized.

The standard methodology to identify impairment of available-for-sale investments and investments and their maturity is indicated below:

### ***Assessment of debt instruments***

- Weakening of financial position of the issuer and its economic group.
- Lower credit risk rating of the instrument or the issuer.
- Disappearance of an active market for the financial asset because of financial difficulties of the issuer.
- Observable data indicating that there has been a measurable decrease in the expected future cash flows from a group of financial assets with characteristics similar to the assessed instrument since initial recognition.
- Decline in fair value due to changes in laws.
- Significant decline in fair value below 40% of its amortized cost.
- Prolonged decline in fair value over the last 12 months, and cumulative decline in fair value in that period of more than 20%.

### ***Assessment of equity instruments***

- Lower credit risk rating of the issuer's debt instrument.
- Significant changes in the technological, market, economic or legal environment in which the issuer operates, which may have a negative impact on the investment recovery.
- Weakening in financial position or financial ratios of the issuer and its economic group.
- Disappearance of an active market for the financial asset because of financial difficulties of the issuer.
- Observable data indicating that there has been a measurable decrease in the expected future cash flows from a group of financial assets with characteristics similar to the assessed instrument since initial recognition.
- Decline in fair value due to changes in laws.

If at least two of the aforementioned situations are met, management shall consider that there is impairment in each case.

The impairment loss on available-for-sale debt instruments is measured as the difference between the amortized cost and the fair value, less any impairment loss previously recognized in profit or loss for the period or prior periods. Any impairment loss is recognized in the consolidated statement of profit or loss and other comprehensive income.

The impairment loss on equity instruments was measured as the difference between the acquisition cost and the fair value, less any impairment loss previously recognized in profit or loss for the period or prior periods. Impairment of unlisted securities shall be the difference between the carrying amount and the present value of the net expected future cash flows, discounted at rates currently prevailing in the market rates for similar instruments.

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Exchange gains or losses related to equity instruments are recognized in equity in 'unrealized gains and losses,' and those to debt instruments are recognized in profit or loss for the year.

Interest income on available-for-sale investments is recognized using the effective interest rate method, calculated over the instrument's useful life. Premiums and discounts originated on the acquisition date are included in the calculation of the effective interest rate. Dividends are recognized in the consolidated statement of profit or loss when the right to receive the payment has been established.

### **iii. Investments in associates**

This caption comprises equity instruments acquired to have shareholder's interests and significant influence over the entities or institutions. It shall include the goodwill originated from the acquisition of such investments. Investments in subsidiaries and associates are initially measured at fair value plus transactions costs that are directly attributable to the instrument's acquisition. They are subsequently measured using the equity method; this means, investment increases or decreases according to the recognition of the investor's proportionate interests in the investee at the measurement date.

When changes in associate's equity are due to items other than profit or loss for the year, these changes shall be recorded directly in equity. Dividends are recorded reducing the investment's carrying amount.

When management identifies that one or more investments in associates are impaired, said impairment shall correspond to the difference between the carrying amount and the recoverable amount of the investment, in accordance with IAS 36 Impairment of Assets.

The carrying amount of the investment shall be reduced to its recoverable amount. Impairment loss shall be recognized in profit or loss for the year.

As of June 30, 2024 and December 31, 2023, the Bank maintains a provision for impairment of goodwill arising from the investment in CrediScotia Financiera S.A. for S/ 278,818 thousand.

Investment instruments held by companies may be subject to reclassification to another category. Investments at FVTPL cannot be reclassified except for: (1) unlisted securities, which lack reliable estimated fair value, or (2) investments transferred through a repurchase agreement or pledged as collaterals, as indicated in paragraph (i) of this section.

As of June 30, 2024 and December 31, 2023, investment instruments have not been reclassified into other categories.

## **E. Loans, classification and provisions for loan losses**

Direct loans are recorded when fund expenditures are made in favor of clients. Indirect (contingent) loans are recorded when supporting documents are issued and may become direct loans in the event of making a payment to third parties. Likewise, any direct loans behind changes in payment terms due to financial difficulties of the debtor are considered as refinancing or restructuring.

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Finance lease transactions are recognized using financial accounting method, recording the amount of the outstanding lease payments as a loan. The corresponding financial income is recorded on an accrual basis in accordance with the lease terms. Initial direct costs are recognized immediately as expenses.

The Portfolio Risk Management's Debtor Rating and Assessment units are responsible for performing the loan portfolio assessment and rating on a permanent basis. Each debtor is rated in a credit risk rating according to the guidelines established by SBS Resolution 11356-2008 and amendments.

### ***COVID-19 government measures***

The government measures implemented to cope with the economic crisis due to the national state of emergency declared and the mandatory social isolation decreed as a result of the COVID-19 outbreak (note 1 .C) are the following:

#### **(a) *Rescheduled loans***

A financial institution, subject to prior assessments, may modify contractual obligations of loans. Such modification will not be considered as a refinance provided that the loan term is not extend for more than 6 months until May 31, 2020 and 12 months from June 1, 2020 of the original due date and provided that the borrower has made all of its payments at the date the state of emergency was instated. The balance of principal and interest on rescheduled loans shall be recorded in suspense accounts.

For purposes of meeting the requirement indicating that the borrower shall meet all its payment obligations and not have any payment arrears at the date the state of emergency was instated, a borrower's payment obligation shall be up to 15 calendar days past due at February 29, 2020.

Financial system companies may apply the accrual basis of accounting to recognize interest associated with retail loans that are subject to rescheduling. In the event these retail loans change to the past due status after the payment obligation is resumed per the new repayment schedule, the financial institution shall reverse the non-collected accrued income within a period of 6 months in a progressive manner.

For non-retail debtors with loans rescheduled on a mass basis, the interest on those loans shall be accounted for on a cash receipt basis. For rescheduling based on an individual analysis, the accrual method may be applied. It should be noted that the financial institution has not rescheduled, on a mass basis, any non-retail loan portfolio transaction.

From March 16, 2021, loans can be rescheduled in mass provided that the client has paid one installment in the last 6 months. Also, the debt rescheduling shall not exceed a 3-month period and interest shall be recognized when earned. Where loans are rescheduled without the client's corresponding payment, the entity shall recognize additional voluntary provisions for loans classified as Standard and Potential Problems equivalent to the Substandard classification.

Additionally, from March 2021, revolving loans related to credit card consumer loans may be rescheduled, including a grace period, provided that the full amount of the total payment or the full amount of the total debt is rescheduled.

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### ***Social conditions***

During 2023, several political events in Peru caused a series of riots and social protests, and also natural disasters that have been occurring since May 2023 in different regions of the country, have resulted in a decrease in commercial activity in those regions and, therefore, a temporary liquidity restriction for certain retail debtors. The Peruvian Government instated a state of emergency in certain areas of the national territory, and as a result, the SBS implemented exceptional measures so that the companies of the financial system could modify the contractual conditions of the different types of loans given to retail debtors, without the modification becoming a refinancing. In this regard, SBS Official Letter N°12174-2023 set out the conditions that should be taken into account to grant those facilities to debtors that were affected by the aforementioned events (rescheduling due to the State of Emergency), facilities that were granted at May 2023.

As of June 30, 2024 and December 31, 2023, the Group showed a balance of S/ 10,760 thousand and S/ 18,487 thousand, respectively; for this type of rescheduled transactions. In Management's opinion, this situation has not affected the Group's operations nor has it had any significant impact on the consolidated financial statements as of June 30, 2024 and December 31, 2023.

The Bank and the Financiera have unilaterally rescheduled those loans during May and June 2023. During 2023 and 2024, CRAC has not made any unilateral rescheduling.

### **(b) *Government guaranteed loans***

In March and April 2020, the Ministry of Economy and Finance (MEF) launched the following government's financial-support schemes to cope with the economic crisis that impacted some sectors as a result of the COVID-19 pandemic:

#### ***i. Reactiva Peru program I and II***

The loan guarantee scheme (Reactiva Peru program) aims to guarantee the loans for the working capital replenishment of entities facing short-term payment challenges with employees and suppliers of goods and services as a result of the COVID-19 outbreak. It consists of granting a government guarantee to secure loans in local currency that are placed by financial institutions.

The loans placed under the Reactiva Peru program have a 36-month term, including a 12-month grace period. Any interest accrued during the grace period shall not be capitalized and shall be charged on a straight-line basis over the remaining loan term from the 13th month. Interest rates are established through an auction.

The Peruvian government granted guarantees to cover between 80% and 97% of loans, depending on the amount of the loan, provided that the financial institutions meet the requirements of the Reactiva Peru program.

The funds of this program are auctioned by the Peruvian central bank (BCRP), for the amount equivalent to the guaranteed amount. Accordingly, repurchase agreements for the sale of the loan portfolio are entered into under a commitment to repurchase the loan portfolio at a later date. The cost of funds index provided by the BCRP is 0.5%.

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As of June 30, 2024 and December 31, 2023, the Bank and CrediScotia placed loans under the Reactiva Peru program for S/ 269,468 thousand and S/ 391,555 thousand, respectively, which have a coverage ratio of 90% and 91%, respectively (note 8).

The guarantees under the Reactiva Peru program have a risk weight of 0% for the part of loans covered by the program, since it corresponds to a coverage provided by the Peruvian government. If a loan granted under this program is past due and the Bank and the Financiera decide to honor its guarantee, the Peruvian government, through Corporación Financiera de Desarrollo S.A. (COFIDE), shall pay the loan for the guaranteed amount. Subsequently, the Bank and the Financiera shall continue collection efforts and shall pay COFIDE maintaining the coverage ratio.

### **ii. Fondo de Apoyo Empresarial - FAE-MYPE I, II and III**

This fund's creation first aims at securing the working capital replenishment, rescheduled loans and debt restructuring as well as financing of micro and small businesses granted by financial institutions.

The guarantees under those programs have a weighted risk factor of 0% for the part of loans secured by the program, since it corresponds to a guarantee provided by the Peruvian government.

If a loan transactions meet the impairment conditions set under those programs, the guarantee is activated. Accordingly, the Peruvian government shall assume the part of loans covered by the FAE-MYPE. CrediScotia Financiera is responsible for the collection management of this loan portfolio, ensuring the refund for the amount received under the FAE-MYPE.

As of June 30, 2024, CrediScotia Financiera placed loans under the FAE- I, II and III for S/ 217 thousand, S/ 188 thousand and S/ 56 thousand, respectively, which have an average coverage ratio of 87% (S/ 226 thousand, S/ 262 thousand and S/ 104 thousand, respectively, which have an average coverage ratio of 87% as of December 31, 2023), note 8.

### **iii. Fondo Crecer**

This Fund was set up to strengthen micro businesses as well as small and mid-sized entities using hedging, loans and investment instruments.

If a loan granted under the Fondo Crecer is past due and the Bank decides to honor its government guarantee, COFIDE shall pay the loan for the guaranteed amount. Subsequently, the Bank shall continue collection efforts and shall pay COFIDE to maintain the coverage ratio.

As of June 30, 2024 and December 31, 2023, the Group as loans under the Fondo Crecer for S/ 7,907 thousand and S/ 10,105 thousand, respectively, which a coverage ratio of 67% on average.

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### **iv. Repurchase agreements for securities-backed loan government guarantees**

The program aims to participating entities being able to sell securities-backed loans to the BCRP, in exchange for the sale amount in local currency. Also, they are committed to repurchase the loan portfolio at a later date against the repurchase amount in local currency. The securities-backed loans shall not be included in any other credit guarantee scheme launched by the Peruvian government. The BCRP will disburse funds to the participating entity's checking account held at the BCRP.

As of June 30, 2024 and December 31, 2023, the Bank has a loan portfolio of S/ 1,709,817 thousand and S/ 1,718,692 thousand, respectively, in guarantee of this program (note 17(a)(ii)).

### **Loan portfolio classification**

The Bank and CrediScotia Financiera classify the loan portfolio debtors into: Wholesale Banking (corporate, large-business and medium-business loans) and Retail Banking (small-business, micro-business, revolving, non-revolving consumer and mortgage loans). CRAC only classifies its loan portfolio as Retail Banking. These classifications consider nature of the client (corporate, government or individual), purpose of loan, business size measured by revenue, debts, among other qualitative and quantitative indicators.

### **Credit risk rating**

Credit risk rating established by the SBS are as follows: Standard, Potential Problems, Substandard, Doubtful, and Loss, which are assigned according to the guidelines set in SBS Resolution 11356-2008 and amendments.

For Wholesale portfolio, the Bank and CrediScotia mainly consider debtor's ability to pay, cash flows, level of compliance with obligations, rating designated by other financial agencies, financial position, and management quality. For Retail portfolio, including the CRAC, rating is mainly based on the level of compliance with payment of loans, which is reflected in the delays and defaults, and in the rating assigned by financial agencies, if rating alignment is applicable. Retail portfolio is classified through an automatic rating process. The Bank and CrediScotia have included in the automatic rating process those loans granted to wholesale debtors with loans amounting up to US\$ 100 thousand.

### **Provisions for loan losses**

According to current SBS regulations, the Bank, CrediScotia Financiera and CRAC are required to make general and specific provisions for loan losses. A general provision is recorded in a preventive manner for debtors rated as "standard," which is calculated on its direct loans, credit risk equivalent of indirect loans and, additionally, a procyclical component is recorded when activated by the SBS. A specific provision is recorded for direct loans and credit risk equivalent of indirect loans of debtors rated in a risk rating higher than "standard."

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The credit risk exposure to indirect loans is determined by multiplying indirect loans by the different types of Credit Conversion Factors (CCF), as follows:

Description	CCF (%)
(i) Confirmation of irrevocable letters of credit for up to one year, when the issuing bank is a tier 1 foreign financial institution.	20
(ii) Issuance of letters of guarantee supporting obligations to do or not to do.	50
(iii) Issuance of guarantees, import letters of credit and those not included in the previous items, as well as banker's acceptance.	100
(iv) Undisbursed, approved loans and unused credit lines.	-
(v) Others not considered in the previous items.	100

Provision requirements are determined by considering the risk rating of the debtor, whether it is secured by collaterals, and depending on the type of collateral.

The Bank, CrediScotia and CRAC apply the following percentages to determine provisions for loan losses:

Risk rating	%			
	No collateral	Preferred collateral	Preferred easily realizable collaterals	Self liquidating preferred collateral
Standard				
Corporate loans	0.70	0.70	0.70	0.70
Large-business loans	0.70	0.70	0.70	0.70
Medium-business loans	1.00	1.00	1.00	1.00
Small-business loans	1.00	1.00	1.00	1.00
Micro-business loans	1.00	1.00	1.00	1.00
Consumer loans (*)	1.00	1.00	1.00	1.00
Mortgage loans	0.70	0.70	0.70	0.70
Potential problems	5.00	2.50	1.25	1.00
Substandard	25.00	12.50	6.25	1.00
Doubtful	60.00	30.00	15.00	1.00
Loss	100.00	60.00	30.00	1.00

(\*) Including revolving and non-revolving loans.

### Procyclical component

Percentages of procyclical component to calculate the provisions for direct loans and credit risk equivalent of indirect loans of debtors rated as "standard" are as follows:

Type of loan	Procyclical component %
Corporate loans	0.10
Large-business loans	0.40
Medium-business loans	0.60
Small-business loans	1.00
Micro-business loans	1.00
Revolving loans	1.50
Non-revolving loans	1.00
Mortgage loans	0.40

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Procyclical component of corporate, large-business and mortgage loans with self-liquidating preferred collaterals is 0.3%. Procyclical component of all other types of loans with self-liquidating preferred collaterals is 0% for the portion hedged by such collaterals. Procyclical component of consumer loans with payroll deduction agreements is 0.25%.

According to the SBS, financial institutions shall establish a credit risk management system that allows reducing risks before and after loan granting, perform a continuous monitoring of loan portfolio in order to identify debtors with debts, including a regular assessment of control mechanisms used and corrective measures or required improvements, as appropriate. Entities that do not comply with SBS regulations shall, for provision purposes, calculate the resulting credit risk exposure equivalent by applying a 20% factor to the unused amount of revolving lines of credit for micro-business, small-business and consumer loans. For the credit risk exposure, provision rates set in the "Regulation on Debtor Rating" shall be used.

In this regard, the amount of revolving credit lines used in the aforementioned calculation shall correspond to the last approved amount reported to the client. Additionally, those entities that do not comply with SBS regulations shall establish an additional general provision of 1 % on direct loan. This provision will be applicable to direct consumer (revolving and non-revolving) loans and micro-business loans and/or small-business loans of the clients rated as "standard," as applicable.

The SBS can activate or deactivate the requirement of the procyclical component if the average annual percentage of the Gross Domestic Product (GDP) is above or below 5%, respectively.

Also, other conditions for activation or deactivation are set out in Appendix I of SBS Resolution 11356-2008 and amendments. The requirement of the procyclical component was activated between December 2008 and August 2009, and between September 2010 and October 2014. From November 2014, it is deactivated.

The SBS has established that during the deactivation of the procyclical component, financial institutions cannot, under any circumstance, earn profits from the reversal of such provisions, which should only be used to determine mandatory provisions.

Provisions for direct loan losses are recorded deducting the balance from the corresponding asset (note 8), and provisions for indirect loan losses are recorded as a liability (note 17).

- (i) SBS Resolution 3922-2021, dated December 23, 2021, revoked Resolution 3155-2020 and established the following requirements for measuring provisions for rescheduled loans as a result of the COVID-19 pandemic:
  - Rescheduled loans held by borrowers rated as Standard are considered borrowers with a credit rating higher than Standard; thus, they are classified as Potential Problems. Accordingly, the entity shall recognize a specific provision for loans classified as Potential Problems.

However, borrowers rated as Standard and Potential Problems that did not pay at least one full installment, including principal, in the last six months at the end of the reporting period shall be rated as Substandard.

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Likewise, borrowers rated as Standard, Potential Problems and Substandard that did not pay at least one full installment, including principal, in the last twelve months shall be rated as Doubtful. Accordingly, the entity shall recognize a specific provision for loans classified as Doubtful or Potential Problems, respectively.

Such provision is applicable to consumer loans, micro-business loans, small-business loans and medium-business loans.

- Unearned, accrued interest on current rescheduled consumer, micro-business, small-business and medium-business loans shall be rated as Substandard.

However, accrued interest on loans of borrowers that did not pay at least one full installment, including principal, in the last six months at the end of the reporting period shall be subject to specific provisions under the classification of Loss.

These requirements do not have an effect on the risk rating of the borrower.

The requirements issued in the Resolution are included in the consolidated financial statements as of June 30, 2024 and December 31, 2023.

### **F. Intermediation services carried out by third parties**

The SAB carries out intermediation services on behalf of third parties.

Transfer of funds made by clients for purchase/sale transactions in the stock market and over-the-counter market result in items of the consolidated statement of financial position only if they meet the definitions of an asset (accounts receivable) and a liability (accounts payable); otherwise, such balances are recorded within control accounts.

An account receivable or payable is only recognized if it has not yet been settled upon maturity or if the SAB, due to any operating issue, does not have the funds transferred by the third party. However, since it is a solvent entity, funds are hedged by the SAB with an amount equivalent to the acquisition of securities acquired through a loan that is regularized almost immediately.

Since the SAB only manages funds from third parties as a trustee, it cannot use these resources and there is a commitment to refund them to the third parties. These resources do not belong to the entity and are accounted in control accounts.

Transactions that are not settled by CAVALI are recorded in suspense accounts, until the related amounts are collected or paid.

### **G. Property, furniture and equipment**

Property, furniture and equipment are recorded at the historical acquisition cost, less accumulated depreciation and impairment losses. Expenses incurred subsequent to the acquisition of property, furniture and equipment are recognized as assets only when it is probable that future economic benefits associated with the asset will flow to the Scotiabank Group, and cost of assets can be measured reliably.

## Scotiabank Perú S.A.A. and Subsidiaries

Notes to the Consolidated Financial Statements

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Repair and maintenance expenses are recorded in profit or loss for the year in which they are incurred. Work-in-progress and goods in-transit are recorded at acquisition cost. These assets are not depreciated until relevant assets are finished and/or received and are in operating condition.

Depreciation is calculated based on the straight-line method to allocate the cost over the asset's estimated useful life as follows:

	<b>Years</b>
Property and premises	Between 40 and 10
Furniture, fixture and IT equipment	Between 10 and 4
Vehicles	Between 8 and 5

Cost and accumulated depreciation of assets disposed of or sold are eliminated from their respective accounts, and any resulting gain or loss is included in profit or loss for the year in which they are incurred.

### **H. Realizable, received as payment and repossessed assets**

Realizable assets include assets acquired specifically to be granted as finance leases, which are initially recorded at acquisition cost. Also, realizable assets not granted as finance leases, including recovered assets, are recorded at the lower of its cost or market price.

Realizable, received as payment and repossessed assets (note 14) are regulated by SBS Resolution 1535-2005 and amendments. This caption mainly includes property, plant and equipment received as payment for loan losses, and are initially recorded at the lower of judicial, extrajudicial, recovery or estimated market price, or value of outstanding debt.

According to current regulation, the accounting treatment to record provisions for this type of assets is as follows:

- Realizable assets, received as payment and repossessed assets are initially recorded at carrying amount and, simultaneously, a provision equivalent to 20% of the cost is recognized. If the net realizable value shown in the appraisal report demonstrates that the asset is impaired by a percentage higher than 20%, the required initial provision shall be recorded at an amount effectively impaired.
- As from the first month of asset's repossession or recovery, the Bank records a monthly provision for personal property equivalent to 1/18 of the carrying amount of assets less the aforementioned initial provision. Regarding assets that have not been sold or leased within a one-year term and that do not have the extension established in the Banking Law, the provision shall be completed up to 100% of the value upon repossession or recovery less the provision for impairment loss upon maturity date.
- A provision shall be recorded for real estate that has not been sold or leased within a one-year term from its recovery or repossession. This provision shall be a uniform monthly provision over a term of three and a half years until there is a 100% provision of the net carrying amount obtained in the eighteenth or twelfth month, depending on whether there is an extension approved by the SBS, respectively.

## **Scotiabank Perú S.A.A. and Subsidiaries**

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An impairment loss is recognized when the net realizable value is lower than the net carrying amount; accordingly, the carrying amount shall be reduced and the loss shall be recognized in the consolidated statement of profit or loss. If the net realizable value is higher than the net carrying amount, the higher value shall not be recognized. Appraisal reports of real estate may not be aged over a year.

### **I. Impairment of non-financial assets**

When events or circumstantial economic changes indicate that the value of long-lived assets might not be recoverable, management reviews at each date of consolidated statement of financial position the carrying amount of these assets to determine if there is an impairment. When the asset's carrying amount exceeds its recoverable amount, the Scotiabank Group recognizes an impairment loss in the consolidated statement of profit or loss by an amount equivalent to the excess in the carrying amount, net of tax effects. The recoverable amount is estimated for each asset or, if not possible, for each cash-generating unit (CGU).

The recoverable amount of a long-lived asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

Fair value less costs to sell of a long-lived asset or cash-generating unit is the amount resulting from an arm's length sale transaction between knowledgeable parties, less corresponding costs to sell. Value in use is the present value of expected future cash flows arising from an asset or a cash-generating unit.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows (cash-generating unit) from continuing use that are largely independent of the cash inflows of other assets.

An impairment loss on goodwill is determined by assessing the recoverable amount for each cash-generating unit or group of cash-generating units to which the goodwill relates.

As of June 30, 2024 and December 31, 2023, the Scotiabank Group did not recognize impairment losses on non-financial assets.

### **J. Intangible assets**

Intangible assets are mainly related to: (i) the exclusive agreement and brand name from the acquisition of the subsidiary, CRAC, which are amortized on a straight-line basis over 15 years (agreement term); (ii) the acquisition and development of software, which are amortized on a straight-line basis over 5 years; and (iii) the amortized costs from CrediScotia's business and are amortized during the contract term in which they are originated.

Software development and maintenance costs are recognized in profit or loss when they are incurred. However, costs that are directly related to a single and identifiable software, that are under management's control, and that will give future economic benefits higher than the asset's cost in a period exceeding one year are considered as intangible assets. Direct costs related to software development include personnel costs of the development team and a pro-rata of general expenses.

As of June 30, 2024 and December 31, 2023, the Bank recorded a provision for impairment of intangible assets arising from the investment in Caja Rural de Ahorro y Crédito Cencosud Scotia Perú S.A. for S/ 231,315 thousand (note 13).

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Notes to the Consolidated Financial Statements

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### **K. Goodwill**

Goodwill is related to the higher value paid between the acquisition cost over the identifiable fair values of a subsidiary or an associate, and the acquisition of equity spin-off from Citibank del Perú S.A. (note 11).

Business acquisitions are recorded using the purchase accounting method. This means, measuring identifiable assets of the acquired entity at fair value. Any excess between the acquisition cost and the fair value of net identifiable assets is recognized as goodwill.

When the purchase agreement foresees price adjustments based on the compliance with some future assumptions and, on initial recognition, its occurrence is not probable or its value cannot be reliably estimated, this adjustment is not included in the acquisition cost. If, subsequently, such adjustment becomes probable and can be reliably estimated, the additional amount will be treated as an adjustment to the acquisition cost.

Goodwill has an indefinite useful life and the Bank carries out a goodwill impairment testing annually or more frequently when there are sales or changes in circumstances indicating that goodwill balance might not be recoverable.

As of June 30, 2024 and December 31, 2023, the Scotiabank Group recorded a provision for goodwill impairment, recognizing a loss amounting to S/ 232,315 thousand and S/ 46,503 thousand, respectively (note 11(b)).

### **L. Securities, bonds and outstanding obligations**

It comprises liabilities from the issuance of redeemable subordinated bonds and corporate bonds, which are measured at amortized cost using the effective interest method. Discounts granted or income generated during the loan disbursement are amortized during the instrument term.

Interest is recognized in the consolidated statement of profit or loss when accrued.

### **M. Provisions and contingencies**

#### ***i. Provisions***

A provision is recognized when the Scotiabank Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and it is possible to reliably estimate its amount. Provisions are reviewed and adjusted in each reporting period to reflect the best estimates as of the date of the consolidated statement of financial position.

Provision for length-of-service compensation (CTS, for its Spanish acronym) is calculated according to current regulation, on the total employees' indemnities and should be paid, in May and November annually, through deposits in authorized financial institutions as chosen by them. The calculation is made for the amount that should be paid as of the date of the consolidated statement of financial position and is included in 'provision for fringe benefits.' It is recognized in the consolidated statement of financial position in 'other liabilities.'

## **Scotiabank Perú S.A.A. and Subsidiaries**

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### **ii. Contingencies**

Contingent liabilities are not recognized in the consolidated financial statements. They are disclosed in notes to the consolidated financial statements unless the possibility of an outflow of economic benefits is remote.

Contingent assets are not recognized in the consolidated financial statements. They are only disclosed when an inflow of economic benefits is probable.

### **N. Share capital**

Common shares are classified as equity. Preference shares, if any, are recorded as other debt instruments. The difference between the redeemable amount of preference shares and the shares' par value is recorded in equity. Dividends on preference shares are recorded as liabilities and charged to profit or loss for the year.

As of June 30, 2024 and December 31, 2023, the Scotiabank Group does not hold outstanding preference shares.

### **O. Income tax**

Current tax is determined based on the taxable income and recorded independently according to tax law applicable to the Bank and each entity that is part of the Scotiabank Group (note 27).

Deferred tax is recorded using the liability method based on temporary differences derived from tax accounting of assets and liabilities, and their balances in the financial statements of each entity of the Scotiabank Group. Also, it is determined applying the current tax laws and tax rates as of the estimated date in which the deferred tax asset is realized or the deferred tax liability is settled (note 28).

Deferred tax assets and liabilities are recognized excluding the estimated date in which the temporary differences will disappear. Deferred tax assets are recognized only if it is probable that future tax benefits will be available against which the deferred tax asset can be used.

IFRIC 23 clarifies how to apply the recognition and measurement requirements of IAS 12 Income Taxes when there is uncertainty over income tax treatments assumed by the Scotiabank Group in determining income tax. Previously, the IFRIC clarified that the accounting treatment used when there is uncertainty over income tax treatments is under IAS 12 and not under IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

Likewise, IFRIC 23 explains how to recognize and measure current and deferred tax assets and liabilities when there is uncertainty over income tax treatments. An uncertain tax treatment is a tax treatment for which there is uncertainty over whether the Tax Authorities will accept the tax treatment. IFRIC 23 covers all aspects that may be affected by an uncertain tax treatment; this means, an uncertain tax treatment that may affect the determination of taxable profit (tax loss), tax bases, unused tax credits and tax rates (note 27).

### **P. Employees' profit sharing**

The Scotiabank Group recognizes a liability and an expense for employees' profit sharing equivalent to 5% of taxable income determined in accordance with current tax law (note 29).

## **Scotiabank Perú S.A.A. and Subsidiaries**

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### **Q. Income and expense recognition**

Interest income and expense are recognized in profit or loss for the year on an accrual basis, depending on the term of the generating transactions and the interest rate agreed upon with the clients. Fees for banking services are recognized as profit or loss when earned.

SBS Resolution 7036-2012 and amendments establish that income from fees of indirect loans shall be recognized on an accrual basis during the term of such indirect loans. Likewise, fees and expenses for formalization of loans, as well as opening, analysis and assessment of direct and indirect loans, are recognized as profit or loss on an accrual basis within the contract term.

When management considers that there are reasonable uncertainties about the payment of the loan's principal, the Bank, the Financiera and CRAC suspend the recognition of interest in profit or loss. Interest in suspense is recorded in suspense accounts and recognized as earned when collected. If management determines that the debtor's financial position has improved and uncertainty on principal recoverability is no longer present, interest is recorded on an accrual basis again.

Interest income includes return on fixed-income investments classified as investments at FVTPL and available-for-sale investments, as well as recognition of discounts and premiums on financial instruments. Dividends are recorded as profit or loss when they are declared.

Fees for intermediation services from securities acquisition and sale on the stock market are recorded in 'financial service income' when these transactions have been performed through generation and acceptance of transaction policies by clients.

Sales revenue from securities and their cost are recognized when all risks and rewards of ownership have been transferred and it is probable that economic benefits associated to the transaction will flow to the SAB. They are recorded in 'other income, net' in the consolidated statement of profit or loss. Dividends are recorded when declared.

Income from compensation for funds managed by the SAFM is measured daily at a percentage of the assets of each fund.

Income from fees for redemption of shares is recognized as profit or loss when such redemption is carried out.

Fees for asset management services are recognized in profit or loss of the year in which the service is rendered and accrued.

Other income and expenses of the Scotiabank Group are recognized as earned or incurred in the period in which they are accrued.

### **R. Repurchase agreements**

The Bank applies SBS Resolution 5790-2014, which establishes that securities sold under repurchase agreements on a specific future date, are not derecognized from the consolidated statement of financial position since the Bank retains substantially all risks and rewards of ownership of the asset.

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The Bank recognizes the cash received and a liability recorded in 'accounts payable' to refund such cash at maturity. Also, it will make the reclassification of securities subject to the transaction in accordance with SBS regulations. Accounting records of returns will depend on the agreements between the parties. The difference between the final amount and initial amount will be recognized as an expense against a liability within the transaction term using the effective interest method.

As of June 30, 2024 and December 31, 2023, the Scotiabank Group entered into repo transactions on securities and loan portfolio (notes 6, 7 and 17).

### S. Consolidated statement of cash flows

For presentation purposes on this consolidated financial statement, as of June 30, 2024 and December 31, 2023, the balances of 'cash and due from banks' and 'interbank funds' of assets were considered as cash and cash equivalents, except for the restricted cash and due from banks for compliance with repurchase agreements with the BCRP, funds held at accounts opened at the BCRP for the normal processing of instant transfers under Official Letter 0030-2020-BCRP, and reserve funds for compliance with contractual commitments with foreign financial institutions.

### T. Trust funds

Assets and income from trust fund transactions, where there is a liability to return the assets to the clients, and the Bank and Titulizadora act as trustees, are not included in the consolidated financial statements since they belong to neither the Bank nor Titulizadora. They are recorded in suspense accounts for corresponding control. Fees for those activities are included in 'financial service income' (note 23).

### U. Foreign currency transactions and balances

Foreign currency transactions are those transactions carried out in a currency other than the sol. Foreign currency transactions are translated into sol using current exchange rates established by the SBS at transaction date (note 5). Exchange gains or losses resulting from the payment of such transactions and from the translation of monetary assets and liabilities stated in foreign currency at exchange rates ruling at the end of the reporting period are recognized in the consolidated statement of profit or loss.

### V. New accounting pronouncements

#### i. Accounting pronouncements currently effective

The following accounting pronouncements are effective for annual reporting periods beginning on or after January 1, 2024:

<b>New IFRS</b>	<b>Mandatory effective date</b>
<i>IFRS 17 Insurance Contracts</i>	Annual reporting periods beginning on or after January 1, 2023. Early adoption is permitted for entities that adopt IFRS 9 and IFRS 1 on or before that date.
<i>Amendments to IFRS</i>	Mandatory effective date
<i>Initial application of IFRS 17 and IFRS 9 – Comparative Information (Amendments to IFRS 17)</i>	Annual reporting periods beginning on or after January 1, 2023.
<i>Disclosure of accounting policy information (Amendments to IAS 1 and IFRS Practice Statement 2)</i>	Annual reporting periods beginning on or after January 1, 2023.
<i>Making material judgment</i>	

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<b>New IFRS</b>	<b>Mandatory effective date</b>
<i>Definition of accounting estimates (Amendments to IAS 8).</i>	Annual reporting periods beginning on or after January 1, 2023.
<i>Deferred tax related to assets and liabilities arising from a single transaction (Amendments to IAS 12).</i>	Annual reporting periods beginning on or after January 1, 2023.
<i>International tax reform Pillar II Model Rules (Amendments to IAS 12).</i>	Annual reporting periods beginning on or after January 1, 2023.

### ii. **Accounting pronouncement not yet effective**

The following accounting pronouncements are effective for annual reporting periods beginning after January 1, 2024 and have not been applied in the preparation of these consolidated financial statements. The Scotiabank Group expects to adopt the applicable accounting pronouncements on their respective effective dates and not ear.

<b>Amendments to IFRS</b>	<b>Mandatory effective date</b>
<i>Classification of Liabilities as Current and Non-current (Amendments to IAS 1)</i>	Annual reporting periods beginning on or after January 1, 2024. Early application is permitted.
<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)</i>	Effective date has been postpone indefinitely.
<i>Lease liabilities in a sale and leaseback (Amendments to IFRS 16)</i>	Annual reporting periods beginning on or after January 1, 2024. Early application is permitted.
<i>Classification of liabilities with covenants as current and non-current (Amendments to IAS 1)</i>	Annual reporting periods beginning on or after January 1, 2024.
<i>Supplier and finance arrangements (Amendments to IAS 7 and IFRS 7)</i>	Annual reporting periods beginning on or after January 1, 2024 (Early application is permitted) and amendments to IFRS 7 when amendments to IAS 7 are also applied.
<i>Ausencia de convertibilidad (Modificación a la IAS 21)</i>	Annual reporting periods beginning on or after January 1, 2025. Early application is permitted.

## 5. **Foreign Currency Balances**

The consolidated statement of financial position includes balances of foreign currency transactions, mainly in U.S. dollars (US\$), which are recorded in soles (S/) at the Exchange rate set by the SBS. As of June 30, 2024 and December 31, 2023, the exchange rate was US\$ 1 = S/ 3.831 and US\$ 1 = S/ 3.709, respectively.

Local foreign currency transactions and foreign trade transactions referred to the concepts authorized by the BCRP are channeled through a free banking system. As of June 30, 2024, buy and sell exchange rates used were US\$ 1 = S/ 3.827 and US\$ 1 = S/ 3.837, respectively (US\$ 1 = S/ 3.705 and US\$ 1 = S/ 3.713, respectively as of December 31, 2023).

## Scotiabank Perú S.A.A. and Subsidiaries

Notes to the Consolidated Financial Statements

As of June 30, 2024 (unaudited), December 31, 2023 (audited) and June 30, 2023 (unaudited)

As of June 30, 2024 and December 31, 2023 foreign currency balances stated in thousands of U.S. dollars are as follows:

<i>In thousands of</i>	06.30.2024			12.31.2023		
	U.S. dollars	Other currencies	Total	U.S. dollars	Other currencies	Total
<b>Assets</b>						
Cash and due from banks	1,910,892	30,797	1,941,689	2,592,774	23,822	2,616,596
Interbank funds	5,003	-	5,003	20,009	-	20,009
Investments at fair value through profit or loss and available-for-sale investments	587	-	587	82,994	-	82,994
Loan portfolio, net	3,162,180	-	3,162,180	3,367,645	-	3,367,645
Held-for-trading and hedging instruments	21,964	-	21,964	21,372	-	21,372
Accounts receivable, net	7,867	-	7,867	7,079	-	7,079
Other assets, net	122,993	7,899	130,892	10,841	3,600	14,441
	<b>5,231,486</b>	<b>38,696</b>	<b>5,270,182</b>	<b>6,102,714</b>	<b>27,422</b>	<b>6,130,136</b>
<b>Liabilities</b>						
Deposits and obligations and other obligations	4,662,527	35,875	4,698,402	4,558,614	43,206	4,601,820
Borrowings and debts	1,628,272	-	1,628,272	2,608,946	-	2,608,946
Held-for-trading and hedging instruments	20,073	-	20,073	19,038	-	19,038
Other liabilities	248,481	6,526	255,007	76,346	3,275	79,621
	<b>6,559,353</b>	<b>42,401</b>	<b>6,601,754</b>	<b>7,262,944</b>	<b>46,481</b>	<b>7,309,425</b>
<b>Net liability position in the consolidated statement of financial position</b>	<b>(1,327,867)</b>	<b>(3,705)</b>	<b>(1,331,572)</b>	<b>(1,160,230)</b>	<b>(19,059)</b>	<b>(1,179,289)</b>
<b>Derivative transactions</b>	<b>1,181,198</b>	<b>1,108</b>	<b>1,182,306</b>	<b>1,949,231</b>	<b>18,632</b>	<b>1,967,863</b>

During the six-month period ended in June 30, 2024 and 2023, the Scotiabank Group recorded net exchange loss on various transactions for S/ 47,935 thousand and gains net S/ 296,185 thousand, respectively, in 'income from financial transactions' in the consolidated statement of profit or loss (note 24).

As of June 30, 2024, the Scotiabank Group has contingent foreign currency transactions for S/ 52,442,062 thousand equivalent to US\$ 13,688,870 thousand (S/ 49,683,483 thousand equivalent to US\$ 13,395,385 thousand as of December 31, 2023).

## 6. Cash and Due from Banks

This caption comprises the following:

<i>In thousands of soles</i>	06.30.2024	12.31.2023
Cash (a)	1,374,026	1,363,571
Peruvian central bank (a)	9,193,849	8,574,682
Local banks and other financial institutions (b)	92,793	75,826
Foreign banks and other financial institutions (b)	360,679	761,264
Clearing	64,831	47,425
Restricted cash and due from banks (c)	105,939	313,158
Other cash and due from banks	10	14
	<b>11,192,127</b>	<b>11,135,940</b>

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Notes to the Consolidated Financial Statements

As of June 30, 2024 (unaudited), December 31, 2023 (audited) and June 30, 2023 (unaudited)

- (a) As of June 30, 2024, funds held in cash and deposits with the Peruvian central bank (BCRP) include US\$ 1,157,445 thousand and S/ 857,765 thousand (US\$ 1,373,236 thousand and S/ 1,026,200 thousand as of December 31, 2023), which are intended for hedging the reserve requirement that the Bank, CrediScotia and CRAC shall hold for deposits and obligations according to the limits established by current regulation. These funds are deposited with the BCRP and in the financial institutions' vaults.

Cash reserves held at the BCRP do not accrue interest, except for the amounts in local and foreign currency that exceeded the minimum cash reserve. As of June 30, 2024 and December 31, 2023, the excess of minimum reserve requirements in foreign currency accrued interest at an effective annual rate of 4.84% and 4.86% respectively; and generated accrued interest of US\$ 5,206 thousand and US\$ 5,410 thousand, respectively.

As of June 30, 2024, the Scotiabank Group includes US\$ 659,400 thousand corresponding to overnight operations in the BCRP, which accrued interest at a rate of 5.39%, respectively (S/ 15,000 thousand and US\$ 1,009,700 thousand that accrue interest at a 4.00% and 5.33% rate, respectively of December 31, 2023).

- (b) Deposits with local and foreign banks mainly correspond to balances in soles and U.S. dollars, and lower amounts in other currencies. They have free withdrawal option and accrue interest at market rates. As of June 30, 2024, deposits with foreign banks comprise deposits held at the Bank of Nova Scotia for CAN\$ 299 thousand (CAN\$ 1,134 thousand as of December 31, 2023).

As of June 30, 2024 and December 31, 2023, the Scotiabank Group concentrates 86% of its deposits in five and three foreign financial institutions.

- (c) As of June 30, 2024 the restricted cash balance mainly consists of:
- i) Funding held in specific resource account with the BCRP for the regular processing of immediate transfers under Circular N° 0021-2024-BCRP of US\$ 3,716 thousand and S/ 79,237 thousand (US\$ 12,293 thousand and S/ 255,358 thousand at December 31, 2023),
  - ii) Funding held to secure court actions brought against the Bank for S/ 45 thousand (S/ 45 thousand at December 31, 2023); and
  - iii) Other restrictions for US\$ 986 thousand and S/ 8,643 thousand (US\$ 1,119 thousand and S/ 5,671 thousand at December 31, 2023).

As of June 30, 2024 and 2023, interest income from cash and due from banks amounted to S/ 148,938 thousand and S/ 156,174 thousand, respectively. It is recorded in 'interest income' in the consolidated statement of profit or loss (note 21).

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Notes to the Consolidated Financial Statements

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**7. Investments at FVTPL and Available-for-Sale Investments**

This caption comprises the following:

<i>In thousands of soles</i>	<b>06.30.2024</b>	<b>12.31.2023</b>
<b>Investments at FVTPL</b>		
Peruvian treasury bonds (a)	460,489	528,407
BCRP certificates of deposit (b)	294,330	355,294
Corporate bonds (c)	-	25,629
Interests in mutual funds	5,712	5,499
	<b>760,531</b>	<b>914,829</b>
<b>Available-for-sale investments</b>		
Peruvian treasury bonds (a)	5,529,705	4,557,730
BCRP certificates of deposit (b)	158,927	205,698
Corporate bonds (c)	-	102,515
Unlisted securities	4,117	4,146
Listed securities	640	640
	<b>5,693,389</b>	<b>4,870,729</b>
<b>Total investments at FVTPL and available-for-sale investments</b>	<b>6,453,920</b>	<b>5,785,558</b>

- (a) Peruvian treasury bonds correspond to sovereign bonds issued in local currency by the MEF and represent internal public debt instruments of the Republic of Peru. As of June 30, 2024, these bonds accrue interest at annual rates ranging from 1.79% to 8.13% (from 1.79% to 8.13% as of December 31, 2023) with maturities between August 2026 and February 2055 (between August 2024 and August 2037 as of December 31, 2023).

Likewise, as of June 30, 2024 the Scotiabank Group has Peruvian treasury bonds for S/ 1,851,485 thousand (S/ 1,260,703 thousand at December 31, 2023) (note 17(a)(iii)).

- (b) BCRP certificates of deposit are freely negotiable securities in local currency. They are acquired through the BCRP public bids and traded in the Peruvian secondary market. As of June 30, 2024, these certificates accrue interest based on the BCRP reference rate ranging from 5.06% to 6.38% annually (from 5.64% to 7.20% annually as of December 31, 2023) with maturities between July 2024 and February 2025 (between January 2024 and February 2024 as of December 31, 2023).
- (c) The balance corresponds to corporate bonds issued in local currency by the MiVivienda Fund. As of June 30, 2024, the bank does not have these bonds (6.39% and mature in February 2024 as of December 31, 2023).

As of June 30, 2024 and 2023, the accrued interest on investments managed by the Scotiabank Group amounted to S/ 167,090 thousand and S/ 139,781 thousand, respectively. It is recorded as 'interest income' in the consolidated statement of profit or loss (note 21).

As of June 30, 2024 and 2023, the Scotiabank Group generated net gains on sale of available-for-sale investments for S/ 55,360 thousand and S/ 51,635 thousand, respectively (note 24).

As indicated in note 18.F, as of June 30, 2024, the Scotiabank Group generated unrealized net losses on measurement of available-for-sale investments for S/ 42,712 thousand (unrealized net gains for S/ 240,409 thousand as of June 30, 2023).

## Scotiabank Perú S.A.A. and Subsidiaries

Notes to the Consolidated Financial Statements

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As of June 30, 2024 and December 31, 2023 maturities of investments at FVTPL and available-for-sale investments are the following:

<i>In thousands of soles</i>	06.30.2024	12.31.2023
Up to 3 months	4,490,770	5,212,746
From 3 to 12 months	39,449	205,698
More than 1 year	1,923,701	367,114
	<b>6,453,920</b>	<b>5,785,558</b>

## 8. Loan Portfolio, Net

This caption comprises the following:

<i>In thousands of soles</i>	Note	06.30.2024	12.31.2023		
<b>Direct loans (a)</b>					
<b>Current loans</b>					
Loans	32,749,938	60%	33,455,997	61%	
Mortgage loans	10,515,595	19%	10,617,531	19%	
Credit cards	2,166,911	5%	2,137,052	5%	
Finance lease	2,622,357	4%	2,527,572	4%	
Factoring	1,143,757	2%	1,265,599	2%	
Discounts	603,175	1%	722,617	1%	
Overdrafts and advances in checking accounts	35,482	-	83,136	-	
Refinanced loans	1,911,653	4%	1,886,173	3%	
Past-due loans	1,208,992	2%	1,120,793	2%	
Lawsuit loans	1,508,929	3%	1,438,588	3%	
		<b>54,466,789</b>	<b>100%</b>	<b>55,255,058</b>	<b>100%</b>
<b>Plus (less)</b>					
Accrued interest on current loans	421,847	-	389,032	-	
Deferred interest	(28,774)	-	(29,636)	-	
Provision for loan losses (b)	(4,435,013)	-	(4,109,518)	-	
		<b>50,424,849</b>	<b>-</b>	<b>51,504,936</b>	<b>-</b>
<b>Contingent loans</b>	<b>20</b>	<b>9,892,925</b>	<b>-</b>	<b>12,618,051</b>	<b>-</b>

As of June 30, 2024 and December 31, 2023, 51 % of the loan portfolio (direct and indirect loans) was concentrated in 874 and 641 clients, respectively.

The loan portfolio (direct and indirect loans) is mainly secured by collaterals received from clients, which mainly comprise mortgages, chattel mortgages and commercial pledges, third-party letters of guarantees and securities. The value of these mortgages and pledges is determined based on the net realizable value in the market less costs to sell, as required under in SBS regulations.

Additionally, as indicated in note 4.E, the Bank and CrediScotia participated in the Reactiva Peru program I and II, placing government guaranteed loans. As of June 30, 2024 and December 31, 2023, the types of loans under this program are the following:

<i>In thousands of soles</i>	06.30.2024		12.31.2023	
	Balance	Guaranteed (%)	Balance	Guaranteed (%)
Type of loan				
Corporate loans	3,111	80%	4,782	80%
Large-business loans	71,670	85%	72,642	86%
Medium-business loans	159,236	94%	271,838	94%
Micro-business loans	1,247	94%	984	98%
Small-business loans	34,204	97%	41,309	97%
<b>Loans from Reactiva Peru program</b>	<b>269,468</b>	<b>90%</b>	<b>391,555</b>	<b>91%</b>

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The payment obligations to the BCRP related to this program are presented within 'accounts payable'. As of June 30, 2024 and December 31, 2023, they amounted to S/ 207,425 thousand and S/ 356,688 thousand (note 17(a)(i)), respectively.

Also, as of June 30, 2024 and December 31, 2023, CrediScotia participated in the FAE-MYPE I, II and III, placing government guaranteed loans, as follows:

	06.30.2024							
	FAE-MYPE I		FAE-MYPE II		FAE-MYPE III		Total average	
<i>In thousands of soles</i>	Guaranteed (%)		Guaranteed (%)		Guaranteed (%)		guaranteed (%)	
Micro-business loans	60	70%	145	98%	41	98%	246	89%
Small-business loans	157	58%	43	98%	15	98%	215	85%
<b>FAE-MYPE</b>	<b>217</b>	<b>64%</b>	<b>188</b>	<b>98%</b>	<b>56</b>	<b>98%</b>	<b>461</b>	<b>87%</b>

  

	12.31.2023							
	FAE-MYPE I		FAE-MYPE II		FAE-MYPE III		Total average	
<i>In thousands of soles</i>	Guaranteed (%)		Guaranteed (%)		Guaranteed (%)		guaranteed (%)	
Micro-business loans	49	70%	179	98%	80	98%	308	89%
Small-business loans	177	60%	83	98%	24	98%	284	85%
<b>FAE-MYPE</b>	<b>226</b>	<b>65%</b>	<b>262</b>	<b>98%</b>	<b>104</b>	<b>98%</b>	<b>592</b>	<b>87%</b>

Balances payable to COFIDE related to the FAE I, II and III programs as of June 30, 2024 and December 31, 2023, are shown within accounts payable and borrowings in note 16(a).

Annual interest rates are regulated by the market and may be determined at the discretion of the Bank, CrediScotia and CRAC. As of June 30, 2024 and December 31, 2023 effective interest rates on main assets were the following:

	06.30.2024		12.31.2023	
	Local currency	Foreign currency	Local currency	Foreign currency
%				
Overdrafts (*)	55.00 – 85.00	30.00 -55.00	55.00 – 85.00	30.00 -55.00
Discounts and commercial loans	6.05 – 37.08	4.97 – 14.92	5.85 – 35.40	3.00 – 14.04
Consumer loans	13.06 – 68.05	6.71 – 44.15	12.89 – 68.76	6.55 – 42.83

(\*) For loans exceeding S/ 100 thousand and US\$ 100 thousand, respectively.

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- (a) As of June 30, 2024 and December 31, 2023, according to current SBS regulations, the credit risk rating of loan portfolio of the Bank, CrediScotia and CRAC is as follows:

<i>In thousands of soles</i>	06.30.2024				12.31.2023			
	Number of debtors	Direct	Indirect	Total	Number of debtors	Direct	Indirect	Total
<b>Risk rating</b>								
Standard	1,180,789	46,456,623	8,986,911	55,443,534	1,100,710	47,948,223	11,237,723	59,185,946
Potential problems	40,249	2,826,418	643,041	3,469,459	44,531	2,511,712	1,118,951	3,630,663
Substandard	41,509	1,087,409	65,815	1,153,224	45,694	1,034,697	68,268	1,102,965
Doubtful	96,844	1,563,101	68,488	1,631,589	96,856	1,429,948	143,549	1,573,497
Loss	133,538	2,533,238	128,670	2,661,908	93,753	2,330,478	49,560	2,380,038
	<b>1,492,929</b>	<b>54,466,789</b>	<b>9,892,925</b>	<b>64,359,714</b>	<b>1,381,544</b>	<b>55,255,058</b>	<b>12,618,051</b>	<b>67,873,109</b>

**Scotiabank Perú S.A.A. and Subsidiaries**

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As of June 30, 2024 (unaudited), December 31, 2023 (audited) and June 30, 2023 (unaudited)

(b) Movement in the provision for direct loan losses is as follows:

<i>In thousands of soles</i>	<b>Specific</b>	<b>Generic</b>	<b>Total</b>
Balance as of January 1, 2023	2,579,569	1,275,043	3,854,612
Additions charged to profit or loss	1,413,540	242,995	1,656,535
Recovery of provisions	(757,122)	(247,533)	(1,004,655)
Transfer of provisions and others	509	(398)	111
Write-off and forgiveness	(612,741)	(24,000)	(636,741)
Exchange difference	(37,232)	(7,212)	(44,444)
<b>Balance as of June 30, 2023</b>	<b>2,586,523</b>	<b>1,238,895</b>	<b>3,825,418</b>
Balance as of January 1, 2024	2,912,789	1,196,729	4,109,518
Additions charged to profit or loss	1,879,762	214,320	2,094,082
Recovery of provisions	(897,594)	(200,265)	(1,097,859)
Transfer of provisions and others	985	(335)	650
Write-off and forgiveness	(697,714)	-	(697,714)
Exchange difference	21,988	4,348	26,336
<b>Balance as of June 30, 2024</b>	<b>3,220,216</b>	<b>1,214,797</b>	<b>4,435,013</b>

(c) Provision for loan losses, net, as shown in the consolidated statement of profit or loss is as follows:

<i>In thousands of soles</i>	<b>06.30.2024</b>	<b>06.30.2023</b>
Provision for loan losses	(2,094,082)	(1,656,535)
Recovery of provisions	1,097,859	1,004,655
Income from recovery of loan portfolio	65,552	54,092
<b>Provision for loan losses, net of recoveries</b>	<b>(930,671)</b>	<b>(597,788)</b>

The Bank, CrediScotia and CRAC record legal provisions for their loan portfolio according to the SBS regulations. They also record voluntary provisions for loan losses included in the general provision.

As of June 30, 2024, the voluntary provisions of the Bank, CrediScotia and CRAC amount to S/ 576,189 thousand, S/ 60,337 thousand and S/ 10,200 thousand, respectively (S/ 547,222 thousand, S/ 60,298 thousand and S/ 10,200, respectively, as of December 31, 2023).

**Scotiabank Perú S.A.A. and Subsidiaries**

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As of June 30, 2024 (unaudited), December 31, 2023 (audited) and June 30, 2023 (unaudited)

As of June 30, 2024 and December 31, 2023, the distribution of the provision for impairment loss on accounts receivable by type of loan is as follows:

<i>En miles de soles</i>	<b>06.30.2024</b>				<b>12.31.2023</b>			
	<b>General</b>	<b>Specific</b>	<b>Voluntary</b>	<b>Total</b>	<b>General</b>	<b>Specific</b>	<b>Voluntary</b>	<b>Total</b>
<b>Type of loan</b>								
Corporate loans	113,085	211,973	90,724	415,782	112,040	187,764	32,682	332,486
Large-business loans	43,492	189,218	139,656	372,366	47,840	158,893	146,656	353,389
Medium- business loans	62,360	985,201	125,549	1,173,110	64,475	902,241	142,549	1,109,265
Small-business loans	17,103	312,053	40,050	369,206	16,955	286,015	38,784	341,754
Micro-business loans	728	4,967	39,740	45,435	1,244	5,285	41,476	48,005
Consumer loans	119,177	1,099,651	167,794	1,386,622	123,386	1,006,998	171,764	1,302,148
Mortgage loans	80,665	530,104	43,213	653,982	81,619	482,560	43,809	607,988
<b>Total</b>	<b>436,610</b>	<b>3,333,167</b>	<b>646,726</b>	<b>4,416,503</b>	<b>447,559</b>	<b>3,029,756</b>	<b>617,720</b>	<b>4,095,035</b>

As indicated in note 4.E, from November 2014, the procyclical component for the calculation of the provision was deactivated. As of June 30, 2024 and December 31, 2023, the Scotiabank Group did not apply the procyclical component to record specific provisions. As of June 30, 2024, the Bank and CrediScotia have a balance of S/ 46,530 thousand (S/ 45,377 thousand as of December 31, 2023).

As of June 30, 2024, the Scotiabank Group's provision for exchange rate risk amounts to S/ 18,311 thousand and other provisions amount to S/ 199 thousand (S/ 12,944 thousand and S/ 1,539 thousand as of December 31, 2023).

## Scotiabank Perú S.A.A. and Subsidiaries

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As of June 30, 2024 (unaudited), December 31, 2023 (audited) and June 30, 2023 (unaudited)

- (d) These credit facilities on the payment terms included debt rescheduling applicable to bank driven payment extension and customer driven payment extension loan portfolio depending on the loans.

As of June 30, 2024 and December 31, 2023, the debt rescheduling of the Bank, CrediScotia and CRAC is as follows:

<i>In thousands of soles</i>	06.30.2024			12.31.2023		
	Gross	Individual	Total	Gross	Individual	Total
<b>Type of loan</b>						
Large-business loans	-	1,651	1,651	-	2,308	2,308
Medium-business loans	2,212	32,968	35,180	2,560	46,745	49,305
Small-business loans	1,330	8,875	10,205	5,497	16,326	21,823
Micro-business loans	50	11	61	195	52	247
Consumer loans	7,218	73,695	80,913	14,178	100,029	114,207
Mortgage loans	40,599	370,438	411,037	50,308	446,571	496,879
	<b>51,409</b>	<b>487,638</b>	<b>539,047</b>	<b>72,738</b>	<b>612,031</b>	<b>684,769</b>

Likewise, the Bank, CrediScotia and CRAC as of June 30, 2024 recognized provisions for rescheduled loans for S/ 4,348 thousand, S/ 96 thousand and S/ 5 thousand, respectively (S/ 5,638 thousand, S/ 188 thousand and S/ 12 thousand, respectively as of December 31, 2023).

- (e) As of June 30, 2024 and December 31, 2023, maturities of direct loans are as follows:

<i>In thousands of soles</i>	06.30.2024			12.31.2023		
	Currency	Currency	Total	Currency	Currency	Total
	Local	Foreign		Local	Foreign	
Up to 1 month	2,450,605	1,904,735	4,355,340	2,271,347	2,369,773	4,641,120
1-3 months	3,302,066	3,609,549	6,911,615	3,386,345	3,259,620	6,645,965
3-6 months	3,805,052	2,292,014	6,097,066	3,885,780	2,181,153	6,066,933
6-12 months	4,750,111	1,410,758	6,160,869	4,871,944	1,703,223	6,575,167
More than 1 year	25,643,572	3,002,253	28,645,825	26,047,066	3,108,458	29,155,524
Past-due loans and lawsuit loans	1,962,872	755,049	2,717,921	1,878,548	680,833	2,559,381
Less: Accrued interest	(288,510)	(133,337)	(421,847)	(267,539)	(121,493)	(389,032)
	<b>41,625,768</b>	<b>12,841,021</b>	<b>54,466,789</b>	<b>42,073,491</b>	<b>13,181,567</b>	<b>55,255,058</b>

## 9. Held-for-Trading and Hedging Instruments

The Bank has commitments to buy forward contracts ("forwards"), cross-currency (swaps – "CCS") and interest (rate swaps – "IRS"). As of June 30, 2024 and December 31, 2023, fair value of held-for-trading instruments and hedging instruments has generated accounts receivable and payable as follows:

<i>In thousands of soles</i>	06.30.2024		12.31.2023	
	Accounts receivable	Accounts payable	Accounts receivable	Accounts payable
<b>Held-for-trading instruments (a)</b>				
Foreign-exchange forward contracts	170,204	243,731	287,856	215,146
Interest rate swaps	84,145	76,899	79,430	70,612
Cross-currency swaps	269,321	39,283	63,869	177,176
<b>Held-for-trading instruments</b>	<b>523,670</b>	<b>359,913</b>	<b>431,155</b>	<b>462,934</b>

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- (a) During six-month ended in June 30, 2024 and 2023, held-for-trading instruments generated a net gain for S/ 138,018 thousand and net loss for S/ 205,907 thousand, respectively (note 24).

As of June 30, 2024, the Scotiabank Group did not hold hedging derivatives (as of June 30, 2023 it generated interest expense of S/ 38,979 thousand) (note 22).

**10. Accounts Receivable, Net**

This caption comprises the following:

<i>In thousands of soles</i>	<b>06.30.2024</b>	<b>12.31.2023</b>
<b>Financial instruments</b>		
Sale of investments (a)	4,078,598	906,880
Commissions receivable	16,596	15,309
Payments on behalf of third parties, net	23,985	17,233
Collection services	-	268
Sale of goods and services, trust, net	5,880	12,033
Advances to personnel	2,902	2,833
Accounts receivable from third parties	664	117
Other accounts receivable, net (b)	140,142	149,288
	<b>4,268,767</b>	<b>1,103,961</b>
<b>Non-financial instruments</b>		
Tax claims (c)	252,292	293,393
	<b>4,521,059</b>	<b>1,397,354</b>

- (a) As of June 30, 2024 and December 31, 2023, the balance corresponds to accounts receivable generated from sales of sovereign bonds on the last day of the month, which are settled during the first days of the following month and are mainly related to: i) sale of sovereign bonds for S/ 3,195,091 thousand and S/ 680,593 thousand, respectively; ii) short sale of sovereign bonds for S/ 883,507 thousand and S/ 226,287 thousand, respectively.
- (b) As of June 30, 2024, other receivables net of their respective allowance for doubtful accounts include mainly: i) unsettled transactions with debit and credit cards for S/ 64,280 thousand (S/ 72,559 thousand as of December 31, 2023); ii) finance leases for S/ 8,556 thousand (S/ 10,053 thousand as of December 31, 2023); iii) refund of travel expenses for S/ 5,245 thousand (S/ 3,329 thousand as of December 31, 2023); and iv) other accounts receivable for S/ 62,062 thousand (S/ 63,347 thousand as of December 31, 2023).
- (c) As of June 30, 2024 and December 31, 2023, the balance comprises the following:
- i) An amount of S/ 481,845 thousand corresponding to payments made under protest related to a tax claim before the Tax Authorities and the Tax Court, which was resolved in the year 2013 after more than 14 years at the administrative stage. At that stage, the Tax Authorities determined the existence of an alleged tax debt borne by the Bank derived from the sales tax credit related to purchase transactions of gold entered into between the years 1997 and 1998. Between December 2013 and February 2014, the Bank paid in full the debt under protest without recognizing the validity or legality of the debt. Such payment was recognized as an account receivable.

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On November 2013, since the Bank considered irregular and illegal the alleged tax debt from a claim that was resolved after more than 14 years and resulted in accrued interest, the Bank filed two legal actions for review of the case and recovery of the payment under protest: (i) a writ of amparo (Amparo 1) to review the unconstitutionality of accrued interest due to the excess of the legal term of the tax administration in the resolution of the case, and (ii) an adversary administrative proceeding to discuss the alleged tax.

On November 9, 2021, the Constitutional Court issued a ruling on the legal proceeding referred to default interest (Amparo 1), declaring the claim inadmissible. In June 2018, regarding the adversary administrative proceeding referred to the alleged tax, the Supreme Court dismissed the claim. Consequently, in July 2018, the Bank initiated a new writ of amparo (Amparo 2) demanding the nullity of such ruling and the reopening of the adversary administrative proceeding. A favorable outcome would result in the reopening of the adversary administrative proceeding and in a new ruling from the Supreme Court and probably the other authorities. To date, such second proceeding is pending resolution by the Superior Court.

As of June 30, 2024 and December 31, 2023, it is the opinion of management and internal and external legal advisors that, although the adversary administrative proceeding and Amparo 1 were resolved, Amparo 2 is still in force and pending resolution, the Bank will achieve a favorable outcome given the procedural errors incurred in the ruling of the Supreme Court. Such outcome would result in the reopening of the adversary administrative proceeding, which will enable the Bank to obtain the refund of the payment under protest.

It should be noted that in March 2015 and 2022, the SBS, by means of Notices No. 10454-2015 and No. 1261 6-2022, requested the recording of provisions for the amount of the alleged tax (principal) amounting to S/ 48,031 thousand and S/ 72,430 thousand, respectively. The provision recorded in March 2022, resulted in the recording of an expense amounting to S/ 7,716 thousand.

On October 12, 2023, the SBS, by means of Notice No. 58666, required additional provisions to be recorded for the full balance of receivable. In this regard, on December 27, 2023, the Bank received SBS Notice No. 71859 authorizing the Bank to record a provision for the remaining balance of the account receivable of S/ 361,384 thousand against the additional capital (note 18.C). Therefore, at December 31, 2023, a 100% provision was made for this account receivable on a prudential basis.

On May 31, 2024, the Constitutional Court published on its website the judgment regarding the process called Amparo 2, declaring the claim filed by Scotiabank Peru unfounded. This ruling, based on the legal provisions in force, is a final resolution for the undeclared taxes under claim plus the interest calculated within the regular resolution period of such claim, which totals S/ 92,375 thousand. Therefore, in May 2024, the Bank proceeded to write off the account receivable that it had fully provisioned for those items. Still pending in the account receivable balance is the claim related to the amount of interest calculated for the period in excess of the regular resolution period and up to the settlement date, considering that the Bank is within the regulatory period to apply for a refund.

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It should be noted that these prudential provision requirements are regardless of the estimate for the expected favorable outcome mentioned in the preceding paragraphs.

- ii) Comprising mainly payments made by the Bank under protest for S/ 230,094 thousand relating to the Temporary Tax on Net Assets (ITAN) for fiscal years 2005 and 2006. These payments are being challenged by the Bank in courts, considering them to be undue, and that they should be offset against income tax and other tax credits.

Bank Management and its legal advisors consider that these amounts will be returned to the Bank upon obtaining a Resolution in its favor.

- iii) At of December 31, 2022, the Bank reported payments made under protest of S/ 25,760 thousand for the income tax audit of fiscal 2013. On December 29, the Bank was notified with SUNAT's Resolution (RI) No. 012-180 - 0033095, which declared the refund request to be admissible and SUNAT proceeded to refund S/ 40,979 thousand for the amount paid under protest plus interest of S/ 15,220 thousand.

At December 31, 2022, Financiera reported payments under protest of S/ 21,072 on 2010 and 2011 income tax proceedings. In 2023 it was notified with resolutions by SUNAT corresponding to tax refunds of totaling S/ 35,754 thousand (Taxes of S/ 17,411 thousand and Interest for S/ 18,342 thousand).

This accrued interest earned was recorded in profit or loss Other income.

## 11. Goodwill

This caption comprises the following:

<i>In thousands of soles</i>	<b>06.30.2024</b>	<b>12.31.2023</b>
Citibank del Perú S.A.(a)	287,074	287,074
CrediScotia Financiera S.A. (b)	-	232,315
Unibanca S.A. (c)	4,772	4,772
	<b>291,846</b>	<b>524,161</b>

- (a) Goodwill generated in the acquisition of the commercial retail and consumer banking business of Citibank del Perú.
- (b) Goodwill arising on the acquisition of 100% of the capital stock of CrediScotia which amounts to S/ 232,315 thousand. During 2022, the Bank recorded a provision for impairment of goodwill, recognizing a loss of S/ 46,503 thousand on it at its fair value at that date.

On May 6, 2024, the Bank entered into an agreement with Banco Santander S.A. for the transfer of 100% of the capital stock of CrediScotia Financiera S.A. Further, as usual in this type of agreements, completion of the transaction is subject to the fulfillment of certain conditions, such as, obtaining authorization from the SBS, the Peruvian Agency for free competition and Intellectual Property protection (Indecopi, the Spanish acronym) and the European Central Bank for the acquisition of the shares by Banco Santander S.A. At the reporting date, the process to obtain the aforementioned authorizations is in progress.

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On May 28, 2024 Scotiabank Peru (SBP) recognized impairment of its investment in its subsidiary CrediScotia Financiera (CSF) based on the fair value obtained for such investment considering the sales price received by CSF. Consequently, SBP recognized the impairment of goodwill of S/ 232,315 thousand which resulted from the acquisition of CrediScotia. The effect of the impairment of the investment was determined based on the sales price received of S/ 163,335 thousand.

Also, the costs relating to such sales transactions amounts to S/ 29,912 thousand (note 17(c)) were recognized in May.

As of June 30, 2024 Management determined that there is no additional impairment.

- (c) Goodwill arising from the purchase of shares of Servicios Bancarios Compartidos S.A. amounted to S/ 4,772 thousand.

According to SBS regulations, goodwill has been assessed by management on an annual basis. The latter determined that there is no impairment as of June 30, 2024 and December 31, 2023, except as indicated in paragraph (b).

**Scotiabank Perú S.A.A. and Subsidiaries**

Notes to the Consolidated Financial Statements

As of June 30, 2024 (unaudited), December 31, 2023 (audited) and June 30, 2023 (unaudited)

**12. Property, Furniture and Equipment, Net**

This caption comprises the following:

<i>In thousands of soles</i>	<b>Land</b>	<b>Property and premises</b>	<b>Furniture, fixture and IT equipment</b>	<b>Vehicles</b>	<b>Goods in-transit and work-in-progress</b>	<b>06.30.2024</b>	<b>06.30.2023</b>
<b>Cost</b>							
Balance as of January 1	128,236	766,479	443,188	2,999	37,268	1,378,170	1,353,377
Additions	-	81	2,999	-	4,673	7,753	8,916
Sales (a)	(8,589)	(36,050)	(9,886)	-	-	(54,525)	(86)
Transfers	-	6,761	778	-	(7,539)	-	6,984
Disposals and others	-	(8,035)	(7,732)	(67)	(129)	(15,963)	(254)
<b>Balance as of June 30</b>	<b>119,647</b>	<b>729,236</b>	<b>429,347</b>	<b>2,932</b>	<b>34,273</b>	<b>1,315,435</b>	<b>1,368,937</b>
<b>Accumulated depreciation and impairment losses</b>							
Balance as of January 1	-	664,443	391,995	2,576	-	1,059,014	1,043,744
Additions	-	8,182	8,797	92	-	17,071	18,927
Sales	-	(34,169)	(9,683)	-	-	(43,852)	(86)
Disposals and others	-	(7,367)	(7,428)	(67)	-	(14,862)	(246)
<b>Balance as of June 30</b>	<b>-</b>	<b>631,089</b>	<b>383,681</b>	<b>2,601</b>	<b>-</b>	<b>1,017,371</b>	<b>1,062,339</b>
<b>Net carrying amount</b>	<b>119,647</b>	<b>98,147</b>	<b>45,666</b>	<b>331</b>	<b>34,273</b>	<b>298,064</b>	<b>306,598</b>

According to current regulations, the Bank, Crediscotia and Caja Rural in Peru cannot pledge as collateral the assets that are part of their property, furniture and equipment, except for those acquired through the issuance of lease bonds to carry out finance leases.

- (a) During year 2024, the Scotiabank Group sold real estate with a carrying amount of S/ 9,854 thousand, resulting in gross profits of S/ 41,839 thousand (note 26).

## Scotiabank Perú S.A.A. and Subsidiaries

Notes to the Consolidated Financial Statements

As of June 30, 2024 (unaudited), December 31, 2023 (audited) and June 30, 2023 (unaudited)

### 13. Intangible Assets, Net

This caption comprises the following:

<i>In thousands of soles</i>	<b>Software and others</b>	<b>Work-in-progress</b>	<b>Goodwill</b>	<b>Other intangible assets</b>	<b>Exclusive agreement</b>	<b>Cencosud brand name</b>	<b>06.30.2024</b>	<b>06.30.2023</b>
<b>Cost</b>								
Balance as of January 1	568,250	47,560	6,653	24,717	-	-	647,180	902,439
Additions	1,849	29,597	-	-	-	-	31,446	38,306
Transfers	-	-	-	-	-	-	-	(6,984)
Disposals and others	(7)	(40)	(355)	-	-	-	(402)	-
<b>Balance as of June 30</b>	<b>570,092</b>	<b>77,117</b>	<b>6,298</b>	<b>24,717</b>	<b>-</b>	<b>-</b>	<b>678,224</b>	<b>933,761</b>
<b>Accumulated amortization</b>								
Balance as of January 1	454,533	-	2,829	18,018	-	-	475,380	524,370
Additions	20,073	-	64	226	-	-	20,363	33,174
Disposals and others	-	-	(354)	(3)	-	-	(357)	-
<b>Balance as of June 30</b>	<b>474,606</b>	<b>-</b>	<b>2,539</b>	<b>18,241</b>	<b>-</b>	<b>-</b>	<b>495,386</b>	<b>557,544</b>
<b>Net carrying amount</b>	<b>95,486</b>	<b>77,117</b>	<b>3,759</b>	<b>6,476</b>	<b>-</b>	<b>-</b>	<b>182,838</b>	<b>376,217</b>

On March 1, 2019, the Bank purchased 51% of the shares of CRAC Cencosud Scotia Perú S.A., an entity engaged in issuing and managing credit and debit cards in Peru. This transaction gave rise to an exclusivity and trademark intangible asset for the Scotiabank Group of S/ 326,302 thousand and S/ 4,148 thousand, respectively; as well as a deferred income tax liability of S/ 99,136 thousand, which is being amortized over a period of 15 years.

In October 2023, the recoverable amount at that date arising from the updated projections of the CGU (cash generating unit) was lower than the net carrying amount at that date. As a result, an impairment loss was recognized for 100% of the intangible asset comprising the exclusivity contract, the intangible comprising the Cencosud brand and its related deferred taxes held at that date.

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Notes to the Consolidated Financial Statements

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**14. Other Assets, Net**

This caption comprises the following:

<i>In thousands of soles</i>	<b>06.30.2024</b>	<b>12.31.2023</b>
<b>Financial instruments</b>		
Transactions in progress (a)	858,989	144,207
	<b>858,989</b>	<b>144,207</b>
<b>Non-financial instruments</b>		
Prepaid expenses (b)	146,078	150,166
Realizable and repossessed assets, net of accumulated depreciation and provision for impairment loss for S/ 236,033 thousand (S/ 230,718 thousand in 2023)	32,375	38,509
Tax credit	407,959	276,646
Others	10,601	9,376
	<b>597,013</b>	<b>474,697</b>
	<b>1,456,002</b>	<b>618,904</b>

- (a) Transactions in progress are mainly those carried out during the last days of the month and are reclassified in the following month to their final accounts in the consolidated statement of financial position. These transactions do not have an impact on the Scotiabank Group's profit or loss. As of June 30, 2024, it includes treasury transactions for S/ 806,262 thousand (S/ 86,263 thousand as of December 31, 2023), transactions to be settled with Cámara de Compensación Electrónica for S/ 33,459 thousand (S/ 37,539 thousand as of December 31, 2023), and invoices-in-transit for S/ 4,573 thousand (S/ 6,002 thousand as of December 31, 2023).
- (b) As of June 30, 2024, prepaid expenses mainly include: i) deferred loan origination costs related to fees paid to the external sales force for S/ 108,797 thousand (S/ 121,262 thousand as of December 31, 2023); ii) prepaid fees for loans received for S/ 5,411 thousand (S/ 5,145 thousand at December 31, 2023) y iii) prepaid leases for S/ 4,504 thousand (S/ 3,024 thousand at December 31, 2023).

**15. Deposits and Obligations with Financial Institutions**

This caption comprises the following:

<i>In thousands of soles</i>	<b>06.30.2024</b>		<b>12.31.2023</b>	
Corporate clients	22,028,967	46%	17,671,603	39%
Individuals	19,027,245	40%	20,276,239	46%
Non-profit entities	4,209,373	9%	3,943,923	9%
Others	3,115,303	5%	2,899,033	6%
	<b>48,380,888</b>	<b>100%</b>	<b>44,790,798</b>	<b>100%</b>

As of June 30, 2024 and December 31, 2023, deposits and other obligations in U.S. dollars represent 37% and 38% of total amount, respectively. As of June 30, 2024, deposits include accounts pledged in favor of the Bank and CrediScotia for credit transactions for S/ 257,105 thousand and US\$ 134,326 thousand (S/ 268,562 thousand and US\$ 141,856 thousand as of December 31, 2023).

As of June 30, 2024 and December 31, 2023, total deposits and obligations from individuals and nonprofit entities amount to S/ 13,916,876 thousand and S/ 14,750,632 thousand, respectively, and are secured by the Peruvian Deposit Insurance Fund according to current regulations.

## Scotiabank Perú S.A.A. and Subsidiaries

Notes to the Consolidated Financial Statements

As of June 30, 2024 (unaudited), December 31, 2023 (audited) and June 30, 2023 (unaudited)

According to article 4 of SBS Resolution 0657-99, deposits secured by the Peruvian Deposit Insurance Fund are the following:

- Registered deposits, under any modality, from individuals and private non-profit entities.
- Accrued interest on the aforementioned deposits as from their respective opening dates or their last renewal dates; and
- Demand deposits corresponding to other legal entities.

As of June 30, 2024 and December 31, 2023, the maximum amount secured for each individual amounted to S/ 122 thousand and S/ 124 thousand, respectively.

The Bank, CrediScotia and CRAC freely establish interest rates for its liability transactions based on demand and supply, and type of deposit. As of June 30, 2024 and December 31, 2023 effective rates of main assets ranged as follows:

	06.30.2024		12.31.2023	
	Local currency	Foreign currency	Local currency	Foreign currency
%				
Savings deposits	1.30 - 2.85	0.11 - 0.38	0.98 – 2.51	0.10 – 0.37
Time deposits	3.95 - 8.99	0.02 – 4.71	6.54 – 8.69	0.03 – 4.62
Bank certificates	-	0.07 – 2.25	-	0.07 – 1.99
Length-of-service compensation deposits	2.66 - 5.68	0.87 - 0.99	2.83 - 5.68	0.86 – 1.11

As of June 30, 2024 and December 31, 2023, maturities of time deposits of clients and financial institutions were as follows:

	06.30.2024			12.31.2023		
	Local currency	Foreign currency	Total	Local currency	Foreign currency	Total
<i>In thousands of soles</i>						
Up to 1 month	3,606,210	2,572,693	6,178,903	3,543,984	1,609,817	5,153,801
1-3 months	2,666,689	1,600,739	4,267,428	2,383,142	1,718,621	4,101,763
3-6 months	1,258,724	1,152,439	2,411,163	1,519,296	882,212	2,401,508
6-12 months	1,611,939	540,698	2,152,637	1,606,455	1,160,929	2,767,384
More than 1 year	1,321,461	259,449	1,580,910	904,872	268,942	1,173,814
	<b>10,465,023</b>	<b>6,126,018</b>	<b>16,591,041</b>	<b>9,957,749</b>	<b>5,640,521</b>	<b>15,598,270</b>
Interest	200,568	59,071	259,639	257,987	66,922	324,909
	<b>10,665,591</b>	<b>6,185,089</b>	<b>16,850,680</b>	<b>10,215,736</b>	<b>5,707,443</b>	<b>15,923,179</b>

Demand deposits, savings deposits and length-of-service compensation deposits have no contractual maturities.

## Scotiabank Perú S.A.A. and Subsidiaries

Notes to the Consolidated Financial Statements

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### 16. Borrowings and Debts

This caption comprises the following:

<i>In thousands of soles</i>	<b>06.30.2024</b>	<b>12.31.2023</b>
Borrowings and debts		
<b>Obligations in the country</b>		
COFIDE (a)	977,516	951,199
Other banks	165,000	20,000
<b>Ordinary loans from abroad</b>		
Related banks (b)	4,903,680	5,674,770
Other banks (c)	1,302,540	4,023,935
	<b>7,348,736</b>	<b>10,669,904</b>
Interest payable (b)	28,725	60,046
	<b>7,377,461</b>	<b>10,729,950</b>
Securities and obligations (d)	802,636	744,977
	<b>8,180,097</b>	<b>11,474,927</b>

- (a) The credit lines of COFIDE in the Bank and CrediScotia correspond to resources obtained for loans granting, mainly for mortgage loan financing programs of MiVivienda Fund, which accrue a fixed interest rate adjusted to the VAC index.

As of June 30, 2024 and December 31, 2023, the Bank and the Financiera hold obligations with COFIDE for S/ 766,843 thousand and S/ 754,306 thousand, respectively, which are guaranteed by a mortgage loan portfolio, as follows:

<i>In thousands of</i>	<b>Moneda</b>	<b>06.30.2024</b>		<b>12.31.2023</b>	
		<b>Net loans</b>	<b>Backed debt</b>	<b>Net loans</b>	<b>Backed debt</b>
<b>Detail</b>					
Mortgage loans –					
MiVivienda Fund (*)	Soles	751,752	762,253	787,618	747,774
Mortgage loans –					
MiVivienda Fund (*)	U.S. dollars	1,354	1,198	2,006	1,761

(\*) The Bank and CrediScotia entered into specific loan arrangements, which have standard terms of compliance on certain operating issues that, in management's opinion, have been met.

Likewise, as of June 30, 2024 and December 31, 2023, the Bank entered into agreements to channel resources with COFIDE for S/ 210,673 thousand and S/ 196,893 thousand, respectively. Said resources will be used to fund corporate and medium-business loans.

As of June 30, 2024 and December 31, 2023, there are no balances payable to COFIDE linked to the FAE I, FAE II and FAE III program.

- (b) As of June 30, 2024, ordinary loans with related banks include debts payable to Scotiabank Caribbean Treasury Limited for US\$ 1,280,000 thousand, which accrue interest at annual rates ranging from 4.97% to 6.18% with maturities between April 2025 and June 2026 (US\$ 1,530,000 thousand as of December 31, 2023, which accrue interest at annual rates ranging from 1.17% to 6.18 % with maturities between January 2024 and June 2025).

These loans do not have collaterals nor compliance terms.

## Scotiabank Perú S.A.A. and Subsidiaries

Notes to the Consolidated Financial Statements

As of June 30, 2024 (unaudited), December 31, 2023 (audited) and June 30, 2023 (unaudited)

- (c) As of June 30, 2024, the Bank holds borrowings and debts with other foreign banks for US\$ 340,000 thousand (US\$ 1,061,994 thousand as of December 31, 2023), which accrue interest at annual rates ranging from 5.33% y 6.05% (5.89% y 6.44% as of December 31, 2023).

As of June 30, 2024 and December 31, 2023, these transactions contain standard terms of compliance with financial ratios and, in management's opinion, those terms do not affect the Bank's operations and are being met.

As of June 30, 2024 and December 31, 2023, maturities of borrowings from banks and other financial institutions were as follows:

<i>In thousands of soles</i>	<b>06.30.2024</b>	<b>12.31.2023</b>
Up to 1 month	29,987	2,734,064
1-3 months	680,739	1,240,722
3-6 months	129,843	278,311
6-12 months	2,075,659	146,418
More than 1 year	4,461,233	6,330,435
	<b>7,377,461</b>	<b>10,729,950</b>

- (d) As of June 30, 2024 and December 31, 2023, securities and bonds issued by the Bank and CrediScotia are as follows:

<i>In thousands of soles</i>	<b>Annual interest</b>	<b>Maturity</b>	<b>06.30.2024</b>	<b>12.31.2023</b>
Issuance				
Redeemable subordinated bonds				
1st Issuance A – 1st Program - SBP (i)	7.34%	2025	535,560	535,560
1st Issuance A – 1st Program - CSF (ii)	7.41%	2027	-	130,000
			<b>535,560</b>	<b>665,560</b>
Negotiable certificates of deposit (iii)			256,829	70,006
			<b>792,389</b>	<b>735,566</b>
Interest payable and obligations			10,247	9,411
			<b>802,636</b>	<b>744,977</b>

- i. SBS Resolution 2315-2015, dated April 24, 2015, authorized the issuance of the Scotiabank Peru's First Subordinated Bonds Program up to US\$ 400,000 thousand or the equivalent in soles. These bonds qualify as a tier 2 capital. In May 2015, the Bank issued 53,556 subordinated bonds in local currency with a par value of S/ 10,000 each and a 10-year term from the issuance date. These bonds accrue an annual interest rate of 7.34375% to be paid each semester. This issuance was private and held in the local market.
- ii. In July 2012, the CrediScotia Financiera issued subordinated bonds for S/ 130,000 thousand which, under SBS Resolution 4873-2012, qualify as tier 2 capital. Maturity of these bonds is in July 2027 and bear interest at an annual fixed rate of 9.41% from August 2022 (the previous rate was 7.41%); they also have a redemption option after ten years provided that the terms and conditions of the issue are met. The funds raised were used exclusively to finance credit transactions.

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On January 31, 2024, the Financial CrediScotia redeemed the first Subordinated Bond program – First Issuance, which was issued on July 24, 2012 in the local market for a total of S/ 130,000 thousand (One Hundred and Thirty Million and 00 /100 Soles), equivalent to the face value of all the Subordinated Bonds in Circulation of the First Issue. This issuance was authorized by the Superintendency of Banking, Insurance and AFP (SBS) through Resolution No. 4273-2012 dated July 20, 2012.

- iii. At the Board meeting of the CrediScotia held on October 31, 2018, the Fifth Program of Negotiable Certificates of Deposit (CDN) was approved for up to S/ 500,000 thousand or its equivalent in U.S. dollars. Furthermore, by means of SBS Resolution No. 1663-2019 dated April 17, 2019, the SBS issued its favorable opinion on this issuance.

On January 25, 2024, the CrediScotia carried out the auction of the fifth program of the Negotiable Deposit Certificate (CDN) Second Series B issue for the amount of S/ 94,256, thousand with a maturity date of January 20, 2025, which accrues at a rate of 6.09375%.

Subordinated bonds issued by the Bank do not have specific collateral; however, they have a general guarantee on the equity of those entities.

The maturity of outstanding securities is as follows:

<i>In thousands of soles</i>	<b>06.30.2024</b>	<b>12.31.2023</b>
Up to 3 months	1,552	871
3-6 months	67,614	69,412
6-12 months	733,243	4,953
More than 1 year	227	669,741
	<b>802,636</b>	<b>744,977</b>

- (e) During the six-month ended in June 30, 2024 and 2023, interest expenses on borrowings and debts contracted by the Scotiabank Group totaled S/ 252,098 thousand and S/ 295,714 thousand, respectively (note 22).

## 17. Provisions and Other Liabilities

This caption comprises the following:

<i>In thousands of soles</i>	<b>06.30.2024</b>	<b>12.31.2023</b>
<b>Accounts payable</b>		
Repurchase agreements (a)	2,473,136	2,593,133
Other accounts payable	2,661,555	574,546
Short sale	1,015,795	201,708
Vacations, remunerations and profit sharing payable	32,174	24,115
	<b>6,182,660</b>	<b>3,393,502</b>
<b>Provisions</b>		
Provision for litigations and claims (b)	38,867	36,070
Provision for various contingencies (c)	32,823	2,702
Provision for indirect loan losses and country risk	91,040	150,565
Other provisions (d)	154,321	130,772
	<b>317,051</b>	<b>320,109</b>
<b>Other liabilities</b>		
Transactions in progress (e)	1,051,446	345,582
Deferred income (f)	300,372	167,394
	<b>1,351,818</b>	<b>512,976</b>
	<b>7,851,529</b>	<b>4,226,587</b>

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As of June 30, 2024 (unaudited), December 31, 2023 (audited) and June 30, 2023 (unaudited)

- (a) As of June 30, 2024, the balance of obligations for repurchase agreements includes:
- (i) Repurchase agreements with certificates of participation in the Reactiva Peru program I and II entered into with the BCRP for S/ 207,425 thousand (S/ 356,688 thousand as of December 31, 2023). They accrue interest at an interest rate of 0.5% with a maturity of 3 years from the date of issuance.
  - (ii) Repurchase agreements on credit portfolio represented by securities for S/ 1,038,452 thousand as of June 30, 2024 and December 31, 2023. They accrue interest at an interest rate ranging from 1.25% to 3.5% with a maturity of 3 years from the date of issuance.
  - (iii) Repurchase agreements on Peruvian Treasury Bonds with the BCRP for S/ 1,149,621 thousand. They accrue interest at an interest rate ranging from 5.76% to 6.03% with a maturity between July 2024 and August 2024 (S/ 1,137,500 thousand and accrue interest at an interest rate ranging from 7.00% to 7.5% with a maturity ranging from March 2024 to December 2024, as of December 31, 2023) (note 7(a)).
- (b) As of June 30, 2024 and December 31, 2023, the Scotiabank Group has legal actions underway, which are related to civil and labor claims, among others. These legal actions resulted from activities and transactions performed during the normal course of business of each entity of the Scotiabank Group. Management does not consider that they will have a significant impact on business or profit or loss.
- (c) As of June 30, 2024 and December 31, 2023, the balance amounted mainly comprises reversals or recoveries of provisions recorded in prior years against equity accounts, which according to SBS Official Letter 23797-2003, shall be reclassified to deficits in other asset accounts of the Bank.
- During March 2022, upon approval of the SBS, one hundred percent of this balance was reallocated at that date to record a provision requested by this entity by means of Official Letter No. 12616-2022 (see note 10(c)(i)).
- (d) As of June 30, 2024, the balance of other provisions mainly includes:
- i) provisions for personnel expenses for S/ 71,746 thousand (S/ 92,365 thousand as of December 31, 2023); ii) provisions for marketing campaigns of liability products for S/ 4,637 thousand (S/ 4,734 thousand as of December 31, 2023); and iii) provisions related to credit and debit card transactions for S/ 29,759 thousand (S/ 27,462 thousand as of December 31, 2023).
- (e) Transactions in progress are mainly those carried out during the last days of the month and are reclassified in the following month to their final accounts of the consolidated statement of financial position. These transactions do not affect the Scotiabank Group's profit or loss. As of June 30, 2024, liability transactions in progress mainly include: i) S/ 829,947 thousand for treasury transactions (S/ 83,310 thousand as of December 31, 2023); ii) S/ 60,553 thousand for credit card transactions (S/ 178,857 thousand as of December 31, 2023); and iii) S/ 54,119 thousand for client deposits in transit (S/ 38,682 thousand as of December 31, 2023).
- (f) As of June 30, 2024, it mainly includes income for i) S/ 24,454 thousand for exclusive right fees (S/ 25,446 thousand as of December 31, 2023); ii) S/ 38,891 thousand for indirect loan fees (S/ 30,187 thousand as of December 31, 2023); and S/ 7,067 thousand for structuring and trust service fees (S/ 9,959 thousand as of December 31, 2023), which are recorded in the Scotiabank Group's profit or loss during the term of the contract that originates them.

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During May 2023, a deferred gain was recorded of S/ 50,315 thousand arising from the sale of the financed portfolio to an unrelated third party, authorized by the SBS under Resolution No.01594-2023, which will be recognized in income based on the cash flows collected. In June 2024, this deferred income decreased by S/ 41,962 thousand due to the debtor made a cash payment for the financing granted on the sale of the credit portfolio, in that sense the Bank recognized an income recorded in the results from financial transactions.

## 18. Equity

### A. General

The regulatory capital of the Bank, CrediScotia and CRAC is determined in accordance with the Banking Law and is used to calculate legal limits and restrictions applicable to financial institutions in Peru. As of June 30, 2024, the regulatory capital of such entities totals S/ 10,732,968 thousand, S/ 694,307 thousand and S/ 117,460 thousand, respectively (S/ 10,831,700 thousand, S/ 836,845 thousand and S/ 111,343 thousand, respectively, as of December 31, 2023).

The Bank has a favorable opinion from the SBS for issuing redeemable subordinated debt instruments, computable as Tier 2 regulatory capital, for up to US\$ 1,000,000 thousand (one billion and 00/100 US dollars) or its equivalent in Soles. This favorable opinion was issued on June 7, 2023 by means of SBS Resolution No. 02002-2023. At the reporting date, the Bank's Management does not expect to issue any bonds.

As of June 30, 2024, credit risk weighted assets and indirect loans determined by the Bank, CrediScotia and CRAC, according to the regulation applicable to financial institutions, amount to S/ 66,809,249 thousand, S/ 2,919,376 thousand and S/ 672,446 thousand, respectively (S/ 66,265,610 thousand, S/ 3,047,529 thousand and S/ 846,405 thousand, respectively, as of December 31, 2023).

As of June 30, 2024 and December 31, 2023, the Banking Law established as a global limit that the regulatory capital shall be equal to or greater than 8.5%, respectively, of the total risk weighted assets and indirect loans, which corresponds to the sum of: the amount of regulatory capital requirements for market risk multiplied by 10, plus the amount of the regulatory capital requirements for operational risk multiplied by 10 plus the credit risk weighted assets and indirect loans.

As of June 30, 2024, the regulatory capital of the Bank, CrediScotia and CRAC represents 14.67%, 19.29% and 14.21% respectively, of the minimum capital requirements per market, operational and credit risk (14.95%, 25.02% and 13.15%, respectively, as of December 31, 2023).

SBS Resolution 2115-2009, approved the "Regulation on Regulatory Capital Requirement for Operational Risk." As of June 30, 2024 and December 31, 2023, the Bank and CrediScotia have applied the alternative standard method for the calculation of the regulatory capital requirement for operational risk. According to Official Letter 17024-201 6-SBS and 17016-201 6-SBS, the Bank and CrediScotia shall use the alternative standard method for the calculation of the regulatory capital requirement, which shall be equivalent to 50% of the difference between the requirements calculated using the basic indicator method and the alternative standard method.

SBS Resolution 1265-2020, issued March 26, 2020, extended the application period of the alternative standard method for the Bank and CrediScotia Financiera until September 2022. In the case of CRAC, the basic indicator approach is applied.

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SBS Resolution 03435-2022, issued November 11, 2022, extended the application period of the alternative standard method for the Bank until September 2025.

Finally, SBS Resolution 8425-2011 and its amendments approved the method for the calculation of additional regulatory capital requirement, which establishes that this requirement shall be equal to the sum of the regulatory capital requirements calculated for each of the following components: i) economic cycle, ii) concentration risk, iii) market risk concentration, iv) interest rate risk, and v) other risks.

As of June 30, 2024, additional regulatory capital of the Bank, CrediScotia and CRAC amounted to S/ 1,861,258 thousands, S/ 58,487 thousand and S/ 16,012 thousand, respectively, and CrediScotia does not have an additional regulatory capital (S/ 1,848,306 thousand, S/ 54,345 thousand and S/ 16,513 thousand as of December 31, 2023, respectively).

### B. Share capital

As of June 30, 2024 and December 31, 2023 the Bank's authorized, subscribed and paid-in share capital comprise 822,677,853 common. All shares have voting rights and a par value of S/ 10.00 each. As of June 30, 2024 and December 31, 2023, the quotation value of common shares of the Bank was S/ 11.00 and S/ 11.95 per share, respectively.

General Stockholders' Meeting, held March 29, 2023, approved the increase in share capital for S/ 200,000 thousand through the capitalization of the 2022 profits. As a result, from the capitalization, the share capital increased to S/ 8,226,777 thousand represented by 822,677,853 common shares with a par value of S/ 10.00 each as of December 31, 2023.

Shareholding on the Bank's share capital is as follows:

	06.30.2024		12.31.2023	
	Number of shareholders	%	Number of shareholders	%
From 0.01 to 1	1,235	0.69	1,244	0.69
From 50.01 to 100	1	99.31	1	99.31
	<b>1,236</b>	<b>100.00</b>	<b>1,245</b>	<b>100.00</b>

Under the Banking Law, as of June 30, 2024, the share capital is required to reach the minimum amount of S/ 33,280 thousand (S/ 33,949 thousand as of December 31, 2023), at a constant value. This amount is updated at the end of each fiscal year, based on the wholesale price index (WPI), as published by the National Institute of Statistics.

### C. Additional capital

This caption comprises the following:

<i>In thousands of soles</i>	06.30.2024	12.31.2023
Issuance Premium	31,775	31,775
Gain on treasury shares	1,304	1,304
	<b>33,079</b>	<b>33,079</b>

As of June 30, 2024 and December 31, 2023, the Bank holds 284 treasury shares.

On December 27, 2023, by means of Official Notice No. 71589, the SBS authorized the Bank to record an allowance for doubtful accounts receivable reflecting tax claims applied to additional capital for a total of S/ 361,384 thousand ((10(c)(i)).

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### D. Legal reserve

In accordance with the Banking Law, the Bank is required to have a legal reserve of more than 35% of its share capital. This reserve is created by an annual transfer of not less than 10% of profit after tax, and supersedes the reserve referred to in the Banking Law. In accordance with the Banking Law, the amount of this reserve may also be increased through contributions made by the stockholders for this purpose.

General Shareholders' Meeting, held March 26, 2024, applied to legal reserve an amount of S/ 73,692 thousand, corresponding to 10% of net profit for the year 2023.

General Shareholders' Meeting, held March 29, 2023, applied to legal reserve an amount of S/ 142,552 thousand, corresponding to 10% of net profit for the year 2022.

### E. Retained earnings

The General Shareholders' Meeting, held March 26, 2024, approved the distribution of 2023 net profit for S/ 736,925 thousand, as follows:

- i Allocate 10% of net profit, amounting to S/ 73,692 thousand, to increase the legal reserve.
- ii Cash dividend payment for S/ 663,233 thousand. Such payment was made in May 2024.

General Shareholders' Meeting, held March 29, 2023, approved the distribution of 2022 net profit for S/ 342,552 thousand, as follows:

- i Allocate 10% of the net profit, amounting to S/ 142,552 thousand, to increase the legal reserve.
- ii Capitalize a total of S/ 200,000 thousand and maintain the remaining balance, for an amount of S/ 1,082,964 thousand in retained earnings.

### F. Unrealized gains and losses

As of June 30, 2024 and December 31, 2023, it mainly includes unrealized gains and losses on available-for-sale investments, hedging instruments and interests in other comprehensive income of associates, net of deferred tax effect.

Movement in the Scotiabank Group's unrealized gains and losses during the six-month periods ended June 30, 2024 and 2023, net of deferred tax, was as follows:

<i>In thousands of soles</i>	<i>Note</i>	<b>06.30.2024</b>	<b>06.30.2023</b>
Balance as of January 1		44,923	(269,860)
Net unrealized profit (loss) on available-for-sale investments	7	(42,712)	240,409
Cash flow hedges	9	-	647
Net unrealized gain on associates		151	115
<b>Balance as of June 30</b>		<b>2,362</b>	<b>(28,689)</b>

## 19. Contingencies

The Scotiabank Group has several pending legal claims related to its ongoing activities. It is the opinion of management and its legal advisors that these claims will not result in liabilities additional to those recorded by the Scotiabank Group. Therefore, management considers that no additional provision is necessary for these contingencies (note 17(b)).

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**20. Contingent Risks and Commitments**

In the normal course of business, the Bank, the Financiera and CRAC perform contingent transactions under off-consolidated statement of financial position (contingent assets). These transactions expose the Bank, the Financiera and CRAC to additional credit risks, beyond the amounts recorded in the consolidated statement of financial position. Credit risk for contingent transactions that are recorded in suspense accounts in the consolidated statement of financial position is related to the probability that one of the participants of the respective contract does not meet the agreed terms.

The related contracts consider the amounts that the Bank, the Financiera and CRAC would assume for credit losses on contingent transactions. The Bank, the Financiera and CRAC apply similar credit policies when assessing and granting direct loans and indirect loans.

Many of the indirect loans are expected to expire without any withdraw required. The total amounts do not necessarily represent future cash outflows for the Bank, the Financiera, and CRAC. Also, documentary credits, such as letters of credit issued, guarantees and letters of guarantee are contingent commitments issued by the Bank and the Financiera to guarantee a client's obligation before a third party.

As of June 30, 2024 and December 31, 2023; contingent accounts comprise the following:

<i>In thousands of soles</i>	<b>Note</b>	<b>06.30.2024</b>	<b>12.31.2023</b>
<b>Indirect loans</b>	<b>8</b>		
Guarantees and letters of guarantee		8,896,872	11,766,995
Letters of credit issued		786,683	632,437
Outstanding banker's acceptance		209,370	218,619
		<b>9,892,925</b>	<b>12,618,051</b>
Unused credit lines		25,633,921	18,782,968
Derivative instruments		40,271,436	38,139,720
		<b>75,798,282</b>	<b>69,540,739</b>

**21. Interest Income**

This caption comprises the following:

<i>In thousands of soles</i>	<b>Note</b>	<b>06.30.2024</b>	<b>06.30.2023</b>
Direct loan portfolio		2,609,669	2,636,453
Cash and due from banks and deposits with banks	<b>6</b>	148,938	156,174
Available-for-sale investments	<b>7</b>	145,454	131,072
Investments at FVTPL	<b>7</b>	21,636	8,709
Interbank funds		4,012	7,221
Other finance income		318	662
		<b>2,930,027</b>	<b>2,940,291</b>

**22. Interest Expenses**

This caption comprises the following:

<i>In thousands of soles</i>	<b>Note</b>	<b>06.30.2024</b>	<b>06.30.2023</b>
Deposits and obligations		692,984	711,297
Borrowings and debts	<b>16(e)</b>	252,098	295,714
Repurchase agreements		41,417	71,189
Deposits with financial institutions		8,715	24,992
Profit or loss from hedging instruments	<b>9</b>	-	38,979
Fees for borrowings and debts		8,432	9,226
Interbank funds		15,347	6,775
		<b>1,018,993</b>	<b>1,158,172</b>

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**23. Financial Service Income, Net**

This caption comprises the following:

<i>In thousands of soles</i>	<b>06.30.2024</b>	<b>06.30.2023</b>
<b>Income</b>		
Income from fees for collections services	163,037	174,923
Income from bank service commissions	130,390	122,407
Other income and fees for banking services	92,406	85,549
Income from services and maintenance of liability transactions and transfer fees	46,984	46,287
Income from compensation for mutual funds and fees for redemption of shares	29,437	23,358
Income from structuring and management services	33,729	27,359
Income from teleprocessing services	15,747	16,866
Income from recovery of loan portfolio	6,433	5,870
Income from fees and intermediation services	3,653	1,994
Other income	43,451	38,349
	<b>565,267</b>	<b>542,962</b>
<b>Expenses</b>		
Credit/debit card expenses	(99,508)	(89,422)
Deposit insurance fund premiums	(31,619)	(33,282)
Expenses for insurance services	(2,113)	(3,115)
Other expenses	(162,978)	(164,875)
	<b>(296,218)</b>	<b>(290,694)</b>
	<b>269,049</b>	<b>252,268</b>

**24. Profit or Loss from Financial Transactions**

This caption comprises the following:

<i>In thousands of soles</i>	<i>Note</i>	<b>06.30.2024</b>	<b>06.30.2023</b>
Net exchange loss (gain)	5	(47,935)	296,185
Gain on sale of available-for-sale investments	7	55,360	51,635
Net gain on sale and measurement of investments at FVTPL		23,715	32,311
(Loss) gain on interests (a)		(158,912)	4,680
Net gain (loss) on measurement of held-for-trading instruments	9(a)	138,018	(205,907)
Others, net		50,497	26,309
		<b>60,743</b>	<b>205,213</b>

(a) Includes S/ 163,336 thousand corresponding to the decrease of the fair value of Bank' investment in its subsidiary CSF as a result of the sale agreement mentioned in Note 11(b).

(b) Includes the income coming from the payment of the financing granted for the sale of the portfolio mentioned in note 17(f).

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**25. Administrative Expenses**

This caption comprises the following:

<i>In thousands of soles</i>	<b>06.30.2024</b>	<b>06.30.2023</b>
Personnel and board of directors expenses	423,529	439,218
Expenses for third-party services	418,246	406,913
Taxes and contributions	50,839	48,308
	<b>892,614</b>	<b>894,439</b>

**26. Other Income, Net**

This caption comprises the following:

<i>In thousands of soles</i>	<b>06.30.2024</b>	<b>06.30.2023</b>
Sale of non-financial services	7,000	4,283
Lease of own assets	1,706	1,459
Gain on sale of realizable and repossessed assets	3,077	8,123
Reimbursements and refunds	69	67
Gain (loss) on sale of property, furniture and equipment (a)	40,006	(44)
Interest on tax refund	860	17,510
Other income (expenses) (b)	(41,795)	1,822
	<b>10,923</b>	<b>33,220</b>

(a) Includes the gain on sales of the real estates (note 12).

(b) Includes the costs involved in the CrediScotia sale transaction, which amounted to S/ 29,912 thousand (note 11(b)) and other net expenses for S/ 11,883 thousand.

**27. Tax Matters****Consolidation**

A. Income tax is determined on an individual basis and not on a consolidated basis. According to the tax law in force in Peru, income tax is settled based on statutory financial statements and additions, deductions and tax losses established.

**Income tax regime**

B. The Scotiabank Group is subject to the Peruvian tax regime. As of June 30, 2024 and June 2023, the corporate income tax is calculated on the basis of the net taxable income determined by the Scotiabank Group at a rate of 29.5%.

On May 24, 2012, the CRAC entered into a legal stability agreement with the Peruvian Government in accordance with Title II of Legislative Decree 662, Chapter I, Title V of Legislative Decree 757 and Law 27342. The agreement is effective for ten years following its execution. Consequently, the 2021 income tax rate is 30%. Currently the agreement is not in force.

The income tax rate applicable to dividend distribution and any other form of profit distribution amounts to 5%, in the case of profits generated and distributed since January 1, 2017 onwards.

It shall be presumed that the dividend distribution or any other form of profit distribution correspond to the retained earnings or other items that could generate older taxable dividends.

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- C. In accordance with current Peruvian tax law, non-domiciled individuals only pay taxes for their Peruvian source income. In general terms, revenue obtained by non-domiciled individuals from the services rendered in the country shall be subject to a 30% income tax on gross income, provided that no double tax treaties are applicable. On this concern, Peru has currently entered into double tax treaties with the Andean Community, Chile, Canada, Brazil, Portugal, Switzerland, Mexico, South Korea and Japan.

Concerning the technical assistance or digital services rendered by non-domiciled individuals to domiciled individuals, regardless of the place where the service is rendered, they shall be subject to a 15% and 30% income tax rate on gross income, respectively, provided that no double tax treaties are applicable. Technical assistance shall be subject to a 15% applicable rate, provided that Income Tax Law requirements are met. As noted above, the retention ratio in these situations may vary or retention may not be applicable if provisions of current double tax treaties are applied.

**Income tax determination**

- D. The Scotiabank Group computed its tax base for the years ended June 30, 2024 and 2023, and determined income tax for S/ 110,326 thousand and S/ 161,962 thousand, respectively.

The Scotiabank Group's current tax has been determined for fiscal years 2024 and 2023, net of prior years, as follows:

<i>In thousands of soles</i>	<b>06.30.2024</b>	<b>06.30.2023</b>
Scotiabank Perú S.A.A.	104,085	149,848
CrediScotia Financiera S.A.	(548)	5,554
Scotia Fondos Sociedad Administradora de Fondos S.A.	6,812	5,432
Servicios, Cobranzas e Inversiones S.A.C.	527	949
Caja Rural de Ahorro y Crédito Cencosud Scotia Perú S.A.	(1,207)	7
Scotia Sociedad Agente de Bolsa S.A.	386	-
Scotia Sociedad Titulizadora S.A.	271	172
	<b>110,326</b>	<b>161,962</b>

Income tax expense comprises the following:

<i>In thousands of soles</i>	<b>06.30.2024</b>	<b>06.30.2023</b>
Current tax (debit) credit		
Current year	118,668	160,008
Prior year adjustments	(8,342)	1,954
	<b>110,326</b>	<b>161,962</b>
Deferred tax (debit) credit	(107,065)	5,643
<b>Net income tax expense</b>	<b>3,261</b>	<b>167,605</b>

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The reconciliation of the tax rate to the effective tax rate is as follows:

<i>In thousands of soles</i>	<b>06.30.2024</b>		<b>06.30.2023</b>	
<b>Profit before tax</b>	<b>195,058</b>	<b>100.00%</b>	<b>713,713</b>	<b>100.00%</b>
Income tax (theoretical)	57,542	29.50%	210,546	29.50%
<b>Tax effect on additions and deductions</b>				
Permanent differences	(55,450)	(28.43%)	(44,830)	(6.28%)
Prior year income tax adjustment	1,169	0.60%	1,889	0.26%
<b>Current and deferred tax recorded as per effective rate (a)</b>	<b>3,261</b>	<b>1.67%</b>	<b>167,605</b>	<b>23.48%</b>

- (a) The effective tax rate disclosure in June 2024 report includes the effect of deferred income tax generated on the sale of CSF' shares (note 11(b)). The deferred income tax on the sale of CSF corresponds to S/ 122,377.

**Tax Loss**

- E. In accordance with article 50 of the Income Tax Law, a Peruvian company may carry losses forward in one of the two ways:

System A: It consists of the use of the tax loss generated from the year in which it was accrued and with a term of up to 4 years for its use. After such term, the tax loss is considered as expired.

System B: It establishes that the tax loss carryforward can be used until its depletion, offsetting only 50% of the tax base generated in the year. Legislative Decree 1481, published on May 8, 2020, established that, as an exceptional measure, the term for tax loss carryforwards under the System A is five years, only for the total net loss of the corporate income obtained in the taxable year 2020.

As of June 30, 2023, CrediScotia recognized deferred tax assets for S/ 80,124 thousand for the carryforward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which they can be utilized.

As of December 31, 2021, the CRAC elected the System B and determined its tax loss carryforward for S/ 96,172 thousand. As of June 30, 2024, the unused tax losses have not expired and maintains a balance of S/ 124,344 thousand.

<i>In thousand of soles</i>	<b>Compensation</b>	<b>Accumulated balance</b>
2023	36,655	124,344
2022 – loss application	(8,483)	87,689
2021	96,172	96,172

The CRAC recognized as of June 30, 2024 a deferred tax assets for S/ 36,681 thousand for the carryforward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which they can be utilized.

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### ***Temporary tax on net assets***

- F. The Scotiabank Group is subject to Temporary Tax on Net Assets whose tax base is composed of the prior period adjusted net asset value less depreciations, amortizations, legal cash reserve, and specific provisions for credit risk. The tax rate is 0.4% for years 2023 and 2022 and is applied to the amount of net assets exceeding S/ 1 million. It may be paid in cash or in nine consecutive monthly installments. The amount paid may be used as a credit against payments on account of Income Tax Law for taxable periods from March to December of the fiscal period for which the tax was paid until maturity date of each of the payments on account, and against the payment for regularization of income tax of the corresponding taxable period. In the event a remaining balance is not applied, its refund could be requested. In 2024, the Bank, CrediScotia, CRAC, SAB, SAFM, Titulizadora and SCl determined that the temporary tax on net assets amounts to S/ 260,356 thousand, S/ 11,716 thousand, S/ 2,648 thousand, S/ 153 thousand, S/ 332 thousand, S/ 18 thousand and S/ 338 thousand, respectively (S/ 265,208 thousand, S/ 11,561 thousand, S/ 2,181 thousand, S/ 164 thousand, S/ 371 thousand, S/ 22 thousand and S/ 399 thousand in 2023).

### ***Tax on financial transactions***

- G. Tax on financial transactions for fiscal periods 2024 and 2023 was fixed at the rate of 0.005%. This tax is applied on debits and credits in bank accounts or movements in funds made through the financial system, unless the account is tax-exempt.

### ***Transfer pricing***

- H. In determining the income tax, transfer pricing with related parties and entities domiciled in territories with low or zero taxation shall be supported with documents and information on the valuation techniques and the criteria used for their determination. Until fiscal year 2016, the formal obligations of Transfer Pricing were the presentation of a transfer pricing sworn statement and a technical study.

Through Legislative Decree 1312, published December 31, 2016 and effective January 1, 2017, the following formal obligations were established to replace the former ones: (i) presentation of a Local File (if accrued revenue exceeds 2,300 tax units [UIT, for its Spanish acronym]); (ii) presentation of a Master File (if accrued revenue of the group exceeds 20,000 UIT); and (iii) presentation of a Country-by-Country Reporting (if 2017 accrued, consolidated revenue of the multinational group's Parent Company exceeds S/ 2,700,000,000 or € 750,000,000). The presentation of the Master File and the Country-by-Country Reporting is mandatory for transactions corresponding to the year 2017 onwards.

According to Tax Authorities' Resolution 014-2018-SUNAT, published January 18, 2019, the Electronic Form 3560 was approved for presentation of the Local File, establishing the deadlines for its presentation and the content and format that should be therein included.

In 2024, the Scotiabank Group presented the Local File for the year 2023, excluding the Titulizadora, which was not required to present such file according to the provisions.

The deadline for the presentation of the Local File for the year 2023 was in June 2024, in accordance with the maturity schedule published by the Tax Authorities.

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The Master File for the year 2023 shall be presented in October 2024 according to the schedule of monthly tax obligations agreed for the tax period of September published by the Tax Authorities. The Bank, CrediScotia, CRAC, SAB and SCI presented the file for the year 2022.

The Scotiabank Group presented the Country-by-Country Reporting for the years 2017 and 2018 (it is not mandatory for the year 2019) to the Tax Authorities, in accordance with the extension established in Resolutions 054-2019/SUNAT and 155-2020/SUNAT.

According to the information published by the Organization for Economic Cooperation and Development (OECD), the automatic exchange of information agreement between Peru and Canada is effective from the year 2019. The Country-by-Country Reporting for the year 2021 will no longer be presented by the Scotiabank Group since such agreement is effective from the year 2019.

Likewise, Legislative Decree 1312 also established that intra-group services with low added value shall not have a margin greater than 5% of their costs. Concerning the services rendered between related parties, taxpayers must comply with the benefit test and provide the documentation and information under specific conditions for the deduction of costs or expenses.

According to Tax Authorities' Resolution 163-2018-SUNAT, published June 29, 2018, the Electronic Form 3561 was approved for presentation of the Master File and the Electronic Form 3562 for presentation of the Country-by-Country Reporting, establishing the deadlines for its presentation and the content and format that should be therein included.

Legislative Decree N° 1116 established that Transfer Pricing Standards are not applicable for sales tax.

### **Tax assessment by Tax Authorities**

- I. The Tax Authorities are entitled to audit and, if applicable, to correct the income tax calculated by the Scotiabank Group within the four years following the year of the tax return filing. The Scotiabank Group's sales tax returns for the years 2018 through 2022 are open for review by the Tax Authorities, excluding the Banks sales tax returns for the year 2016 and 2017 as a result of a correction made in the year 2021. As of the date of this report, the Tax Authorities have completed the review of the corporate income tax for fiscal year 2019, and has begun the review of the corporate income tax for the fiscal year 2020.

The Scotiabank Group's income tax returns that are open for review by the Tax Authorities are as follows:

	<b>Tax returns subject to audit</b>	<b>Tax returns under audit</b>
Scotiabank Perú S.A.A.	From 2016 to 2017 and from 2021 to 2023	2020
CrediScotia Financiera S.A.	From 2019 to 2023	2021
Servicios, Cobranzas e Inversiones S.A.C.	From 2019 to 2023	2021
Scotia Fondos Sociedad Administradora de Fondos Mutuos S.A.	From 2019 to 2023	-
Scotia Sociedad Agente de Bolsa S.A.	From 2019 to 2023	-
Scotia Sociedad Titulizadora S.A.	From 2019 to 2023	-
Caja Rural de Ahorro y Crédito Cencosud Scotia Perú S.A.	From 2019 to 2023	-
Fideicomiso sobre Bienes Inmuebles Depsa	From 2019 to 2022	-

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Concerning tax returns for fiscal years 2007 through 2010 and 2013 through 2015, the Tax Authorities issued various Tax Assessment and Fine Resolutions on the determination of corporate income tax for said years, which were challenged. The Bank filed appeals which are pending resolution of Tax Courts and Judicial Authority respectively. The years 2009, 2010, 2013 and 2014 were resolved by the Tax Court and are awaiting some judicial action by the Tax Authority. The year 2009 is currently being sued before the judiciary.

The Tax Authorities have sent Tax Assessment and Fine Resolutions to the Bank, which are related to non-domiciled income tax for the periods 2008 and 2011 and related to Essalud contributions for the periods 2011 and 2012, which are being appealed.

Concerning CrediScotia, the Tax Authorities have completed the audits for fiscal years 2008 to 2011 and 2020, issuing Tax Assessment and Fine Resolutions on the determination of income tax for such years, which were challenged by CrediScotia. For the years 2008 to 2011, the values were challenged. The years 2008 and 2009 had results before the Tax Court and are currently defendants and 2011 in the Tax Court. For the year 2020 the values were compensated and later the claim will be presented.

Concerning the CRAC, it was audited by the Tax Authorities in 2012. The CRAC filed an appeal in 2017, which was resolved by the Tax Court. Currently, is sued before the Judiciary. In 2016, the Tax Authorities concluded the tax assessment of year 2013 and did not generate any significant contingencies. In 2020, the Tax Authorities concluded the tax assessment of year 2014 and did not generate any significant contingencies. To date, recovery of tax losses is pending before the Judiciary. In 2022, the Tax Authorities concluded the process of auditing the Income Tax of the period 2019, issuing Tax Assessment and Fine Resolution which were paid under protest. In 2023, the Tax Authorities concluded the process of auditing the Income Tax of the period 2020, issuing Tax Assessment and Fine Resolution which were paid under protest. The Tax Authorities conducted a partial audit to the SCI corresponding to the year 2016. Currently, this case is in judicial authority. Also, the Tax Authorities conducted a partial audit to the SCI corresponding to the year 2017. Currently, The process is discussed in the tax administration. As of the date of this report, the Tax Authorities has begun the review of the corporate income tax for the fiscal year 2021.

It is the opinion of management and its legal advisors that these tax proceedings and the periods pending assessment will not generate significant liabilities that may impact on the Scotiabank Group's profit or loss according to IFRIC 23.

Due to the possibility of various interpretations of the current regulations by the Tax Authorities, it is not possible to determine, to date, whether a future tax audit will result or not in liabilities for the Scotiabank Group of the period in which they are recognized. However, it is the opinion of management and its legal advisors that any possible additional settlement of taxes would not be significant for the Scotiabank Group's consolidated financial statements as of June 30, 2024 and 2023.

### ***Uncertainty over Income Tax Treatments***

- J. In accordance with IFRIC 23, the Scotiabank Group assessed its uncertain tax treatments and concluded, based on its assessment of tax compliance and transfer pricing, that it is probable that the Tax Authorities will accept its uncertain tax treatment. The Interpretation did not have an effect on the Scotiabank Group's consolidated financial statements as of June 30, 2024 and 2023.

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Notes to the Consolidated Financial Statements

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### ***Sales tax regime***

- K. As of June 30, 2024 and 2023, the sales tax is calculated on the basis of the taxable income determined by the Scotiabank Group monthly at a rate of 18%.

The fees and interest derived from the transactions of banks and financial institutions, municipal savings and credit institutions, municipal savings and credit and popular institutions, small and micro enterprises development institutions, credit unions and rural savings and credit institutions are exempt from sales tax.

### ***Income tax exemptions and exceptions***

- L. Since 2010, capital gains from the disposal or redemption of securities made in centralized trading mechanisms are subject to income tax. For this purpose, the value of securities has been established as computable cost at the end of the taxable period 2009 (quotation value), acquisition cost, or increase in the equity value, under the procedure established in Supreme Decree 011-2010-EF.

Emergency Decree 005-2019 extended the exemption until December 31, 2022 and included new assumptions that shall also be exempted: i) debt instruments; ii) certificates of participation in mutual funds of investment in securities; iii) certificates of participation in real estate investment (FIRBI, for its Spanish acronym) and certificates of participation in real estate trusts (FIBRA, for its Spanish acronym); and iv) negotiable invoices. The aforementioned exemption will be applicable whenever certain requirements concur.

Law 31662, published on December 30, 2022, establish that as of January 2023, domiciled legal entities and non- resident legal entities that were included until 2022 are excluded from the exemption of Law 30341, since from January 2023 to December 31, 2023 the exemption is applicable to natural persons and undivided estates or conjugal partnership that chose to be taxed as such and up to the first 100 Tax Units (UIT) of the gain of capital in each taxable year. Law 31106 extends the exemptions contained in the Income Tax Law until December 31, 2023.

### ***Major amendments to tax laws effective for periods beginning in 2021***

#### **M. Depreciation of assets**

Legislative Decree 1488 established a special depreciation regime and modified depreciation periods by increasing depreciation rates for certain assets acquired in 2020 and 2021 to promote private sector investment and provide greater liquidity given the economic outlook due to the COVID-19 pandemic.

#### **N. Thin capitalization**

From January 1, 2021, the borrowing costs shall be deductible up to 30% of the tax-EBITDA (Net Income – Loss Compensation + Net Interest + Depreciation + Amortization) of the prior period. There are some exemptions regarding this 30% limit for banks, taxpayers whose income is lower than 2,500 UIT, infrastructure, public utilities, among others.

Supreme Decree 402-2021, published December 30 and effective December 31, 2021, modified the Regulation on the Income Tax Law that regulates the calculation of tax-EBITDA for the purpose of setting interest rate limits.

For the years 2019 and 2020, the borrowing costs generated by debts of independent and related parties are subject to the thin capitalization limit of 3:1 debt-to-equity ratio, which is calculated at the end of the prior period.

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### O. Other significant changes

On December 30, 2021, as part of the delegation of powers to make tax, financial and economic recovery laws given to the executive branch (Law 31380), the first tax laws were published, including the the price standardization for tax stability and the extension of the sales tax exemptions.

The validity of some tax exemptions and benefits are extended, specifically the following:

- The term of tax exemptions included in Appendixes I and II of the Sales Tax Law was extended until December 31, 2025.
- The issuance of e-money will not be subject to sales tax until December 31, 2024.
- The refund of taxes on acquisitions through foreign donations from and imports from diplomatic missions will be effective until December 31, 2024.

Supreme Decree 1516, published December 30, 2021 and effective December 31, 2021, required the price standardization for tax stability under legal stability agreements according to Legislative Decrees 662 and 757. Therefore, such Decree modified the Article 1 of Law 27342 that regulates such agreements. Accordingly, under those legal stability agreements entered into between entities that receive investment and the Peruvian government, the income tax is stabilized. Such tax is applicable in accordance with the current laws and corresponds to the tax rate (plus 2%) referred to in the first paragraph of Article 55 of the Income Tax Law.

Legislative Decree 1529 published March 03, 2022, and effective April 01, 2022, modified Law 28194, Law for the Fight against Evasion and for the Formalization of the Economy, referring to the cases in which means of payment will be used, the amount from which it is required to use the means of payment and the obligation to notify the Tax Authority about payments made to third parties other than the creditor.

In line with the regulations to strengthen the fight against tax evasion and avoidance, as well as against money laundering and terrorism financing, as of August 3, 2018, provisions introduced by Legislative Decree 1372 are currently in force. The aforementioned Decree requires the presentation of information related to ultimate beneficiaries to the competent authorities through a sworn statement of the ultimate beneficiaries. Tax Authorities' Resolution 00278-2022-SUNAT, extends the obligation presentation of information related of the ultimate beneficiaries for legal entities (trusts, consortiums, investment funds and similar entities). The legal entities registered in the Single Taxpayer Registry until December 31, 2023, and that are not deregistered on the date that corresponds to present the information, must preset the information in the tax period of December 2023, with expiration in January 2024.

Legislative Decree 1545, published March 15, 2023, modified the article 26 of the Income Tax Law regarding presumed interest income. In this sense, the reference of the Libor rate is eliminated, and it is modified to the TAMEX, likewise, it is provided that loans in national and foreign currency accrue interest not less than the active monthly average market rate in national currency (TAMN) and monthly average market lending rate in foreign currency (TAMEX) respectively, which will have to be multiplied by an adjustment factor.

- TAMN: The adjustment factor is 0,42.
- TAMEX: The adjustment factor is 0,65.

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Legislative Decree 1549, published April 24, 2023, extended until 31 December 2026 the validity of the exemptions contained in article 19 of the Income Tax Law. The Decree will enter into force on 1 January 2024.

Law 31735, published on May 4, 2023, amended Law 29230 that promotes regional and local public investment with the participation of the private sector, as detailed below:

- The Certificate "Regional and Local Public Investment - Public Treasury" (CIPRL) may be used to cancel any tax liability of the Public Treasury.
- The limit of the CIPRL for its application against the Income Tax is increased up to 80%.
- The CIPRL update rate will now be the average inflation rate for the past 12 months.

International Convention, published on May 15, 2023, published the Convention to approve the tax treatment provided for in the Double Taxation Conventions signed between the States Parties to the Framework Agreement of the Pacific Alliance. With regard to Peru, the agreements with Chile and Mexico are amended, and a protocol with Colombia is signed.

Superintendence Resolution N° 000020-2023, published on 28 June 2023, approved the discretionary power not to sanction the violation referred to the obligation to record the number of RUC in the advertising material of goods or services for the period from July 1, 2023, to December 31, 2023.

Supreme Decree N° 137-2023-EF, published on June 29, 2023, amended Article 30 of the Regulation of the Income Tax Law, which regulates the fees applicable for transactions with non-domiciles. For purposes of applying the 4.99% rate in the case of interest from external credits:

- It is established as the predominant preferential rate at the average SOFR rate at 30 days plus four points, whatever the credit, currency or agreed maturity.
- For these purposes, the comparison of the external credit rate with the SOFR rate plus three points shall be made only when the credit interest rate is agreed, modified or extended.

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### 28. Deferred Tax

Deferred tax assets have been calculated applying the liability method per entity (note 4.O). The consolidated deferred tax asset as of June 30, 2024 and 2023 mainly comprises:

<i>In thousands of soles</i>	Balances as of 01.01.2023	(Debit) credit Profit or loss	Balances as of 06.30.2023	Balances as of 01.01.2024	(Debit) credit Profit or loss	Balances as of 06.30.2024
Generic provision for direct/indirect loans	394,211	(9,304)	384,907	365,894	(17,619)	348,275
Provision for accounts receivable	38,462	541	39,003	39,092	747	39,839
Provision for repossessed assets	45,738	3,071	48,809	45,818	1,363	47,181
Provision for vacations	12,350	228	12,578	12,179	91	12,270
Provision for credit and debit card rewards	5,551	-	5,551	5,551	-	5,551
Tax loss	108,304	642	108,946	113,676	3,427	117,103
Investment in subsidiaries	941	-	941	941	-	941
Finance lease operations, net	134	-	134	135	-	135
Intangible assets	(73,032)	132	(72,900)	1,327	93	1,420
Others	27,620	1,368	28,988	56,069	110,425	166,494
<b>Deferred income tax asset, net</b>	<b>560,279</b>	<b>(3,322)</b>	<b>556,957</b>	<b>640,682</b>	<b>98,527</b>	<b>739,209</b>
Intangible assets	(23,032)	(638)	(23,670)	(13,592)	5,676	(7,916)
Levelation of assets and liabilities	(26,008)	-	(26,008)	(16,240)	-	(16,240)
Sales Commissions	(28,431)	(1,684)	(30,115)	(28,578)	2,861	(25,717)
Others	(2,296)	1	(2,295)	(2,295)	1	(2,294)
<b>Deferred income tax liability, net</b>	<b>(79,767)</b>	<b>(2,321)</b>	<b>(82,088)</b>	<b>(60,705)</b>	<b>8,538</b>	<b>(52,167)</b>
<b>Deferred income tax, net</b>	<b>480,512</b>	<b>(5,643)</b>	<b>474,869</b>	<b>579,977</b>	<b>107,065</b>	<b>687,042</b>

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### **29. Employees' Profit Sharing**

According to Legislative Decree 677, bank's employees are entitled to a profit-sharing plan computed at 5% of the net profit, similarly to employees of the entities that are part of the Scotiabank Group. This profit sharing is considered as a deductible expense for income tax calculation purposes. As of June 30, 2024 legal employees' profit sharing was determined for S/ 3,346 thousand (S/ 30,192 thousand as of June 30, 2023), which is included in 'administrative expenses' in the consolidated statement of profit or loss.

### **30. Trust Fund Activities**

The Scotiabank Group offers structuring and management services of trust operations and trust fees, and is in charge of the preparation of agreements related to these operations. Assets held in trust are not included in the consolidated financial statements. The Scotiabank Group is responsible for the appropriate management of these trusts based on the limits established by the applicable laws and the respective agreement. As of June 30, 2024, the allocated value of assets in trusts and trust fees amounts to S/ 8,066,674 thousand (S/ 5,517,934 thousand as of December 31, 2023).

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### 31. Related Party Transactions

As of June 30, 2024 and December 31, 2023, the consolidated financial statements include related party transactions, which, under IAS 24, comprise the Parent Company, related parties, associates, other related parties, and the Bank's directors and key management. All related party transactions are conducted in accordance with market conditions applicable to non-related third parties.

- A. The balances of the Scotiabank Group's consolidated statement of financial position arising from transactions with related parties as of June 30, 2024 and December 31, 2023 were as follows:

	06.30.2024					12.31.2023				
	Parent Company	Related parties (i)	Associates	Key management personnel and directors	Total	Parent Company	Related parties (i)	Associates	Key management personnel and directors	Total
<i>In thousands of soles</i>										
<b>Assets</b>										
Cash and due from banks	-	838	-	-	838	-	3,179	-	-	3,179
Loan portfolio, net	-	121,392	7,960	23,920	153,272	-	58,500	10,752	22,778	92,030
Held-for-trading and hedging instruments	-	192,276	-	-	192,276	-	289,909	-	-	289,909
Other assets, net	69	53,017	71,745	42	124,873	-	35,496	76,498	31	112,025
<b>Total assets</b>	<b>69</b>	<b>367,523</b>	<b>79,705</b>	<b>23,962</b>	<b>471,259</b>	<b>-</b>	<b>387,084</b>	<b>87,250</b>	<b>22,809</b>	<b>497,143</b>
<b>Liabilities</b>										
Obligations with the public and ds from financial institutions	1,434,595	693,467	67,880	16,082	2,212,024	774,596	477,226	84,221	20,223	1,356,266
Borrowings and debts	230,252	4,697,210	-	-	4,927,462	232,903	5,465,050	-	-	5,697,953
Held-for-trading and hedging instruments	-	167,006	-	-	167,006	-	130,704	-	-	130,704
Provisions and other liabilities	-	75,446	660	21	76,127	-	87,137	1,134	26	88,297
<b>Total liabilities</b>	<b>1,664,847</b>	<b>5,633,129</b>	<b>68,540</b>	<b>16,103</b>	<b>7,382,619</b>	<b>1,007,499</b>	<b>6,160,117</b>	<b>85,355</b>	<b>20,249</b>	<b>7,273,220</b>
<b>Off-balance sheet accounts</b>										
Indirect loans	-	316,962	24,007	-	340,969	-	391,792	39,860	-	431,652
Derivative instruments	-	17,222,620	-	-	17,222,620	-	16,870,039	-	-	16,870,039

(i) Related parties include balances and transactions with other related parties in accordance with the definition in IAS 24.

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- B. The effects of related party transactions in the Scotiabank Group's consolidated statement of profit or loss for the six-month periods ended June 30, 2024 and 2023 are detailed below:

	06.30.2024					06.30.2023				
	Parent Company	Related parties (i)	Associates	Key management personnel and directors	Total	Parent Company	Related parties (i)	Associates	Key management personnel and directors	Total
<i>In thousands of soles</i>										
Interest income	-	4,512	296	741	5,549	-	6,547	175	757	7,479
Interest expenses	(8,395)	(138,704)	(2,497)	(364)	(149,960)	(8,395)	(140,405)	(3,430)	(327)	(152,557)
	<b>(8,395)</b>	<b>(134,192)</b>	<b>(2,201)</b>	<b>377</b>	<b>(144,411)</b>	<b>(8,395)</b>	<b>(133,858)</b>	<b>(3,255)</b>	<b>430</b>	<b>(145,078)</b>
Financial service income	70	2,405	467	143	3,085	11	1,472	309	151	1,943
Financial service expenses	-	(407)	(12,029)	(12)	(12,448)	-	(786)	(12,655)	(17)	(13,458)
	<b>70</b>	<b>1,998</b>	<b>(11,562)</b>	<b>131</b>	<b>(9,363)</b>	<b>11</b>	<b>686</b>	<b>(12,346)</b>	<b>134</b>	<b>(11,515)</b>
Net profit or loss from financial transactions	-	110,808	4,419	-	115,227	-	597,087	4,677	-	601,764
Administrative expenses (ii)	-	(8,714)	(483)	(44)	(9,241)	-	(8,640)	(490)	(49)	(9,179)
Other income, net	-	3,500	258	13	3,771	-	4,190	-	-	4,190
<b>Net profit or loss</b>	<b>(8,325)</b>	<b>(26,600)</b>	<b>(9,569)</b>	<b>477</b>	<b>(44,017)</b>	<b>(8,384)</b>	<b>459,465</b>	<b>(11,414)</b>	<b>515</b>	<b>440,182</b>

(i) Related parties include balances and transactions with other related parties in accordance with the definition in IAS 24.

(ii) Excluding personnel expenses.

- C. Remuneration of key management and directors for the six-month periods ended June 30 was as follows:

<i>In thousands of soles</i>	06.30.2024	06.30.2023
Remuneration of key management	8,279	7,305
Expense allowance for Board of Directors	877	996
	<b>9,156</b>	<b>8,301</b>

As of June 30, 2024 and 2023, the outstanding remuneration to key management personnel amounted to S/ 6,410 thousand and S/ 6,434 thousand, respectively.

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### 32. Classification of Financial Instruments

Management classifies its financial assets and financial liabilities into the categories described in note 4.B. As of June 30, 2024 and December 31, 2023 financial assets and financial liabilities are classified as follows:

<i>In thousands of soles</i>	<i>Note</i>	06.30.2024						<b>Total</b>
		<b>At FVTPL</b>	<b>Loans and items receivable</b>	<b>Available-for-sale</b>		<b>Liabilities at amortized cost</b>	<b>Other liabilities (b)</b>	
				<b>At amortized cost (a)</b>	<b>At fair value</b>			
<b>Assets</b>								
Cash and due from banks	6	-	11,192,127	-	-	-	-	11,192,127
Interbank funds		-	54,682	-	-	-	-	54,682
<b>Investments at FVTPL</b>								
Equity instruments	7	5,712	-	-	-	-	-	5,712
Debt instruments	7	754,819	-	-	-	-	-	754,819
<b>Available-for-sale investments</b>								
Equity instruments (c)	7	-	-	4,117	640	-	-	4,757
Debt instruments	7	-	-	-	5,688,632	-	-	5,688,632
Loan portfolio	8	-	50,424,849	-	-	-	-	50,424,849
Held-for-trading and hedging instruments	9	523,670	-	-	-	-	-	523,670
Accounts receivable	10	-	4,268,767	-	-	-	-	4,268,767
Other assets	14	-	858,989	-	-	-	-	858,989
		<b>1,284,201</b>	<b>66,799,414</b>	<b>4,117</b>	<b>5,689,272</b>	-	-	<b>73,777,004</b>
<b>Liabilities</b>								
Deposits and obligations and other obligations	15	-	-	-	-	-	48,131,019	48,131,019
Interbank funds		-	-	-	-	-	216,101	216,101
Deposits with financial institutions and international financial institutions	15	-	-	-	-	-	249,869	249,869
Borrowings and debts	16	-	-	-	-	8,180,097	-	8,180,097
Held-for-trading and hedging instruments	9	359,913	-	-	-	-	-	359,913
Accounts payable		-	-	-	-	-	6,150,486	6,150,486
Other liabilities	17	-	-	-	-	-	1,051,446	1,051,446
		<b>359,913</b>	-	-	-	<b>8,180,097</b>	<b>55,798,921</b>	<b>64,338,931</b>

(a) Including financial assets measured at cost.

(b) Including financial liabilities whose fair value correspond to carrying amounts in accordance with Official Letter 43078-2014-SBS and Official Letter 1575-2014-SBS.

(c) Including unlisted securities (note 7).

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<i>In thousands of soles</i>	Note	12.31.2023						Total
		At FVTPL	Loans and items receivable	Available-for-sale		Liabilities at amortized cost	Other liabilities (b)	
				At amortized cost (a)	At fair value			
<b>Assets</b>								
Cash and due from Banks	6	-	11,135,940	-	-	-	-	11,135,940
Interbank funds		-	118,737	-	-	-	-	118,737
<b>Investments at FVTPL</b>								
Equity instruments	7	5,499	-	-	-	-	-	5,499
Debt instruments	7	909,330	-	-	-	-	-	909,330
<b>Available-for-sale investments</b>								
Equity instruments (c)	7	-	-	4,146	640	-	-	4,786
Debt instruments	7	-	-	-	4,865,943	-	-	4,865,943
Loan portfolio	8	-	51,504,936	-	-	-	-	51,504,936
Held-for-trading and hedging instruments	9	431,155	-	-	-	-	-	431,155
Accounts receivable	10	-	1,103,961	-	-	-	-	1,103,961
Other assets	14	-	144,207	-	-	-	-	144,207
		<b>1,345,984</b>	<b>64,007,781</b>	<b>4,146</b>	<b>4,866,583</b>	-	-	<b>70,224,494</b>
<b>Liabilities</b>								
Deposits and obligations and other obligations	15	-	-	-	-	-	43,994,137	43,994,137
Interbank funds		-	-	-	-	-	37,020	37,020
Deposits with financial institutions and international financial institutions	15	-	-	-	-	-	796,661	796,661
Borrowings and debts	16	-	-	-	-	11,474,927	-	11,474,927
Held-for-trading and hedging instruments	9	462,934	-	-	-	-	-	462,934
Accounts payable		-	-	-	-	-	3,369,387	3,369,387
Other liabilities	17	-	-	-	-	-	345,582	345,582
		<b>462,934</b>	-	-	-	<b>11,474,927</b>	<b>48,542,787</b>	<b>60,480,648</b>

(a) Including financial assets measured at cost.

(b) Including financial liabilities whose fair value correspond to carrying amounts in accordance with Official Letter 43078-2014-SBS and Official Letter 1575-2014-SBS.

(c) Including unlisted securities (note 7).

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### 33. Financial Risk Management

The Scotiabank Group has a strong risk culture throughout the entire entity and manages risks related to its activities with a model of three lines of defense. Risk management is a responsibility shared by all employees, and risk diversification across different lines of business, products and industries is a critical component. The first line is constituted by the areas that assume the risks, the second line includes risk and control functions, and the third line is related to audit functions.

Risk management comprises the management of the following major risks:

- A. Credit risk: It is the risk of loss due to debtor, counterparties or third parties' inability to meet their contractual obligations.
- B. Market risk: It is the risk of loss in on-balance or off-balance sheet positions due to changes in the market conditions. It generally includes exchange rate, interest rate, price and other risks.
- C. Liquidity risk: It is the risk of loss due to a debtor's inability to meet borrowing requirements and use of funds arising from cash flow mismatches.
- D. Operational risk: It is the direct or indirect risk of loss due to external events, human error or deficiencies or failures in processes, procedures, systems or controls. It includes legal risk, but excludes strategic and reputational risks.

Current risk management allows the Bank to identify, measure and assess the return on risk in order to obtain more value for the shareholders. In order to ensure that strategic objectives are met, risk management is governed by the Risk Appetite Framework, as approved by the entity, ensuring an appropriate risk-return spectrum. The purpose of the Risk Appetite Framework is to provide an integrated set of policies, guidelines and principles in order to ensure the application of processes to monitor and mitigate the risks to which the Scotiabank Group is exposed, determining the amount and types of risks faced by the Bank.

For proper risk management, the Scotiabank Group has the following requirements:

- (i) adequate corporate governance, (ii) aligned and updated risk policies and limits, and (iii) risk monitoring.

#### **(i) Adequate corporate governance**

The bodies supporting corporate governance are:

##### **Board of Directors**

The Board is responsible for setting the main guidelines to maintain an effective risk management function supported by the Parent Company, establishing an overall risk management framework and providing an internal environment that facilitates the implementation of risk management actions, relying on the Risk Management Committee and the Audit Committee.

##### **Executive committees**

They are composed of the following committees: The Asset-Liability Committee (ALCO), Retail Credit Risk Committee and Operational Risk Committee.

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### ***Senior Vice President Office of Risk Management***

It is responsible for proposing and implementing the policies, methodologies and procedures for an overall risk management approach to identify, monitor, mitigate and control the different types of risks to which the Bank is exposed. Also, it is involved in the definition and design of the Bank's strategy and communicates and strengthens the risk culture throughout the Scotiabank Group.

The Senior Vice President Risk Management has the following units: Corporate and Commercial Loans, Retail Loans, Special Banking, Overall Risk Management and Provisions, Collection, Market Risk, and Operational and Technological Risk.

#### **(ii) *Aligned and updated risk policies and limits***

The policies are based on recommendations from the different risk units, internal audit, business lines, industry best practices, regulatory and Parent Company requirements, as well as the recommendations from senior management. They are governed by the Risk Appetite Framework, which sets the limits and controls within which the Scotiabank Group can operate.

The policies are reviewed and approved by the Board of Directors, either directly or via its committees. They provide a description of the types of exposure, responsibilities and conditions that the Scotiabank Group will consider in doing business, in order to ensure a proper understanding of customers, products, markets and fully understanding of risks inherent to each activity.

#### **(iii) *Risk monitoring***

The Risk Division has implemented a set of policies to identify, measure and communicate the evolution of risks in different products and banking, which are intended to early anticipate any portfolio impairment in order to adopt corrective measures.

Main activities and processes applied to have an appropriate risk management are described below:

#### **A. *Credit risk***

##### **▪ *Life cycle: Admission, Monitoring and Collection***

The Risk Units are responsible for designing and implementing strategies and policies to achieve a loan portfolio in accordance with the parameters of credit quality and risk appetite. Credit adjudication units admit and assess credit proposals from different business segments with different levels of delegation granted to other teams for their approval, based on a risk (measured based on a rating or scoring) to return spectrum. Also, for portfolio management, loans are monitored in order to minimize future losses. For collection management, these clients are segmented in Corporate and Commercial Banking and Retail banking. For corporate and commercial portfolio, collections are managed on a case-by-case basis, transferring it to the Special Banking unit, according to policies and red flags, resulting from the monitoring of the portfolio. For retail portfolio, risk-based strategies (scoring) are established to optimize available resources for collection seeking to reach greater effectiveness.

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### ▪ ***Credit risk mitigation – collaterals***

The Scotiabank Group has a set of policies and practices to mitigate credit risk. One of them is the use of collaterals; however, loans are not granted for the amount or quality of collaterals but for the debtor's ability to meet its obligations. Even though collaterals reduce the risk of loss, they shall not be linked to the primary source of repayment.

The carrying amount of collaterals is updated by means of appraisals conducted regularly to consider changes in the market. Such valuations are performed by qualified independent experts, who shall previously meet the required standards and best practices. Additionally, when prices are volatile, margins are applied to offset changes.

Periodical certifications of price, value and changes of collaterals are conducted by the Scotiabank Group; and, if necessary, measures are adopted to mitigate the risk inherent to the value of these collaterals.

Management of appraisals and collaterals is conducted by an independent unit from the Risk Division.

The types of collaterals include mortgages, levies on assets, such as inventories, premises and accounts receivable, and levies on financial instruments, such as debt and equity instruments.

Additionally, the Scotiabank Group classifies collaterals as established in SBS Resolution 11356 - 2008 "Regulation on Debtor Risk Assessment and Credit Rating and Provision Requirements" and amendments, as follows:

- Preferred collaterals.
- Preferred easily realizable collaterals.
- Preferred readily realizable collaterals.

### ▪ ***Credit rating***

For Corporate and Commercial Loans, the Bank uses the Advanced Internal Rating-Based (AIRB) approach. Based on this internal rating, it assigns the limits of credit autonomy.

For Retail Banking, an internal score that reflects the strength of clients is used based on the probability of default and payment is used. Also, this score determines the strategies to be used with clients based on the risk determined for each one.

Additionally, to these ratings, the Bank uses debtors' regulatory credit rating, which determines the provision requirement for customers.

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### ▪ **Regulator debtor's y credit rating**

The regulatory debtor credit rating is conducted in accordance with the criteria and parameters established by SBS Resolution 11356-2008 "Regulation on Debtor Risk Assessment and Credit Rating and Provision Requirements," which establishes five debtor's ratings: Wholesale portfolio (corporate, large and medium-business loans) and Retail portfolio (small and micro-business, consumer and mortgage loans):

- Standard (0)
- Potential problems (1)
- Substandard (2)
- Doubtful (3)
- Loss (4)

### ▪ **Loan portfolio impairment loss**

As of June 30, 2024 and December 31, 2023, based on SBS Resolution 7036-2012, the Bank, CrediScotia and CRAC have classified impaired and not impaired loans considering the following criteria:

#### - **Neither is past-due nor impaired loans**

It comprises those direct loans that currently do not have characteristics of default and relate to client's loans rated as 'standard' or 'potential problems.'

#### - **Past due but not impaired loans**

It comprises client's past-due loans rated as 'standard' or 'potential problems.'

#### - **Impaired loans**

Retail portfolio comprises loans rated as 'substandard,' 'doubtful' or 'loss,' and refinanced, restructured and lawsuit loans.

Wholesale Banking comprises loans past-due of more than 90 days, rated as 'substandard,' 'doubtful' or 'loss,' and refinanced, restructured and loans under court actions.

## B. **Market risk**

This is the risk of loss due to changes in market prices, such as interest rate, equity value, exchange rate and credit spread, that affect the income or the value of its financial instrument portfolio. The objective of the market risk management is to identify, assess and control market risk exposure within risk tolerance and appetite parameters, acceptable for the Board of Directors. It is in order to ensure solvency while optimizing the risk-adjusted return.

### i. **Market risk management**

The Scotiabank Group separates its exposure to market risk between trading and non-trading portfolio. Trading portfolios are managed by the Trading Unit, and include positions arising from market making and own positions, together with financial assets and financial liabilities which are managed on a market value basis.

All foreign exchange positions are managed by Treasury. Accordingly, the foreign exchange positions are treated as part of the trading portfolios for risk management purposes.

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Management uses different tools to monitor exposure to market risk for trading and non-trading portfolios, as follows:

### **ii. Exposure to market risk – Trading portfolio**

The main tool used to measure and control market risk within the Scotiabank Group's trading portfolio is value at risk (VaR). The VaR is the estimated loss that will arise on the portfolio over the holding period or specific time horizon, due to an adverse change in the market price with a probability determined by the confidence level, under normal market conditions. The VaR used by the Scotiabank Group is a historical simulation approach at a 99% of confidence level and assumes a 1-day holding period. Considering market data from the previous 300 days, relationships between different markets and prices are observed, the VaR generates a wide range of various future scenarios for changes in market prices.

Although VaR is an important tool for measuring market risk, the assumptions on which the VaR is based generate some limitations, including the following:

- A 1-day holding period assumes that it is possible to hedge or dispose of positions within that period. This may not be the case for liquid assets or in situations in which there is severe general market illiquidity.
- A 99% confidence level does not reflect losses that may occur beyond this level. Even within the VaR used, there is a 1 % probability that losses may exceed the VaR.
- The VaR is calculated on an end-of-day basis and does not reflect exposures that may arise on positions during the trade date.
- The use of historical data as a basis for determining the possible range of future outcomes may not always cover all possible scenarios, especially those of an exceptional nature.
- The VaR calculation depends on the Scotiabank Group's position and the changes in market prices. The VaR of a static position reduces if there is a decrease in changes in market prices and vice versa.

The Scotiabank Group uses VaR limits for total market risk and interest rate and exchange rate risks. The overall structure of VaR limits is subject to ALCO's approval and is allocated to trading portfolios. VaR is daily calculated and monitored through daily reports of use which are submitted from the local Market Risk Unit to Treasury and Parent Company. Monthly reports are submitted to ALCO.

The VaR limitations are recognized by complementing its limits with other position and sensitivity limit structures. In addition, a wide range of stress tests are used to model the financial impact of different trading portfolio scenarios. Management determines hypothetical scenarios considering potential macroeconomic factors (such as long-term market illiquidity periods, reduced currency convertibility, natural disasters and other catastrophes). ALCO reviews the analysis of these scenarios.

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The VaR models are subject to regular validation to ensure that it continues to perform as expected and that assumptions used in model development are still appropriate. As part of the validation process, the potential weaknesses of the models are analyzed using statistical techniques, such as back testing.

Sensitivity analysis of the trading portfolios is conducted to measure the effect of changes in the risk factors, including rates and differentials on products and portfolios. These measures are applied by product type and allow appropriate monitoring, reporting and management.

### **iii. Exposure to market risk – Non-trading portfolio**

Main risk to which non-trading portfolios are exposed is the risk of loss due to changes in future cash flows or financial instruments fair value because of changes in interest rates. Interest rate risk is managed by monitoring interest rate mismatches and setting limits by currency for each term. ALCO monitors compliance with these limits and is assisted by the Market Risk unit.

Equity risk is subject to periodical monitoring by the Board of Directors, through the Risk Management Committee, but is not significant related to the Scotiabank Group's profit or loss and financial position.

The effect of structural positions in foreign currency is managed from the Trading unit within its current position limits per currency.

The main market risks to which the Scotiabank Group is exposed are interest rate risk, exchange rate risk and investment portfolio risk, which are detailed below:

#### **Interest rate risk**

It comprises the risk of loss due to changes in interest rates. The Scotiabank Group, through Treasury, actively manages exposure to interest rate risk in order to improve the net interest income according to established risk tolerance policies.

Market risks arising from financing and investing activities are identified, managed, and controlled as part of the Scotiabank Group's assets and liabilities management process, especially liquidity and interest rate risks. The sensitivity analysis evaluates the effect on income and on equity value, changes in interest rates, both positive and negative parallel changes, as well as non-parallel changes.

Gap analysis is used to assess the sensitivity of repricing mismatches in the non-trading portfolio. Assets, liabilities and other off-balance-sheet positions are distributed within repricing dates. Financial instruments with a contractual maturity are assigned to an interest rate gap term based on the shorter of the contractual maturity date and the next repricing date. Financial instruments without contractual maturity are assigned an interest rate gap based on observed historical client's behavior.

Interest rate risk in non-trading portfolios mainly arise from terms and currency mismatches of the loan portfolio. Interest rate risk is managed within the framework of policies approved by the Board of Directors and global limits, included in the Risk Appetite Framework's document, which aim to keep under control the interest rate risk of net income, as well as the equity value.

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An Interest rate risk report is presented on a monthly basis by ALCO to the Risk Control Committee and the Board of Directors, detailing the exposure to such exchange rate risk, as well as the results of measurement tools, use of limits and interest rate risk stress tests, among other issues related to market risk management in compliance with regulatory provisions of the Parent Company and the Scotiabank Group.

Mismatch gap analysis, sensitivity analysis, alternative simulations and stress tests are used in this management process for monitoring and planning purposes.

During the national state of emergency, the Peruvian government promoted the economic recovery through programs—e.g., the Reactiva Peru program (notes 8 and 17). According to such programs, financial institutions granted medium-term loans partially guaranteed by the Peruvian government and access low-interest loans and medium-term loans from the BCRP. Accordingly, the asset-liability mismatch did not increase significantly; therefore, there was no significant increase in the interest rate risk.

### ***Exchange rate risk***

This is the risk of loss due to adverse changes in exchange rates used by the Scotiabank Group. This risk is managed by the Trading Unit.

The Trading Unit is responsible for managing foreign currency transactions and forward portfolios in accordance with policies, procedures and controls designed to ensure profitable business opportunities, considering professionally and cautiously adequate risk levels and changes in market variables.

The associated market risks are managed within internal limits of net position, VaR and stress tests based on market variables. The consistency of these results is validated through periodical back testing analysis, which compare actual gains or losses with those obtained through the model.

Management calculates the VaR using the historical simulation method on 300 days of market data to measure the estimated maximum loss on changes in the exchange rate, considering as variables the net asset position in foreign currency and changes in exchange rate.

As of June 30, 2024 and December 31, 2023, the Scotiabank Group records a net asset position in foreign currency in the consolidated statement of financial position for US\$ 1,331,572 thousand and a net asset position for US\$ 1,179,289 thousand, respectively (note 5).

As of June 30, 2024, the global overbought position taken by the Bank amounted to S/ 252,033 thousand (oversold position amounted to S/ 373,318 thousand as of December 31, 2023).

### ***Investment portfolio risk***

The own investment portfolio and trading portfolio are managed by the Scotiabank Group in the ALM Unit and Trading Unit, respectively.

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The own investment portfolio is administered in order to manage liquidity and interest rate risks, and long-term capital investment with attractive returns, and administered within approved policies and limits: Limits per type and term of the investment. On the other hand, trading portfolio is acquired with the intention of short-term profit-taking, arising from changes in prices.

Investment portfolios are composed of liquid instruments, mainly certificates of deposit issued by the BCRP and Peruvian treasury bonds issued in local and foreign currency.

During the national state of emergency, the Scotiabank Group continued to manage the investment portfolios based on the aforementioned policies and limits, monitoring current market conditions. The highly liquid instruments of the investment portfolios increased the Scotiabank Group's liquidity ratios.

### C. Liquidity risk

It is the risk of loss due to debtor's inability to meet its financial obligations in the short-term; therefore, the Bank is forced to incur in debt or sell assets in unusually unfavorable conditions.

The Scotiabank Group's approach to manage liquidity is to ensure, as far as possible, that it will always have enough liquidity to meet its obligations upon maturity, under both normal and stress conditions, without incurring unacceptable losses or damage to the reputation of the Scotiabank Group. The key elements of the liquidity strategy are as follows:

- Maintaining a diversified funding base, which consists in client's deposits (both retail and corporate loans), wholesale loans and credit lines for contingent situations.
- Carrying a portfolio of highly liquid assets diversified by currency and maturity.
- Monitoring liquidity ratios, maturity mismatches, behavior characteristics of the financial assets and financial liabilities, and the extent to which their assets are available as potential collateral for obtaining funding.
- Carrying out stress tests on the liquidity position.

Regular liquidity stress tests are conducted regularly under different scenarios covering normal and stress market conditions. The scenarios are developed using group-specific events (e.g., a rating downgrade) and market-related events (e.g., long-term market illiquidity, reduced liquidity of currencies, natural disasters or other catastrophes).

Treasury management's ratios are indicators that relate liquid assets to short-term liabilities under one year. The SBS has determined that this relation shall be greater than 8% and 20%, for local and foreign currency, respectively. As of June 30, 2024, the Bank's ratios in local and foreign currencies were 27.83% and 36.72% respectively (20.61% and 38.44% respectively, as of December 31, 2023).

For CrediScotia, this relation between liquid assets and short-term liabilities shall be greater than 10% and 25%, for local and foreign currency, respectively, given the level of CrediScotia's deposits.

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As of June 30, 2024, CrediScotia's ratios in local and foreign currency were 19.33% and 114.15% respectively (22.91% and 118.99% respectively, as of December 31, 2023).

The CRAC shall hold local and foreign currency ratios of 10% and 25%, respectively. In this regard, it held adequate levels of 20.95% in local currency and 1,951.79% in foreign currency (26.78% in local currency and 1,946.36% in foreign currency at the closing of year 2023).

Liquidity Coverage Ratio (LCR) is an indicator of liquidity level in a hypothetical stress scenario. It indicates whether the entity has sufficient liquidity to withstand liquidity disruptions for up to 30 days, without the need of turning to the market for funds.

As of June 30, 2024 and December 31, 2023, the minimum ratio required by the regulator was 80% for local currency and 100% for foreign currency. The Bank presented levels of liquidity reaching 119.13% in local currency, 123.13% in foreign currency and 120.48% consolidated (115.50% in local currency and 141.80% in foreign currency as of December 31, 2023).

As of June 30, 2024, CrediScotia presented ratios in local currency, foreign currency and consolidated reaching 111.63%, 657.17% and 122.86%, respectively (121.74% and 512.26%, respectively, as of December 31, 2023).

As of June 30, 2024, the CRAC presented ratios in local currency, foreign currency and consolidated reaching 124.03%, 8,800.15% and 126.07%, respectively (124.35% in local currency and 213.31% in foreign currency at the end of 2023).

### **D. Operational and technological risks**

The Operational Risk Management Framework sets out an integrated approach to identify, assess, control, mitigate and report operational risk based on key components such as the internal governance, risk appetite, measurement, monitoring, reporting, among others.

The Scotiabank Group recognizes that an efficient and integrated operational risk management is a key component of risk management best practices; therefore, in order to have a solid internal governance of operational risk, the Scotiabank Group adopted a three-line defense model, establishing the responsibilities of operational risk management.

During the six-month period ended June 30, 2024 and December 31, 2023, the Scotiabank Group's profit or loss reports were periodically presented to the Global Operational Risk Unit of the Parent Company, Risk Control Committee, Board of Directors of the Bank, Operational and Technological Risk Unit as well as the first-line Vice Chairs and Management of the Bank and CrediScotia.

#### ***Operational risk appetite***

During the six-month period ended June 30, 2024 and December 31, 2023, the operational risk appetite was determined based on limits of losses for operational risk at the level of the entire Scotiabank Group, which was in turn distributed at the level of the entities that compose it, among them, the Bank and CrediScotia. Likewise, a distribution of this loss limit was made to the main Vice Chairs of the Bank and first-line Management of CrediScotia.

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Major operational risk management methodologies are the following:

- (a) Operational risk loss event methodology.
- (b) Key risk indicators – (KRIs) methodology.
- (c) Business Continuity Management – BCM methodology.
- (d) Operational Risk and Controls Assessment methodology; Risk Control Assessment and Risk Control Self-Assessment (RCSA) methodology.
- (e) Risk assessment methodology of new initiatives and/or significant changes, among others.
- (f) Methodology of risk management with third parties, among others.

**(a) Operational risk loss event methodology**

The Scotiabank Group follows up relevant data of operational risk losses relevant for the Business Line, in accordance with the Basel loss event types. Losses are reported by Operational Risk Managers (ORM) designated in the various decentralized and specialized units of the Bank and identified in the accounting books. These losses are included in the loss event data base for operational risk. This database is used to determine trends, conduct analysis, identify and mitigate risks, and prepare reports of operational risk losses intended for Senior Management and the Board of Directors.

Loss data collection exercise ensures consistent management across the Scotiabank Group which allows classifying loss event data per business line, type of event and effect type, according to Basel definitions and the "Regulation on Operational Risk Management" approved by the local regulator.

Losses are also classified by significant internal units and per types of risk, according to the Scotiabank Group's standard inventory of operational risks.

**(b) KRI methodology**

The KRI methodology is a measure to report on potential risks, current status or trend of operational risk exposures.

The KRI methodology provides information to the first two lines of defense in order to promote proactive managing of risk exposures through the monitoring and communication of risks and trends to ensure adequate and timely response of management. The existence of efficient KRI shall serve as an early warning system of possible changes in the operational risk profile of the business.

The KRI methodology provides a systematic approach to coordinate the supervision of the key factors of operational risks and provides a focus, structure and terminology in common to implement and manage the selection of KRIs across the Scotiabank Group.

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As of June 30, 2024, the activities implemented were:

- Monitoring the 34 executive risk indicators of the Bank and 21 of CrediScotia. KRIs have risk thresholds, which, in case where the accepted risk levels were exceeded, generated the implementation of action plans and corrective measures.
- Additionally, 7 informative indicators have been monitored in the Bank and 8 in CrediScotia.
- Indicators were analyzed and, if necessary, their accepted risk levels (risk thresholds) were assessed with the risk managers per appetite levels: acceptable (green), with potential risk (amber), critical (red).
- Following-up and monitoring the action plans derived from the KRI methodology.

**(c) Business Continuity Management - BCM methodology**

The Scotiabank Group has 115 Business Continuity Plans (SBP, CF, SC and subsidiaries) and they are updated and activated to the reporting date. This includes performing tests and exercises such as call chain & communication groups, review exercises and validation of resources available for work in hybrid mode (home office and alternative business site).

**(d) Risk and controls assessment methodology: RCSA methodology**

The risk and control self-assessment matrix is the local tool for identification and assessment of operational risks of products and support areas.

The process of identifying and assessing risks and controls is a basic component of operational risk management and an efficient tool with the following advantages:

- It strengthens the risk and control culture throughout the organization by promoting an understanding of business risks and responsibilities in the risk-mitigation process.
- It promotes continuing critical thinking, motivating the support and business units to design, construct and maintain more effective control systems.
- It contributes to increase the quantity and quality of reliable information on the control status of the existing risks.
- It contributes to strengthening the internal control system; thus, minimizing distrust of subsequent audits.
- It allows to focus on the most significant risks entity-wide and to reduce costs in recurring reviews.

The universe for the application of risk and control assessment is composed of:

- Lines of Business: approach per product family.
- Support units: approach per units.

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The Operational Risk and Controls Assessment methodology is composed of the following stages:

- Risk identification.
- Inherent risk assessment.
- Identification and assessment of controls.
- Determination of residual risk.
- Treatment.

During the six-month period ended June 30, 2024, as part of the risk and control assessment, 52 risk and control matrices were assessed at the Bank, 15, at CrediScotia and 27, at CRAC. Since 2024, RCSA program for the Bank and CrediScotia will be executed within a two-year period, which means that each matrix will be assessed at least once every two years.

During the six-month period ended June 30, 2024, a program was implemented to assess the design and the operating effectiveness of internal control.

### **(e) Risk assessment methodology of new initiatives**

The Scotiabank Group has established policies for overall risk assessment of new initiatives (they include new products and events of significant changes in the business, operating or computing environment); these policies describe the general principles applicable to the review, approval and implementation of new products and services within the Scotiabank Group. The principles are intended to provide guidance to the Business Lines in the development of processes and guidelines of risk assessment to be integrated into the policies and procedures on new products. All new products or major change in the business, operational or system environment shall have an overall risk assessment prior to its development, and it shall be updated after its implementation.

Before implementing any initiative within the scope of the risk assessment methodology of new initiatives, it is required that the initiative have a risk self-assessment conducted by the Leader or Sponsor. The Operational Risk Unit is the responsible for contrasting/challenging the results and other control functions such as Compliance with Fraud Prevention, Money Laundering and Terrorism Financing Prevention, Legal Advisory, among other units. The Internal Control Unit also provides advice and support to the owner of the initiative during the Risk Assessment process.

The Operational and Technological Risk Committee provides oversight to ensure that all Business Lines and business units implement principles and conduct risk assessments consistently.

Accordingly, the risk assessments of initiatives continued under the traditional approach, and 15 initiatives in the Bank and 3 in CrediScotia were addressed within the scope of the risk assessment methodology at the end of June 30, 2024.

During the six-month period ended June 30, 2024 and December 31, 2023, 15 initiatives in the Bank and 1 initiative in CrediScotia were addressed.

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### **(f) Risk management methodology with third parties, among others**

The Scotiabank Group recognizes that an efficient and integrated approach to run the management risk process is key to achieve best practices of risk management with third parties. Therefore, the objective of reducing the potential risk of hiring third parties to provide services to the Bank is to guarantee the identification, measurement and management of the risk of dealing with third parties.

From March 2021, the Scotiabank Group made changes under the Third Party Risk Management (TPRM) transformation in order to make significant improvements to the TPRM program. They include most noticeably the implementation of two new IT tools that support both TPRM and contract lifecycle management, new operational policies and procedures for TPRM, development of KPIs and KRIs, risk appetite statement related to third parties, responsibilities of individuals within the second line of defense, increasing new risk domains a more involvement of the control functions.

In July 2021, new regulatory requirements dictated by the SBS and referred to "Goods and/or Services Provided by Third Parties" were implemented; these requirements are aligned and in accordance with the TPRM Program.

During the six-month period ended June 30, 2024 and December 31, 2023, the TPRM program made continuous improvements to strengthen the control framework and maintain appropriate risk, as well as simplifications in the risk assessment process to improve the Coupa Risk Assess user experience. Implemented effective questioning through local QC (Quality Control) reviews.

### **Training and awareness**

During the six-month period ended June 30, 2024 and December 31, 2023, training on Operational Risk and Business Continuity has been provided to personnel of agencies, business officers, specialized units, operational risk managers and new staff joining the Bank.

### **Cybersecurity risk management**

The Bank relies on IT to deliver financial products and services to its clients. The IT systems and related processes used to plan, build, run and monitor are exposed to risks of failure, degradation, theft, loss, damage, and destruction. Such risks shall be managed to ensure the generation of opportunities for value creation.

The IT risk management involves the Risk Management Framework to identify the expected and necessary roles, responsibilities, supervisory authorities, risk appetite, tools, practices and deliverables.

Further, the Bank has a cybersecurity program aligned with the organizational strategy that aims at reducing the occurrence of events that compromise the confidentiality, integrity and availability of information that derive from the degradation or cybersecurity posture of services, technology and information assets in order to protect against emerging risks and evolving threats.

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During the six-month period ended June, 2024 and December 31, 2023, the main activities include the following:

- Alignment to Letter 36482-2022-SBS "Web and mobile applications in production through which any action requiring strong authentication is performed".
- Providing training in Cybersecurity and raising awareness a in employees and clients.
- Data Protection training provided to employees in a monthly basis.
- Security incident response process, procedures and simulations. Annual review and attestations for incident process and simulations.
- Continuing access control and change management.
- Continuous vulnerability management in systems, software applications, servers, databases, IT equipment and others to identify and remediate security vulnerabilities.
- Cybersecurity assurance for information assets.
- Monthly monitoring for endpoints Information security, cybersecurity and security architectural risk management for new business and technology initiatives and projects.
- Information security and cybersecurity risk management for suppliers.
- PCI Acquiring Certification is maintained.
- Continues monitoring of activities to comply with the PCI Issuer evaluation.
- Monitoring of GAPS PCI DSS Version 4.0 activities continues.
- Assessment and objective inquiry of the main risk activities.
- Monitoring, control and reporting of IT key risk indicators, security and cybersecurity. (SRI Protect).
- Validation of integrity, accuracy and effectiveness of key IT, security and cybersecurity controls. (SRI Protect).

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**34. Fair Value**

The table below shows a comparison between the carrying amounts and fair values of the Scotiabank Group's financial instruments per item in the consolidated statement of financial position as of June 30, 2024 and December 31, 2023:

<i>In thousands of soles</i>	<b>Carrying amount</b>		<b>Fair value</b>	
	<b>06.30.2024</b>	<b>12.31.2023</b>	<b>06.30.2024</b>	<b>12.31.2023</b>
<b>Assets</b>				
Cash and due from banks	11,192,127	11,135,940	11,192,127	11,135,940
Interbank funds	54,682	118,737	54,682	118,737
<b>Investments at FVTPL</b>				
Equity instruments	5,712	5,499	5,712	5,499
Debt instruments	754,819	909,330	754,819	909,330
<b>Available-for-sale investments</b>				
Equity instruments	4,757	4,786	4,757	4,786
Debt instruments	5,688,632	4,865,943	5,688,632	4,865,943
Loan portfolio	50,424,849	51,504,936	50,424,849	51,504,936
Held-for-trading and hedging instruments	523,670	431,155	523,670	431,155
Accounts receivable	4,268,767	1,103,961	4,268,767	1,103,961
Other assets	858,989	144,207	858,989	144,207
	<b>73,777,004</b>	<b>70,224,494</b>	<b>73,777,004</b>	<b>70,224,494</b>
<b>Liabilities</b>				
Deposits and obligations	48,131,019	43,994,137	48,131,019	43,994,137
Interbank funds	216,101	37,020	216,101	37,020
Deposits with financial institutions and international financial institutions	249,869	796,661	249,869	796,661
Borrowings and debts	8,180,097	11,474,927	8,163,846	11,378,765
Held-for-trading and hedging instruments	359,913	462,934	359,913	462,934
Accounts payable	6,150,486	3,369,387	6,197,652	3,365,195
Other liabilities	1,051,446	345,582	1,051,446	345,582
	<b>64,338,931</b>	<b>60,480,648</b>	<b>64,369,846</b>	<b>60,380,294</b>

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

The best evidence of the fair value of a financial instrument traded in a liquid and active market is the quoted price.

If the quoted price is not available, or may not be a reliable fair value of a financial instrument, its fair value could be measured based on the quoted price of similar instruments, using the discounted cash flow method or other valuation techniques. Since these techniques are based on subjective factors and, in some cases, on inexact factors, any change in them or in the valuation technique used could have a material effect on the fair values of financial instruments. Even though management has used its best judgment in measuring the fair value of these financial instruments, a fair value is not an indication of net realizable value or liquidation value.

Techniques and assumptions used depend on the risk terms and characteristics of the financial instruments, as shown below:

- i. Cash and due from banks and interbank funds represent cash and short-term deposits that are not considered as exposed to credit risk.

**Scotiabank Perú S.A.A. and Subsidiaries**

Notes to the Consolidated Financial

As of June 30, 2024 (unaudited), December 31, 2023 (audited) and June 30, 2023 (unaudited)

- ii. Investments at fair value through profit or loss for financial intermediation are recorded at their estimated market price.
- iii. Available-for-sale investments are generally listed or have a market price through future discounted cash flows.
- iv. Market prices of loan portfolio are the same as the carrying amount.
- v. Market prices of deposits and obligations are the same as the carrying amount.
- vi. Debts to banks and correspondent banks accrue interest at fixed and variable rates and have short and long-term maturities. The fair value of these financial instruments has been measured using discounted cash flows considering the funding curve.
- vii. The securities, bonds and outstanding obligations accrue interest at fixed interest rates. The fair value of these financial instruments has been measured using discounted cash flows considering the same methodology of item (vi).
- viii. Forward contracts are recorded at estimated market value; therefore, there are no differences with their corresponding fair values.

Consequently, as of June 30, 2024 and December 31, 2023, fair values or estimated market prices of financial instruments do not differ significantly from their corresponding carrying amount.

**Fair value hierarchy**

The Scotiabank Group classifies financial instruments measured at fair value based on their hierarchy or valuation techniques used. This fair value hierarchy has three levels as described below:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Significant inputs with material effect on fair value measurement that are directly or indirectly observable in the market.

Level 3: Unobservable inputs in the market.

The table below shows the valuation levels applied as of June 30, 2024 and December 31, 2023 to determine the fair value of financial instruments:

<i>In thousands of soles</i>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>06.30.2024</b>				
<b>Financial assets</b>				
<b>Investments at FVTPL</b>				
Equity instruments	-	5,712	-	5,712
Debt instruments	-	754,819	-	754,819
<b>Available-for-sale investments</b>				
Equity instruments	640	-	4,117	4,757
Debt instruments	-	5,688,632	-	5,688,632
Held-for-trading and hedging instruments	523,670	-	-	523,670
	<b>524,310</b>	<b>6,449,163</b>	<b>4,117</b>	<b>6,977,590</b>
<b>Financial liabilities</b>				
Held-for-trading instruments	-	359,913	-	359,913
	-	<b>359,913</b>	-	<b>359,913</b>

**Scotiabank Perú S.A.A. and Subsidiaries**

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As of June 30, 2024 (unaudited), December 31, 2023 (audited) and June 30, 2023 (unaudited)

<i>In thousands of soles</i>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>12.31.2023</b>				
<b>Financial assets</b>				
<b>Investments at FVTPL</b>				
Equity instruments	-	5,499	-	5,499
Debt instruments	-	909,330	-	909,330
<b>Available-for-sale investments</b>				
Equity instruments	640	-	4,146	4,786
Debt instruments	-	4,865,943	-	4,865,943
Held-for-trading and hedging instruments	431,155	-	-	431,155
	<b>431,795</b>	<b>5,780,772</b>	<b>4,146</b>	<b>6,216,713</b>
<b>Financial liabilities</b>				
Held-for-trading instruments	-	462,934	-	462,934
	-	<b>462,934</b>	-	<b>462,934</b>

**35. Subsequent Events**

The Bank is not aware of any significant subsequent events occurring between the closing date of these consolidated interim financial statements and the authorization date of their issuance that may affect them significantly.