Scotiabank Perú S.A.A. and Subsidiaries

Consolidated Financial Statements

December 31, 2024 and 2023

(including Independent Auditors' Report)

(ENGLISH TRANSLATION OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN SPANISH)

(TRANSLATION OF A REPORT ORIGINALLY ISSUED IN SPANISH)

INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying separate financial statements of Scotiabank Perú S.A.A. and its subsidiaries (Scotiabank Group), which comprise the consolidated statement of financial position as of December 31, 2024, and the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of material accounting policies and other explanatory information.

In our opinion, the consolidated financial statements referred to above, present fairly, in all material respects, the consolidated financial position of the Scotiabank Group as of December 31, 2024, their financial performance and their consolidated cash flows for the years then ended, in accordance with accounting standards established for financial institutions in Peru by the SBS.

Basis for Opinion

We conducted our audit in accordance with the International Standards on Auditing approved for their application in Peru by the Dean's Council of the Peruvian Professional Associations of Public Accountants. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Scotiabank Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Peru, together with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants*, and we have fulfilled our other ethical responsibilities in accordance with these requirements, respectively. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, have been of most significance in our audit of the consolidated financial statements of the current period. These matters have been addressed in the context of our audit of the consolidated financial statements as a whole and in forming our opinion thereon; however, we do not express a separate opinion on these matters.

Evaluation of the allowance for uncollectibility of direct loans, in accordance with the guidelines established in SBS Resolution 11356-2008 and amendments (note 4.E and 8 to the consolidated financial statements)	
Key Audit Matters	**How the matter was dealt with in our audit**
As of December 31, 2024, the balance of the direct loan portfolio and its allowance for doubtful accounts amounted to S/ 51,834,786 thousand and S/ 4,192,664 thousand, respectively. The Scotiabank Group records the allowance for doubtful accounts for direct loans as established by the SBS in SBS Resolution 11356-2008 and amendments, which determines the calculation of such allowance applying percentages based on the type of loans, that depend on the debtor's credit rating, type of loans and the collaterals associated to the loans. The debtor's credit rating is mainly defined based on the number of days past due of the loans and alignment with the financial system. Considering the above, we have identified a provision for the direct loan portfolio as a key audit matter, since it is a significant estimate done by management and it must comply with the indications of SBS for the evaluation and determination of each borrower's classification, which will determine the amount of the provision to be registered in the consolidated financial statements.	Our audit procedures for evaluating the allowance for uncollectibility of direct loans are the following: ▪ We obtained the understanding of the calculation procedures related to the allowance for uncollectibility of direct loans according to the SBS Resolution 11356-2018 and amendments. ▪ We identified, assessed, and tested the design, implementation and operational efficiency of certain key controls of the Scotiabank Group associated to the allowance for uncollectibility of direct loans. ▪ We obtained the database of debtors and we carried out integrity and accuracy tests of the data used in the calculation of the allowance. ▪ We inspected a sample of direct loan portfolio files to verify that the rating granted to non-retail customers complies with the guidelines defined by the SBS. ▪ We carried out the recalculation of the allowance for doubtful accounts for direct loans on the retail portfolio in accordance with SBS Resolution 11356-2008 and amendments. ▪ Finally, we evaluated whether the information disclosed in the notes to the consolidated financial statements is adequate in accordance with the criteria established in the SBS Accounting Manual.

IT Environment	
Key Audit Matters	**How the matter was dealt with in our audit**
The Scotiabank Group is highly dependent on its technology structure for the processing of its operations, as well as the accounting records and fair presentation of its consolidated financial statements. General IT controls about the access in the systems and data, development and management of changes to the programs and IT operations are essential to mitigate the potential risk of fraud or error with the aim of ensuring the integrity of the accounting records and financial information. The lack of an adequate general control environment for IT and its dependent controls could affect the processing capacity for the preparation of financial statements. For these reasons, we consider the IT environment as a key matter, since the Scotiabank Group is highly dependent of its technology structure for the processing of its operations and automated controls are an important part to ensure the correct treatment of the processing of data and accounting records.	Along with the participation of IT specialists, we carried out the following procedures: ▪ We evaluated and tested the design and operating effectiveness of general IT controls. ▪ We evaluated the IT governance framework of the Scotiabank Group and the key controls on the management of access to programs and data, development and changes to programs, and IT operations. ▪ We evaluated and tested the design and operational effectiveness of certain critical application controls for the processing of its operations and preparation of consolidated financial statements.

Other Matters

Management is responsible for other matters. The information comprises the data included in the 2024 Annual Report of Scotiabank Perú S.A.A. and is not an integral part of the separate financial statements or our auditor's report. We expect that the 2024 report will be available after the date of out audit opinion.

Our opinion on the consolidated financial statements does not cover the other information and we express no assurance or conclusion on that other information.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information when available and, in doing so, consider whether there is a material inconsistency between the other information and the consolidated financial statements or our knowledge obtained in the audit or otherwise whether the other information appears to contain a material misstatement.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting standards established for financial institutions in Peru by the Banking, Insurance and Pension Plan Agency (Superintendencia de Banca, Seguros y Administradoras Privadas de Fondos de Pensiones – SBS) for financial institutions in Peru, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Scotiabank Group's ability to continue as a going concern; to disclose, as applicable, matters related to going concern; and to use the going concern basis of accounting unless management either intends to liquidate the Scotiabank Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Scotiabank Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with the International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error. They are considered material if they could, individually or in the aggregate, influence the economic decisions that users make on the basis of the financial statements.

As part of an audit in accordance with the International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, including the disclosures.

- Conclude on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Scotiabank Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Scotiabank Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient and adequate evidence related to the financial information of entities and business activities in the Scotiabank Group to express an opinion on the consolidated financial statements. We are responsible of the management, supervision and performance of the Scotiabank Group's audit. We are solely responsible of our audit opinion.

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

Also, we provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Among the matters communicated to those charged with governance of the Scotiabank Group, we have identified those matters that have been of most significance in the audit of the consolidated financial statements of the current period and are, accordingly, the Key Audit Matters. We have described these matters in our auditor's report unless applicable law or regulation prohibits public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so could reasonably be expected to outweigh the public interest benefits of such communication.

Lima, Peru,

February 21, 2025

Emmerich, Córdova y Asociados

Countersigned by:

Eduardo Alejos P. (Partner)
Peruvian CPA Registration 29180

Scotiabank Perú S.A.A and Subsidiaries

Consolidated Financial Statements

December 31, 2024 and 2023

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(Translation of Consolidated Financial Statements originally issued in Spanish)

Scotiabank Perú S.A.A. and Subsidiaries
Consolidated Statement of Financial Position
As of December 31, 2024 and 2023

In thousands of soles	*Note*	2024	2023
Assets			
Cash and due from bank	6		
Cash		1,255,092	1,363,571
Deposits with Peruvian central reserve bank (BCRP)		11,527,782	8,574,682
Deposits with local and foreign banks		343,379	837,090
Clearing		189,616	47,425
Restricted cash and due from banks and others		208,231	313,172
		13,524,100	**11,135,940**
Interbank funds		-	118,737
Investments at fair value through profit or loss and available-for-sale investments	7	7,951,838	5,785,558
Loan portfolio, net	8	47,740,412	51,504,936
Held-for-trading and hedging instruments	9	190,183	431,155
Accounts receivable, net	10	1,067,246	1,397,354
Investments in associates		32,972	33,336
Goodwill	11	291,846	524,161
Property, furniture and equipment, net	12	299,515	319,156
Deferred income tax	28	720,605	579,977
Intangible assets, net	13	199,664	171,800
Other assets, net	14	774,175	618,904
Total assets		**72,792,556**	**72,621,014**
Contingent risks and commitments	20	60,566,548	69,540,739

In thousands of soles	*Note*	2024	2023
Liabilities			
Obligations with the public and deposits from financial institutions:	15		
Demand deposits		19,283,482	15,432,832
Savings deposits		12,454,426	12,632,369
Time deposits		17,509,160	15,923,179
Other obligations		575,716	802,418
		49,822,784	**44,790,798**
Interbank funds		183,050	37,020
Borrowings and debts	16	7,241,925	11,474,927
Held-for-trading and hedging instruments	9	180,930	462,934
Provisions and other liabilities	17	3,401,910	4,226,587
Total liabilities		**60,830,599**	**60,992,266**
Equity	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		(96,530)	(127,937)
Retained earnings		2,021,891	1,798,442
Equity attributable to shareholders of Scotiabank Perú S.A.A.		**11,889,554**	**11,561,006**
Non-controlling interests	2	72,403	67,742
Total equity		**11,961,957**	**11,628,748**
Total equity and liabilities		**72,792,556**	**72,621,014**
Contingent risks and commitments	20	60,566,548	69,540,739

The accompanying notes on pages 6 to 106 are part of these consolidated financial statements.

(Translation of Consolidated Financial Statements originally issued in Spanish)

Scotiabank Perú S.A.A. and Subsidiaries
Consolidated Statement of Profit or Loss
For the years ended December 31, 2024 and 2023

In thousands of soles	*Note*	2024	2023
Interest income	*21*	5,894,269	5,988,517
Interest expenses	*22*	(1,985,325)	(2,360,379)
Gross profit margin		**3,908,944**	**3,628,138**
Provision for loan losses, net of recoveries	*8(c)*	(1,537,175)	(1,396,682)
Net profit margin		**2,371,769**	**2,231,456**
Financial service income, net	*23*	581,319	525,668
Net profit margin of financial service income and expenses		**2,953,088**	**2,757,124**
Income from financial transactions	*24*	481,236	344,772
Operating margin		**3,434,324**	**3,101,896**
Administrative expenses	*25*	(1,850,988)	(1,817,227)
Depreciation of property, furniture and equipment	*12*	(33,172)	(37,458)
Amortization of intangible assets	*13*	(40,839)	(61,507)
Net operating margin		**1,509,325**	**1,185,704**
Provisions for realizable, received as payment, recovered and obsolete assets		(21,004)	(26,028)
Net provisions for indirect loan losses, impairment loss on other accounts receivable, and others		(366,578)	(226,877)
Operating income		**1,121,743**	**932,799**
Other income, net	*26*	48,311	69,145
Profit before income tax		**1,170,054**	**1,001,944**
Deferred tax	*28*	140,628	99,559
Current tax	*27.E*	(356,290)	(321,991)
Net profit		**954,392**	**779,512**
Profit attributable to:			
Shareholders of Scotiabank Perú S.A.A.		959,500	789,440
Non-controlling interests	*2*	(5,108)	(9,928)
		954,392	**779,512**

The accompanying notes on pages 6 to 106 are part of these consolidated financial statements.

(Translation of Consolidated Financial Statements originally issued in Spanish)

Scotiabank Perú S.A.A. and Subsidiaries
Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the years ended December 31, 2024 and 2023

In thousands of soles	***Note***	**2024**	**2023**
Net profit		954,392	779,512
Other comprehensive income			
Net gains on available-for-sale investments		31,451	315,611
Cash flow hedges	*9.b*	(130)	(2,116)
Adjustment to associate´s other comprehensive income	*18.F*	55	1,356
Other comprehensive income for the year, net of income tax		**31,376**	**314,851**
Total comprehensive income for the year		**985,768**	**1,094,363**
Other comprehensive income attributable to:			
Shareholders of Scotiabank Perú S.A.A.		990,907	1,104,223
Non-controlling interests	*2*	(5,139)	(9,860)
		985,768	**1,094,363**

The accompanying notes on pages 6 to 106 are part of these consolidated financial statements.

Scotiabank Perú S.A.A. and Subsidiaries
Consolidated Statement of Changes in Equity
For the years ended December 31, 2024 and 2023

						Equity-related adjustments				
In thousands of soles	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)	Unrealized gains and losses (note 18.F)	Other adjustments	Total	Non-controlling interests	Total equity
Balance as of January 1, 2023	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	-	-	-	-	789,440	-	-	789,440	(9,928)	779,512
Other comprehensive income										
Net unrealized gains on available-for-sale investments	-	-	-	-	-	315,543	-	315,543	68	315,611
Cash flow hedges	-	-	-	-	-	(2,116)	-	(2,116)	-	(2,116)
Adjustment to associates´ other comprehensive income	-	-	-	-	-	1,356	-	1,356	-	1,356
Total comprehensive income	**-**	**-**	**-**	**-**	**789,440**	**314,783**	**-**	**1,104,223**	**(9,860)**	**1,094,363**
Allocation to legal reserve	-	-	-	142,552	(142,552)	-	-	-	-	-
Capitalization of retained earnings	20,000,000	200,000	-	-	(200,000)	-	-	-	-	-
Provisions recorded	-	-	(361,384)	-	-	-	-	(361,384)	-	(361,384)
Other adjustments	-	-	-	-	961	-	-	961	-	961
Balance as of December 31, 2023	**822,677,853**	**8,226,777**	**33,079**	**1,630,645**	**1,798,442**	**44,923**	**(172,860)**	**11,561,006**	**67,742**	**11,628,748**
Balance as of January 1, 2024	802,677,853	8,026,777	33,079	1,630,645	1,798,442	44,923	(172,860)	11,561,006	67,742	11,628,748
Net profit	-	-	-	-	959,500	-	-	959,500	(5,108)	954,392
Other comprehensive income										
Net unrealized gains on available-for-sale investments	-	-	-	-	-	31,482	-	31,482	(31)	31,451
Cash flow hedge	-	-	-	-	-	(130)	-	(130)	-	(130)
Adjustment to associate´s other comprehensive income	-	-	-	-	-	55	-	55	-	55
Total comprehensive income	**-**	**-**	**-**	**-**	**959,500**	**31,407**	**-**	**990,907**	**(5,139)**	**985,768**
Allocation to legal reserve	-	-	-	73,692	(73,692)	-	-	-	-	-
Dividend distribution	-	-	-	-	(663,233)	-	-	(663,233)	-	(663,233)
Other adjustments	-	-	-	-	874	-	-	874	9,800	10,674
Balance as of December 31, 2024	**822,677,853**	**8,226,777**	**33,079**	**1,704,337**	**2,021,891**	**76,330**	**(172,860)**	**11,889,554**	**72,403**	**11,961,957**

The accompanying notes on pages 6 to 106 are part of these consolidated financial statements.

(Translation of Consolidated Financial Statements originally issued in Spanish)

Scotiabank Perú S.A.A. and Subsidiaries
Consolidated Statement of Cash Flows
For the years ended December 31, 2024 and 2023

In thousands of soles	***Note***	**2024**	**2023**
Cash flows from operating activities			
Net profit		954,392	779,512
Adjustments to reconcile net profit to net cash used in operating activities			
Provision for loan losses, net of recoveries	*8.(c)*	1,537,175	1,396,682
Provision for realizable, repossessed and other assets, net		13,580	18,121
Provision for accounts receivable, net		11,372	9,527
Depreciation and amortization		74,011	98,965
Provision for fringe benefits		50,253	48,372
Provision for current and deferred income tax	*27.E and 28*	215,662	222,432
Provision for indirect loan losses and country risk, net of recoveries		(62,749)	(20,126)
Other provisions		440,138	316,864
Gains on sale of property, furniture and equipment	*26*	(46,078)	(7,652)
Gains on sale of realizable and repossessed assets	*26*	(8,198)	(22,988)
Net changes in assets and liabilities:			
Loan portfolio		2,212,871	3,428,031
Investments at fair value through profit or loss		(551,176)	(691,727)
Available-for-sale investments		(1,815,872)	49,550
Accounts receivable		321,000	(452,594)
Other assets		(556,943)	(646,379)
Non-subordinated financial liabilities		1,493,854	(1,107,437)
Accounts payable		(373,078)	278,145
Provisions and other liabilities		(407,068)	(1,972,381)
Net profit after net changes in assets, liabilities and adjustments		**3,503,146**	**1,724,917**
Income tax paid		(401,749)	(545,877)
Net cash flows applied from operating activities		**3,101,397**	**1,179,040**
Cash flows from investing activities			
Dividends received		7,929	11,557
Acquisition of property, furniture and equipment	*12*	(27,891)	(50,309)
Acquisition of intangible assets	*13*	(76,774)	(85,146)
Sales of property, furniture and equipment and repossessed assets		63,273	8,951
Net cash flows used in investing activities		**(33,463)**	**(114,947)**
Cash flows from financing activities			
Dividends paid		(663,233)	-
Net cash flows used financing activities		**(663,233)**	**-**
Net increase in cash and cash equivalents before effects of exchange rate fluctuations		2,404,701	1,064,093
Effect of exchange rate fluctuations on cash and cash equivalents		**(30,359)**	**(341,143)**
Net increase in cash and cash equivalents		2,374,342	722,950
Cash and cash equivalents at the beginning of period		**10,951,388**	**10,228,438**
Cash and cash equivalents at the end of period		**13,325,730**	**10,951,388**
Non-cash transactions			
Capitalization of retained earnings		-	200,000
Net unrealized gains on available-for-sale investments	*18(f)*	31,482	315,543
Repo transactions		108,420	200,938

The accompanying notes on pages 6 to 106 are part of these consolidated financial statements.

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 December 31, 2024 and 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, Perú. As of December 31, 2024, the Scotiabank Group operates through a national network of 376 branches (412 branches as of December 31, 2023).

As of December 31, 2024 and 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.

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

In thousands of soles	**Activity**	**Shareholding percentage**	**Assets**	**Liabilities**	**Equity**
2024					
Scotiabank Perú S.A.A.	Banking	-	70,414,838	58,506,520	11,908,318
CrediScotia Financiera S.A.	Financing	100.00	2,704,311	1,940,913	763,398
Caja Rural de Ahorro y Crédito Cencosud Scotia Perú S.A.	Caja rural de ahorro y crédito	51.00	630,373	482,612	147,761
Servicios, Cobranzas e Inversiones S.A.C.	Collection services	100.00	97,056	44,604	52,452
Scotia Fondos Sociedad Administradora de Fondos Mutuos S.A.	Administration of mutual funds	100.00	109,897	12,365	97,532
Scotia Sociedad Agente de Bolsa S.A.	Intermediation in stock market	100.00	37,665	686	36,979
Scotia Sociedad Titulizadora S.A.	Securitization	100.00	5,668	676	4,992
2023					
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 Scotia Perú S.A.	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. In October 2022, the end of the state of national emergency was made official.

The consolidated financial statements as of December 31, 2024 and 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.

D. Approval of the consolidated financial statements

The consolidated financial statements as of December 31, 2024 were approved by management on February 19, 2025, 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 financial statements without amendments. The General Shareholders' Meeting, held March 26, 2024, approved the consolidated financial statements as of December 31, 2023.

2. Non-controlling Interests

The following table summarizes the financial information of CRAC as of December 31, 2024 and 2023 which has a significant non-controlling interest before the eliminations required in preparing the consolidated financial statements of the Scotiabank Group:

In thousands of soles	**2024**	**2023**
Total assets	630,372	660,941
Total liabilities	(482,612)	(522,692)
Total assets, net	**147,760**	**138,249**
Net assets attributable to non-controlling interests 49%	**72,403**	**67,742**
Net loss	(10,425)	(20,260)
Other comprehensive income	(64)	139
Total comprehensive income	**(10,489)**	**(20,121)**
Net loss allocated to non-controlling interests 49%	**(5,108)**	**(9,928)**
Other comprehensive income allocated to non-controlling interests 49%	**(31)**	**68**

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 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.

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 are the following:

- 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 with the accounting criteria described in note 4.

4. Material Accounting Policies

Major 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 SBS.

The financial statements of the subsidiaries and special purpose entities have been included for consolidation purposes and represent 4.84% and 5.12%, respectively, of the total Bank's assets before eliminations as of December 31, 2024 and 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 of inception 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.

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 FVTPL;
(ii) loans and accounts receivable;
(iii) available for sale investments;
(iv) held to maturity investments; and
(v) other financial liabilities.

The Scotiabank Group assesses the classification of financial instruments at initial recognition and on an 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.

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 derivate 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.

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 December 31, 2024, the Scotiabank Group has contracts designated as cash flow hedges (note 9(b)) (the Bank did not hold financial hedging instruments as of December 31, 2023).

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 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.

Amortized cost of debt instruments previously recognized 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

- When lower credit risk rating is obtained by the issuer's debt instrument.
- Significant changes in the technological, market, economic or legal environment in which the issuer operates occurs, 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 indicates 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 above conditions 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.

During 2024 and 2023 the Scotiabank Group has not recognized impairment losses on its investment instruments.

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

Interest income on available-for-sale investments is recognized using the effective interest method, calculated over the instrument's useful life. Premiums and discounts originated on the acquisition date are included in the calculation of 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 December 31, 2024 and 2023, the Scotiabank Group maintains a provision for impairment of goodwill arising from the investment in CrediScotia Financiera S.A. for S/ 232,315 thousand and S/ 46,503 thousand, respectively, note 11(b).

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.

In 2024 and 2023, investment instruments have not been reclassified into other categories.

E. Loans, classification and provisions for loan losses

Direct loans are recorded when cash outflows 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 payment to third parties. In addition, any direct loans suffering changes in payment terms due to financial difficulties of the debtor are considered as refinancing or restructuring.

Finance lease transactions are recognized using the finance 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 because of the COVID-19 outbreak (note 1 .C) are the following:

i ***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 moths 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.

Social conditions
During the year 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 December 31, 2024 and 2023, the Scotiabank Group showed a balance of S/ 9,976 thousand and S/ 18,487 thousand for this type of rescheduled transactions, respectively. In Management's opinion, this situation has not affected the Scotiabank Group's operations nor has it had any significant impact on the consolidated financial statements at December 31, 2024 and 2023.

During the period 2024, the Scotiabank Group did not perform any loan rescheduling unilaterally. At December 31, 2023, the Bank and the Financiera had unilaterally rescheduled loans in May and June 2023.

As of December 31, 2024 and 2023, CRAC has not performed any loan rescheduling unilaterally.

ii ***Government-backed 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:

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 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 Central Reserve Bank of Peru (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 on a later date. The cost of the cash provided by the BCRP is 0.5%.

As of December 31, 2024 and 2023, the Bank and CrediScotia placed loans under the Reactiva Peru program for S/ 131,979 thousand and S/ 391,555 thousand, respectively, which have an average coverage ratio of 91% (note 8).

The guarantees set 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 CrediScotia 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 CrediScotia shall continue collection efforts and shall pay COFIDE maintaining the coverage ratio.

As of December 31, 2024 and 2023, computation of the number of days in arrears for loans granted under this program was not suspended. In June 2021, the computation of days in arrears for loans granted under this program was suspended; therefore, the accounting position in that specific month was not impaired. Computation of the days in arrears was restarted on July 1, 2021. With respect to loans that were not rescheduled, the computation is restarted from the date of the oldest unpaid installment.

Fondo de Apoyo Empresarial -FAE- I and II
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 local 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 transaction meets 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 collection management of this loan portfolio, ensuring the refund for the amount received under the FAE-MYPE.

As of December 31, 2024, CrediScotia placed loans under the FAE- I, II and III for S/ 196 thousand, S/ 181 thousand, and S/ 54 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).

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 which covers between 60% and 75% of the amount of the loan. Subsequently, the Bank shall continue collection efforts and shall pay COFIDE to maintain the coverage ratio.

As of December 31, 2024 and 2023, the Group as loans granted under the Fondo Crecer program for S/ 7,382 thousand and S/ 10,105 thousand, respectively, with a coverage ratio of 68% y 67%, respectively on average.

Repurchase agreements for securities-backed loan government guarantees - Portfolio repos
The program aims to participating entities being able to sell security- backed loans to the BCRP, in exchange for the sale amount in local currency. Also, they are committed to repurchase the loan portfolio on 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 December 31, 2024, the Bank has not given any loan portfolio as a guarantee on this program (as of December 31, 2023 of S/ 1,718,692 thousand), (note 17(a)(ii)).

Loan portfolio classification
The Bank and 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 the Financiera 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 Financiera 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
Based on current regulations issued by the SBS, the Bank, the Financiera and CRAC determine generic and specific provisions for the loan portfolio. The generic provision is recorded on a preventive basis for debtors classified in the Standard category, which is calculated on their direct loans, the exposure equivalent to the credit risk of indirect loans, and additionally a procyclical component is considered when triggered by the SBS. The specific provision is that which is recorded for direct credits and the exposure equivalent to the credit risk of indirect credits of debtors identified with a risk higher than Standard.

The credit risk equivalent exposure of indirect credits is determined based on indirect credits multiplied by the different types of Credit Conversion Factors (CCF), itemized as follows:

	Descripción	**FCC (%)**
(a)	Confirmations of irrevocable letters of credit of up to one year, when the issuing bank is a prime rate company in a foreign financial system.	20
(b)	Guarantees, import letters of credit, letters of guarantee securing the payment obligations associated with credit risk events, and confirmations of letters of credit not included in item “a)”, as well as bankers' acceptances.	100
(c)	Letters of guarantee not included in literal “b)”.	50
(d)	Undisbursed loans granted and unused lines of credit.	-
(e)	Other indirect loans not included in the preceding paragraphs.	100

Provision requirements are determined based on the debtor's risk classification, whether or not collateral is secured, and the type of collateral provided.

The minimum generic provisioning rates for direct loans and the equivalent exposure to credit risk for indirect loans, classified in the Normal category, are as follows:

Type of loans	**Rate of provisions**
Corporate loans	0.70%
Large-business loans	0.70%
Medium-business loans	1.00%
Small-business loans	1.00%
Micro-business loans	1.00%
Revolving loans	1.00%
Non-revolving loans	1.00%
Mortgage loans	0.70%

	%			
Risk categories	**No collateral**	**Preferred collaterals**	**Preferred easily realizable collaterals**	**Self liquidating preferred collaterals**
With 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

Procyclical component of the provision rate for the Standard local category

Percentages of the procyclical components of the provisions for direct credits and the equivalent credit risk exposure of indirect loans held by debtors classified in the Standard category to be recorded when the procyclical rule is triggered 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

For loans with self-liquidating preferred guarantees, the procyclical component will be 0% for the portion secured with such guarantees.

For non-revolving consumer loans with contracts related to payroll deduction or pension agreements, and provided they are eligible, the procyclical component will be 0.25%.

Companies must establish pro-cyclical provisions for the portfolio in the Standard Category when any of the following situations arise:

(a) The average annualized percentage change in GDP over the past 30 months from a level below 4% to a level greater than or equal to this threshold.

(b) When the average annualized percentage change in GDP for the last 30 months is above 4% and the average annualized percentage change in GDP for the last 12 months is higher by 2 percentage points than the same indicator evaluated one year earlier.

(c) When the average annualized percentage change in GDP over the last 30 months is above 4% and 18 months have elapsed since the procyclical rule was deactivated because the average annualized percentage change in GDP over the last 12 months is lower by 4 percentage points than the same indicator evaluated one year before.

The calculation of the moving averages will be made using the monthly information of the annualized percentage variation of the GDP published by the BCRP.

There are also other triggering or activating and deactivating conditions established in Annex I of Resolution No. 11356-2008 and its amendments. The adoption of this rule was triggered between December 2008 and August 2009 and between September 2010 and October 2014. As of November 2014 it has been deactivated.

The SBS has established that financial institutions cannot, in any case, generate profits from the reversal of pro-cyclical provisions; these can only be reallocated to record mandatory provisions. As of December 31, 2024 and 2023, the balances of voluntary provisions recorded in the event of the likely triggering of the procyclical rule by the Bank, the Financiera and CRAC were S/ 164,853 thousand, S/ 20,804 thousand and S/ 7,600 thousand (S/ 109,852 thousand, S/ 20,804 thousand and S/ 7,600 thousand as of December 31, 2023, respectively).

Provisions for direct loans are stated by deducting the balance from the related assets (note 8), while provisions for indirect loans are stated under liabilities (note 17).

(i) By means of SBS Resolution 3922-2021, dated December 23, 2021, Resolution 3155-2020 was revoked, and the following requirements were set forth for measuring provisions for rescheduled loans because of the COVID-19 pandemic:

- Rescheduled loans held by borrowers rated as Normal are considered borrowers with a credit rating higher than Normal; thus, they qualified for classification as With Potential Problems. These loans, in turn qualified for a specific provision for loans rank as with Potential Problems.

  However, borrowers rated as Normal and With 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.

  Also, for borrowers rated as Normal, With Potential Problems and Substandard who did not pay at least one full installment, including principal, in the last twelve months shall be rated as Doubtful. These loans are subject to specific provisions that are required for loans rated as Substandard or Doubtful, respectively.

  Those provisions are applicable to consumer loans, micro-business loans, small-business loans and medium sized business loans.

- Unearned, accrued interest on current rescheduled consumer, micro-business, small business and medium-sized business loans are subject to specific provision requirements as those for loans rated as Substandard.

However, accrued interest on loans of borrowers who 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 provision requirements as those required to loans rated as Loss.

These considerations do not change the risk rating of the borrower.

The requirements issued in the Resolution are included in the consolidated financial statements as of December 31, 2024 and 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 pt (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.

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:

	Years
Property and premises	Between 40 and 10
Furniture, fixture and IT equipment	Between 10 and 4
Vehicles	8

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.

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 December 31, 2024 and 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.

In 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(a)).

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(a)).

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.

At December 31, 2024 and 2023, the Scotiabank Group recorded a provision for goodwill impairment, recognizing a loss amounting to S/ 232,315 thousand and S/ 46,503 thousand (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, via 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.

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 December 31, 2024 and 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.

Q. Income and expense recognition

Interest income and expenses 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, CrediScotia 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.

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.

At December 31, 2024 and 2023, the Scotiabank Group entered into repo transactions on securities and loan portfolio securities; note 7 and 17.

S. Consolidated statement of cash flows

For presentation purposes on this consolidated financial statement, as of December 31, 2024 and 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 0021-2024-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 pronouncement currently effective

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

Amendments to IFRS	**Date of mandatory adoption**
Non-current liabilities with covenants (Amendments to IAS 1)	Annual reporting periods beginning on or after January 1, 2024.
Classification of Liabilities as Current and Non-Current (Amendments to IAS 1)	Annual reporting periods beginning on or after January 1, 2024. Early adoption is permitted.
Lease liability in a Sale and Leaseback (Amendments to IFRS 16)	Annual reporting periods beginning on or after January 1, 2024. Early adoption is permitted.
Supplier Financing Arrangement (Amendments to IAS 7 and IFRS 7)	Annual reporting periods beginning on or after January 1, 2024 (early adoption is permitted) including amendments to IFRS 7 when amendments to IAS 7 are applicable.

ii. Accounting pronouncement not yet effective

The following accounting pronouncements are effective for annual reporting periods beginning after January 1, 2025, 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 earlier.

New IFRS	**Date of mandatory adoption**
IFRS 18 Presentation and Disclosure in the Financial Statements	Annual reporting periods beginning on or after January 1, 2027. Early adoption is permitted .
IFRS 19 Subsidiarias without Public Accountability: Disclosures	Annual reporting periods beginning on or after January 1, 2027. Early adoption is permitted .

Amendments to IFRS	**Date of mandatory adoption**
Lack of exchangeability (Amendments to IAS 21)	Annual reporting periods beginning on or after January 1, 2025. Early adoption is permitted.
Classification and measurement of financial instruments (Amendments to IFRS 9 and IFRS 7)	Annual reporting periods beginning on or after January 1, 2026. Early adoption is permitted.
Annual improvements to IFRS – Volume 11	Annual reporting periods beginning on or after January 1, 2026. Early adoption is permitted .

iii. Sustainability standard pronouncement not yet effectives

The following pronouncements issued are applicable to the preparation of sustainability reports. The Scotiabank Group intends to adopt the pronouncements on their respective dates of application and not in earlier.

New Sustainability IFRS d	**Date of mandatory adoption**
IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information	Annual reporting periods beginning on or after January 1, 2024. Early adoption is permitted, together with the adoption of IFRS S2.
IFRS S2 Climate-related Disclosures	Annual reporting periods beginning on or after January 1, 2024. Early adoption is permitted, together with the adoption of IFRS S1.

IFRS S1 and S2 are subject to the local standard-setting procedures for their adoption in Peru.

iv. Resolutions and regulations issued by the CNC and the Peruvian Securities Market Regulator (SMV) concerning the approval and adoption of IFRSs in Peru

As of the date of the consolidated financial statements, the CNC has issued:

- Resolution No 004-2024-EF/30 dated November 2, 2024, endorsing the International Financial Reporting Standard - IFRS 19 Subsidiaries without Public Accountability: Disclosures.

- Resolution No 003-2024-EF/30 dated September 27, 2024, endorsing the - IFRS 18 Presentation and Disclosures in the Financial Statements.

- Resolution No 002-2024-EF/30 dated August 19, 2024, endorsing the full set of International Financial Reporting Standard for 2024, including the Conceptual Framework for Financial Reporting.

- Resolution No 001-2024-EF/30 dated January 29, 2024, endorsing the Peruvian Financial Reporting Standard for micro-business that sets forth a simplified approach of accrual accounting for micro-business.

As indicated in note 2.A., the standards and interpretations detailed in i), ii) and iii) above will only be applicable to the Scotiabank Group in addition to those indicated by the SBS when situations arise that are not foreseen in its Accounting Manual. The Bank's Management has not determined the effect on the preparation of its consolidated financial statements if such standards were applicable and/or adopted by the SBS.

v. Major pronouncement issued by the SBS in 2024

- Resolution SBS 04345-2023, dated January 04, 2024; sets forth the amendment of the Regulations for the Evaluation and Classification of Debtors and the Requirement of Provisions and other rules to include definitions of commitments in the rules applicable to the Financial System.

- Resolution SBS 0525-2024, dated February 12, 2024; sets forth the amendment of the Regulations for the Regulatory Capital Requirement (Patrimonio Efectivo in Peru) for Market Risk and the Regulations for Regulatory Capital for Operational Risk.

- Resolution SBS 01754-2024, dated May 13, 2024; sets forth the approval of the amendment to the Rules for Preventing Money Laundering and Terrorism Financing applicable to those Parties subject to the Oversight of the Peruvian Financial Intelligence Unit (UIF) regarding money laundering and terrorism financing as approved under Resolution SBS No 789-2018.

- Resolution SBS 2110-2024 dated June 11, 2024, sets forth amendments to the accounting manual involving the definitions for the classification of loans; these definitions must be used to classify each of the following types of loans: micro, consumer, revolving consumer, non-revolving consumer, corporate, large companies, medium-sized companies and small companies.

- Resolution SBS 2286-2024, dated June 28, 2024; sets forth amendments to Regulations for Credit Card and Debit Cards, as approved under Resolution SBS N° 6523-2013, in order that the mechanisms for validation of identity and obtaining the user's consent are implemented by the companies from the moment of contracting products and/or services, as well as during their execution, with the purpose of obtaining accurate information on new users for adequate hat monitoring of transactions.

- Resolution SBS 2998-2024 dated September 03, 2024; sets forth the creation of a report called “Commissions and main expenses applied by the companies of the financial system”, with a specific instructions and format. They must submit the Report quarterly to the SBS, within fifteen (15) calendar days. This Resolution becomes effective based on the to be submitted for the second quarter of 2025, which must be submitted by July 15, 2025 at the latest.

- Resolution SBS 4347-2024 dated December 20, 2024, sets forth an amendment to Resolution SBS N° 4345-2023 to make clarifications of the items of indirect loans, types of commitments and contractual agreement. It also sets out the effects on the Country Risk Regulation. The structure of accounts related to debtor and creditor contingent accounts is determined. Also, the amount of exposure of off-balance sheet items is determined, the credit conversion factors (CCF) established must be applied. Finally, the effective date of this Resolution is modified to March 2026.

- Resolution SBS 4356-2024, dated December 26, 2024, sets forth the extension of the exceptional treatment concerning the time extension for the holding of foreclosed assets until December 31, 2026 without the need to request authorization or a Resolution from the SBS.

5. Foreign Currency Balances

The consolidated statement of financial position includes balances of foreign currency transactions, mainly in U.S. dollars (US$), which are recorded in soles (S/) at the Exchange rate set by the SBS. As of December 31, 2024 and 2023, the exchange rate was US$ 1 = S/ 3.764 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 December 31, 2024, buy and sell exchange rates used were US$ 1 = S/ 3.758 and US$ 1 = S/ 3.770, respectively (US$ 1 = S/ 3.705 and US$ 1 = S/ 3.713, respectively as of December 31, 2023).

As of December 31, foreign currency balances stated in thousands of U.S. dollars are as follows:

	2024			2023		
In thousands of	**U.S. dollars**	**Other currencies**	**Total**	**U.S. dollars**	**Other currencies**	**Total**
Assets						
Cash and due from banks	3,161,900	20,213	3,182,113	2,592,774	23,822	2,616,596
Interbank funds	-	-	-	20,009	-	20,009
Investments at fair value through profit or loss and available-for-sale investments	235,120	-	235,120	82,994	-	82,994
Loan portfolio, net	2,793,871	-	2,793,871	3,367,645	-	3,367,645
Held-for-trading and hedging instruments	16,998	-	16,998	21,372	-	21,372
Accounts receivable, net	10,234	-	10,234	7,079	-	7,079
Other assets, net	14,518	9,176	23,694	10,841	3,600	14,441
	6,232,641	**29,389**	**6,262,030**	**6,102,714**	**27,422**	**6,130,136**
Liabilities						
Deposits and obligations and other obligations	5,075,336	31,947	5,107,283	4,558,614	43,206	4,601,820
Borrowings and debts	1,557,138	-	1,557,138	2,608,946	-	2,608,946
Held-for-trading and hedging instruments	13,333	-	13,333	19,038	-	19,038
Other liabilities	116,294	12,523	128,817	76,346	3,275	79,621
	6,762,101	**44,470**	**6,806,571**	**7,262,944**	**46,481**	**7,309,425**
Net liability position in the consolidate statement of financial position	**(529,460)**	**(15,081)**	**(544,541)**	**(1,160,230)**	**(19,059)**	**(1,179,289)**
Derivative transactions	**587,531**	**21,152**	**608,683**	**1,949,231**	**18,632**	**1,967,863**

In 2024, the Scotiabank Group recorded net exchange gains on various transactions for S/ 191,004 thousand (net exchange gains for S/ 329,380 thousand as of December 31, 2023) in 'income from financial transactions' in the consolidated statement of profit or loss (note 24).

As of December 31, 2024, the Scotiabank Group has contingent foreign currency transactions for S/ 42,024,856 thousand equivalent to US$ 11,164,946 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:

In thousands of soles	**2024**	**2023**
Cash (a)	1,255,092	1,363,571
Peruvian central reserve bank (a)	11,527,782	8,574,682
Local banks and other financial institutions (b)	248,327	75,826
Foreign banks and other financial institutions (b)	95,052	761,264
Clearing	189,616	47,425
Restricted cash and due from banks (c)	208,212	313,158
Other cash and due from banks	19	14
	13,524,100	**11,135,940**

(a) As of December 31, 2024, funds held in cash and deposits with the Peruvian central bank (BCRP) include US$ 2,300,877 thousand and S/ 784,018 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, Financiera 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 December 31, 2024, the excess of minimum reserve requirements in foreign currency accrued interest at an effective annual rate of 3.90% and generated accrued interest of US$ 4,567 thousand (as of December 31, 2023, the Scotiabank Group accrue interest on the excess of minimum legal reserve requirements in foreign currency at an annual effective rate of 4.86% and generated accrued interest of US$ 5,410).

As of December 31, 2024, the Scotiabank Group includes US$ 837,700 thousand corresponding to overnight operations in the BRCP, which accrued interest at a rate of 4.44%, respectively (S/ 15,000 thousand and US$ 1,009,700 thousand that accrue interest at a 4.00% and 5.33% rate, respectively at December 31, 2023).

(b) Deposits with local and foreign banks mainly reflect 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 December 31, 2024, deposits with foreign banks comprise deposits held at The Bank of Nova Scotia for CAD$ 666 thousand (CAD$ 1,134 thousand as of December 31, 2023).

As of December 31, 2024 and 2023, the Scotiabank Group concentrates 87% and 86% of its deposits in four and five foreign financial institutions, respectively.

(c) At December 31, 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$ 7,401 thousand and S/ 170,513 thousand (US$ 12,923 thousand and S/ 255,358 thousand at December 31, 2023).

ii. Funding held to secure court actions brought against the Bank for S/ 21 thousand (S/ 45 thousand at December 31, 2023).

iii. Other restrictions for US$ 735 thousand and S/ 7,054 thousand (US$ 1,119 thousand and S/ 5,671 thousand at December 31, 2023).

During the course of 2024 and 2023, cash inflows obtained from interest on cash totaled S/ 359,724 thousand and S/ 300,372, thousand, respectively, and are stated within the interest income balance in the statement of income (note 21).

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

This caption comprises the following:

In thousands of soles	**2024**	**2023**
Investments at FVTPL		
Peruvian treasury bonds (a)	961,232	528,407
BCRP certificates of deposit (b)	149,529	355,294
Corporate bonds (c)	-	25,629
US Treasury Bonds (d)	340,015	-
Interests in mutual funds (e)	6,963	5,499
Global bonds (g)	8,265	-
	1,466,004	**914,829**
Available-for-sale investments		
Peruvian treasury bonds (a)	5,087,286	4,557,730
BCRP certificates of deposit (b)	861,098	205,698
Corporate bonds (c)	-	102,515
Global bonds (g)	532,724	-
Unlisted securities (f)	4,285	4,146
Listed securities	441	640
	6,485,834	**4,870,729**
Total investments at FVTPL and available-for-sale investments	**7,951,838**	**5,785,558**

(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 December 31, 2024, these bonds accrue interest at annual rates ranging from 1.73% to 7.70% (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).

In addition, as of December 31, 2024 and 2023, the Scotiabank Group has Peruvian treasury bonds for S/ 1,148,871 thousand and S/ 1,260,703 thousand granted in repurchase agreements (note 17 (a)(iv)).

(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 December 31, 2024, these certificates accrue interest based on the BCRP reference rate ranging from 4.47% to 5.25% annually (from 5.64% to 7.20% annually as of December 31, 2023) with maturities between January 2025 and July 2025 (between January 2024 and February 2024 as of December 31, 2023).

(c) As of December 31, 2024, the bank does not have any balance related to corporate bonds issued in local currency by the MiVivienda Fund (as of December 31, 2023 interest accrued at 6.39% and 8.20% interest and matured in February 2024).

(d) As of December 31, 2024, the balance corresponds to U.S. Treasury bonds which are issued in foreign currency by the U.S. Government, bear annual interest at 4.23% and mature in November 2026. (The Bank has not had US Treasury bons as of December 31, 2023).

(e) As of December 31, 2024, the Scotiabank Group holds interests in mutual funds in local and foreign currency for S/ 4,407 thousand and US$ 679 thousand, respectively (S/ 4,794 thousand and US$ 190 thousand as of December 31, 2023).

(f) As of December 31, 2024 and 2023, it includes S/ 248 thousand and S/ 213 thousand, respectively, corresponding to shares held by CrediScotia in Pagos Digitales Peruanos S.A., equivalent to 0.79% and 2.07%, respectively of share capital. The investment is measured at cost. As of December 31, 2024 and 2023, CrediScotia recognized a provision for impairment loss on this investment. Accordingly, it recognized an impairment loss for S/ 35 thousand and S/ 85 thousand, respectively, to measure it at fair value on that date.

(g) Global I bonds consist of the sovereign bonds issued by the MEF in foreign currency. As of December 31, 2024, these bonds bear interest at a rate fluctuating between 4.89% and 5.35% per annum and with maturity between July 2025 and December 2032 (as of December 31, 2023 the Bank has no balance of global bonds).

As of December 31, 2024 and 2023, the accrued interest on investments managed by the Scotiabank Group amounted to S/ 363,722 thousand and S/ 295,996 thousand, respectively. It is recorded as 'interest income' in the consolidated statement of profit or loss (note 21).

During fiscal 2024 and 2023, the Scotiabank Group earned net gains on sale of available-for-sale investments for S/ 109,921 thousand and S/ 59,463 thousand, respectively (note 24).

As indicated in note 18.F, as of December 31, 2024 and 2023, the Scotiabank Group generated unrealized net gains on measurement of available-for-sale investments for S/ 31,482 thousand (unrealized net gains for S/ 315,543 thousand, respectively).

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

In thousands of soles	2024	2023
Up to 3 months	7,279,500	5,212,746
From 3 to 12 months	14,726	205,698
More than 1 year	657,612	367,114
	7,951,838	**5,785,558**

8. Loan Portfolio, Net

This caption comprises the following:

In thousands of soles	*Note*	2024		2023	
Direct loans (a)					
Current loans					
Loans		30,956,491	60%	33,455,997	61%
Mortgage loans		10,329,247	20%	10,617,531	19%
Credit cards		2,027,282	4%	2,137,052	4%
Finance lease		2,536,115	5%	2,527,572	5%
Factoring		937,866	2%	1,265,599	2%
Discounts		741,519	1%	722,617	1%
Overdrafts and advances in checking accounts		4,885	-	83,136	-
Refinanced loans		2,070,835	4%	1,886,173	3%
Past-due loans		976,470	2%	1,120,793	2%
Lawsuit loans		1,254,076	2%	1,438,588	3%
		51,834,786	**100%**	**55,255,058**	**100%**
Plus (less)					
Accrued interest on current loans		361,334	-	389,032	-
Deferred interest		(263,044)	-	(29,636)	-
Provision for loan losses (b)		(4,192,664)	-	(4,109,518)	-
		47,740,412	-	**51,504,936**	-
Contingent loans	*20*	**9,200,412**	-	**12,618,051**	-

As of December 31, 2024 and 2023, 51% of the loan portfolio (direct and indirect loans) was concentrated in 1,139 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 December 31, the types of loans under this program are the following:

	2024		2023	
In thousands of soles	**Balance**	**Guaranteed (%)**	**Balance**	**Guaranteed (%)**
Type of loan				
Corporate loans	2,542	83%	4,782	80%
Large-business loans	41,518	88%	72,642	86%
Medium-business loans	36,473	91%	271,838	94%
Micro-business loans	779	98%	984	98%
Small-business loans	50,667	96%	41,309	97%
Loans under Reactiva Peru program	**131,979**	**91%**	**391,555**	**91%**

The repayment obligations to the BCRP related to this program are presented in 'accounts payable'. As of December 31, 2024 and 2023, they totaled S/ 89,944 thousand and S/ 356,688 thousand (note 17(a)(i)), respectively.

Likewise, as of December 31, 2024 and 2023, Financiera participated in the FAE-MYPE I, II and III, placing government guaranteed loans, as follows:

	2024							
In thousands of soles	**FAE-MYPE I Guaranteed**	**(%)**	**FAE-MYPE II Guaranteed**	**(%)**	**FAE-MYPE III Guaranteed**	**(%)**	**Total average guaranteed**	**(%)**
Micro-business loans	40	70%	165	98%	41	98%	246	89%
Small-business loans	156	58%	16	98%	13	98%	185	85%
FAE-MYPE	**196**	**64%**	**181**	**98%**	**54**	**98%**	**431**	**87%**

	2023							
In thousands of soles	**FAE-MYPE I Guaranteed**	**(%)**	**FAE-MYPE II Guaranteed**	**(%)**	**FAE-MYPE III Guaranteed**	**(%)**	**Total average guaranteed**	**(%)**
Micro-business loans	49	70%	179	98%	80	98%	308	89%
Small-business loans	177	60%	83	98%	24	98%	284	85%
FAE-MYPE	**226**	**65%**	**262**	**98%**	**104**	**98%**	**592**	**87%**

Balances payable to COFIDE related to the FAE I, II and III programs at December 31, 2024 and 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 December 31, effective interest rates on major assets were the following:

	2024		**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	6.14 – 36.06	5.18 – 13.43	5.85 – 35.40	3.00 – 14.04
Consumer loans	13.10 – 67.42	6.85 – 45.46	12.89 – 68.76	6.55 – 42.83

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

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

	2024				2023			
In thousands of soles	**Number of debtors**	**Direct**	**Indirect**	**Total**	**Number of debtors**	**Direct**	**Indirect**	**Total**
Risk rating								
Normal	1,031,181	45,436,258	8,339,091	53,775,349	1,100,710	47,948,223	11,237,723	59,185,946
With Potential problems	31,331	1,512,508	630,488	2,142,996	44,531	2,511,712	1,118,951	3,630,663
Substandard	31,397	1,174,075	35,806	1,209,881	45,694	1,034,697	68,268	1,102,965
Doubtful	79,239	1,412,022	27,446	1,439,468	96,856	1,429,948	143,549	1,573,497
Loss	139,698	2,299,923	167,581	2,467,504	93,753	2,330,478	49,560	2,380,038
	1,312,846	**51,834,786**	**9,200,412**	**61,035,198**	**1,381,544**	**55,255,058**	**12,618,051**	**67,873,109**

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

In thousands of soles	*Note*	Specific	Generic	Total
Balance as of January 1, 2023		2,579,569	1,275,043	3,854,612
Additions charged to profit or loss		2,554,312	288,601	2,842,913
Recovery of provisions		(1,003,349)	(337,788)	(1,341,137)
Transfer of provisions and others		1,737	(1,316)	421
Write-off and forgiveness		(1,062,161)	-	(1,062,161)
Exchange difference		(22,876)	(3,811)	(26,687)
Recovery from sale of portfolio	*17(f).iv*	(134,443)	(24,000)	(158,443)
Balances as of December 31, 2023		**2,912,789**	**1,196,729**	**4,109,518**
Additions charged to profit or loss		3,244,124	437,628	3,681,752
Recovery of provisions		(1,599,741)	(410,619)	(2,010,360)
Transfer of provisions and others		741	(169)	572
Write-off and forgiveness		(1,364,957)	-	(1,364,957)
Exchange difference		8,086	1,909	9,995
Recovery from sale of portfolio (i)		(232,999)	(857)	(233,856)
Balances as of December 31, 2024		**2,968,043**	**1,224,621**	**4,192,664**

(i) In August 2024, the Bank sold at par a fully provisioned financed portfolio to an unrelated third party; the related revenue is still recorded as deferred revenue, but as soon as cash payment is made by the buyer, the respective cash inflows from the portfolio sale will be recognized as revenue.

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

In thousands of soles	2024	2023
Provision for loan losses	(3,681,752)	(2,842,913)
Recovery of provisions	2,010,360	1,341,137
Income from recovery of loan portfolio	134,217	105,094
Provision for loan losses, net of recoveries	**(1,537,175)**	**(1,396,682)**

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 December 31, 2024, the voluntary provisions of the Bank, CrediScotia and CRAC amount to S/ 598,825 thousand, S/ 60,324 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).

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

	2024				2023			
In thousands of soles	**General**	**Specific**	**Voluntary**	**Total**	**General**	**Specific**	**Voluntary**	**Total**
Type of loan								
Corporate loans	128,217	125,881	90,646	344,744	112,040	187,764	32,682	332,486
Large-business loans	27,471	177,642	94,656	299,769	47,840	158,893	146,656	353,389
Medium-sized business loans	26,735	453,009	103,549	583,293	64,475	902,241	142,549	1,109,265
Small business loans	44,388	827,367	82,876	954,631	16,955	286,015	38,784	341,754
Micro-business loans	446	4,659	39,572	44,677	1,244	5,285	41,476	48,005
Consumer loans	117,326	963,061	201,058	1,281,445	123,386	1,006,998	171,764	1,302,148
Mortgage loans	79,233	527,497	56,992	663,722	81,619	482,560	43,809	607,988
Total	423,816	3,079,116	669,349	4,172,281	**447,559**	**3,029,756**	**617,720**	**4,095,035**

As indicated in note 4.E, from November 2014, the procyclical component for the calculation of the provision was deactivated. As of December 31, 2024 and 2023, the Scotiabank Group did not apply the procyclical component to record specific provisions. As of December 31, 2023, the Bank and CrediScotia have a balance of S/ 45,897 thousand (S/ 45,377 thousand as of December 31, 2023).

As of December 31, 2024, the Scotiabank Group's provision for exchange rate risk amounts to S/ 18,584 thousand and other provisions amount to S/ 1,799 thousand (S/ 12,944 thousand and S/ 1,539 thousand as of December 31, 2023).

(d) The Scotiabank Group, based on the policies indicated in note 4.E, rescheduled loans to customers whose arrears did not exceed 15 days as of February 29, 2020 or were current on their payments at the beginning of the state of emergency. These easy payment terms included debt rescheduling applicable to gross and individual loan portfolio depending on the loans.

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

	2024			2023		
In thousands of soles	**Gross**	**Individual**	**Total**	**Gross**	**Individual**	**Total**
Type of loan						
Large-business loans	-	992	992	-	2,308	2,308
Medium-business loans	-	-	-	2,560	46,745	49,305
Small-business loans	2,199	24,619	26,818	5,497	16,326	21,823
Micro-business loans	26	7	33	195	52	247
Consumer loans	6,294	65,296	71,590	14,178	100,029	114,207
Mortgage loans	35,745	320,163	355,908	50,308	446,571	496,879
	44,264	**411,077**	**455,341**	**72,738**	**612,031**	**684,769**

Likewise, the Bank, CrediScotia and CRAC as of December 31, 2024 recorded provisions for rescheduled loans for S/ 3,972 thousand, S/ 89 thousand and S/ 1 thousand, respectively (S/ 5,638 thousand, S/ 188 thousand and S/ 12 thousand, respectively as of December 31, 2023).

(e) As of December 31, the maturities of direct loans are as follows:

	2024			2023		
In thousands of soles	**Currency Local**	**Currency Foreign**	**Total**	**Currency Local**	**Currency Foreign**	**Total**
Up to 1 month	1,757,562	1,376,478	3,134,040	2,271,347	2,369,773	4,641,120
1-3 months	3,386,551	2,373,200	5,759,751	3,386,345	3,259,620	6,645,965
3-6 months	3,573,059	1,540,940	5,113,999	3,885,780	2,181,153	6,066,933
6-12 months	4,600,303	1,211,140	5,811,443	4,871,944	1,703,223	6,575,167
More than 1 year	25,651,917	4,494,424	30,146,341	26,047,066	3,108,458	29,155,524
Past-due loans and lawsuit loans	1,743,569	486,977	2,230,546	1,878,548	680,833	2,559,381
Less: Accrued interest	(260,471)	(100,863)	(361,334)	(267,539)	(121,493)	(389,032)
	40,452,490	**11,382,296**	**51,834,786**	**42,073,491**	**13,181,567**	**55,255,058**

9. Held-for-Trading and Hedging Instruments

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

	2024		2023	
In thousands of soles	**Accounts receivable**	**Accounts payable**	**Accounts receivable**	**Accounts payable**
Held-for-trading instruments (a)				
Foreign-exchange forward contracts	71,185	102,674	287,856	215,146
Interest rate swaps	64,666	50,243	79,430	70,612
Cross-currency swaps	54,332	27,959	63,869	177,176
	190,183	**180,876**	**431,155**	**462,934**
Hedging instruments (b)				
Interest rate swaps	-	54	-	-
	-	**54**	**-**	**-**
Held-for-trading and hedging instruments	**190,183**	**180,930**	**431,155**	**462,934**

(a) In 2024 and 2023, held-for-trading instruments generated gains and losses net for S/ 60,177 thousand and for S/ 116,637 thousand, respectively (note 24).

(b) As of December 31, 2024 and 2023, these derivatives resulted in interest expenses of S/ 84 thousand and S/ 41,226 thousand, respectively (note 22). In addition, these hedging derivatives resulted in unrealized net losses of S/ 130 thousand and S/ 2,116 thousand; respectively, recognized within other comprehensive income in the statement of changes in equity (note 18.F).

10. Accounts Receivable, Net

This caption comprises the following:

In thousands of soles	2024	2023
Financial instruments		
Sale of investments (a)	485,340	906,880
Commissions receivable	16,747	15,309
Payments on behalf of third parties, net	31,992	17,233
Collection services	-	268
Sale of goods and services, trust, net	18,857	12,033
Advances to personnel	3,122	2,833
Accounts receivable from third parties	3,664	117
Other accounts receivable, net (b)	262,133	149,288
	821,855	**1,103,961**
Non-financial instruments		
Tax claims (c)	245,391	293,393
	1,067,246	**1,397,354**

(a) As of December 31, 2024 and 2023, the balance corresponds to accounts receivable 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/ 436,282 thousand and S/ 680,593 thousand, respectively; ii) short sale of sovereign bonds for S/ 49,058 thousand and S/ 226,287 thousand, respectively.

(b) As of December 31, 2024, other receivables net of their respective allowance for doubtful accounts include mainly: i) unsettled transactions with debit and credit cards for S/ 183,885 thousand (S/ 72,559 thousand as of December 31, 2023); ii) finance leases for S/ 5,545 thousand (S/ 10,053 thousand as of December 31, 2023); iii) refund of travel expenses for S/ 13,906 thousand (S/ 3,329 thousand as of December 31, 2023); and iv) other accounts receivable for S/ 58,797 thousand (S/ 63,347 thousand as of December 31, 2023).

(c) As of December 31, 2024 and 2023, the balance comprises the following:

i) A total of S/ 361,384 thousand reflects the interest on which the bank holds the right to request a refund, and which resulted from the S/ 481,845 thousand payments under protest related to a tax claim filed with the tax administration (SUNAT and the Tax Tribunal), which after more than 14 years ended in 2013 at the tax 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 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.

Since the Bank considered that the alleged tax charged was irregular and unlawful - also stemming from a delay of more than 14 years in the administrative process that resulted in the accrual of excessive interest - in November 2013, it filed two legal actions requesting a review of the case to recover the payment under protest: (i) Constitutional Protection Action (Amparo 1) to review the unconstitutionality of the accrual of interest due to the excessive time taken by the tax authorities to resolve the case and (ii) contentious-administrative appeal (ACA in) to challenge 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.

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 receivables. 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 Tribunal published on its web portal the judgment regarding the process called Amparo 2, declaring unfounded the claim filed by Scotiabank Peru. That sentence, based on the legal provisions in force, is a final Resolution for the undeclared tax under claim plus the interest calculated within the regular Resolution period for such claim, for a total of S/ 92,375 thousand. Therefore, in May 2024 the Bank wrote off the account receivable that was fully provisioned for said items. Still pending in the account receivable is the amount of interest arising from the moment that the regular Resolution time period is considered to be exceeded until the date of settlement. This is so because the Bank is within the regulatory term to file a tax refund application with SUNAT for this item.

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) Payments made by the Bank under protest of S/ 223,194 thousand and S/ 230,094 thousand, respectively, related to the Temporary Tax on Net Assets (ITAN) for fiscal 2005 and 2006. During 2024, the Bank obtained from SUNAT a refund of S/ 6,900 thousand under SUNAT Resolution No. 012-180-0035571.

These payments are being challenged by the Bank in court, considering that they are undue and should be offset against income tax and other tax credits.

Bank's management and its legal advisors consider that these amounts will be returned to the Bank upon obtaining a favorable Resolution.

iii) On December 29, 2023, the Bank was notified with Resolution (RI) No. 012-180 - 0033095 from SUNAT by which it approves the refund request for S/ 40,979 thousand relating to the amount paid under protest plus the accrued interest of S/ 15,220 thousand. During 2023, the Scotiabank Group recognized such interest within other income and expenses in the consolidated statement of profit or loss (note 26).

As of December 31, 2022, CrediScotia had payments under protest for S/ 21,072 thousand relating to the income tax claims of fiscal 2010 and 2011. In 2023, CrediScotia was notified with SUNAT resolutions comprising tax refunds of S/ 35,754 thousand (Taxes of S/ 17,412 thousand and Interest of S/ 18,342 thousands); the Scotiabank Group has recognized such interest within Other income and expenses in the consolidated statement of income (note 26).

11. Goodwill

This caption comprises the following:

In thousands of soles	**2024**	**2023**
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
	291,846	**524,161**

(a) Goodwill generated in the acquisition of the commercial retail and consumer banking business of Citibank del Perú.

(b) During 2022, the Bank recorded a provision for goodwill impairment, recognizing a loss of S/ 46,503 thousand.

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. In addition, as is customary in this type of agreements, completion of the transaction is subject to the fulfillment of certain conditions, such as, obtaining the approval of the banking regulator SBS, the agency for open competition and intellectual property protection (Instituto Nacional de Defensa de la Competencia y de Protección de la Propiedad Intelectual - Indecopi) and the European Central Reserve Bank for the acquisition of an equity interest by Banco Santander S.A. On December 3, 2024, the Bank was informed that the SBS authorized Banco Santander, S.A. (Spain) to acquire one hundred percent (100%) of the capital stock of CrediScotia Financiera S.A.; further specifying that such authorization will become effective once Indecopi issues the respective authorization. (note 34).

In May 2024, the Bank recognized the impairment of its investment in the subsidiary CrediScotia Financiera (CSF) since its carrying amount exceeded the fair value obtained from the sale price obtained from the buyer. In this regard, SBP recorded such impairment on goodwill for S/ 232,315 thousand and impairment on its investment for S/ 163,356 thousand. (note 17).

Also, in May, the costs of this transaction were recognized and a net provision of S/ 8,078 thousand was recorded accordingly (note 17 (c)).

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

Under SBS regulations, goodwill has been assessed by Management on an annual basis. Management determined that there is no impairment as of December 31, 2024 and 2023, except as indicated in subsection (b).

12. Property, Furniture and Equipment, Net

This caption comprises the following:

In thousands of soles	Land	Property and premises	Furniture, fixture and IT equipment	Vehicles	Goods in-transit and work-in-progress	2024	2023
Cost							
Balance as of January 1	128,236	766,479	443,188	2,999	37,268	1,378,170	1,353,377
Additions	-	101	3,472	-	24,318	27,891	50,309
Sales (a)	(10,995)	(41,291)	(22,797)	-		(75,083)	(7,968)
Transfers	-	12,686	5,982	-	(18,668)	-	-
Disposals and others	-	(9,524)	(9,508)	(67)	(129)	(19,228)	(17,548)
Balance as of December 31	**117,241**	**728,451**	**420,337**	**2,932**	**42,789**	**1,311,750**	**1,378,170**
Accumulated depreciation							
Balance as of January 1	-	664,443	391,995	2,576	-	1,059,014	1,043,744
Additions	-	16,006	16,981	185	-	33,172	37,458
Sales (a)	-	(39,249)	(22,210)	-	-	(61,459)	(7,968)
Disposals and others	-	(9,278)	(9,147)	(67)		(18,492)	(14,220)
Balance as of December 31	**-**	**631,922**	**377,619**	**2,694**	**-**	**1,012,235**	**1,059,014**
Net carrying amount	**117,241**	**96,529**	**42,718**	**238**	**42,789**	**299,515**	**319,156**

Under 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) At December 31, 2024 the Bank sold real estate and land with a carrying amount of S/ 12,193 thousand, resulting in gross gains of S/ 48,783 thousand (note 26).

13. Intangible Assets, Net

This caption comprises the following:

In thousands of soles	Software and others	Work-in-progress	Goodwill	Other intangible assets	Exclusive agreement (a)	Cencosud brand name (a)	2024	2023
Cost								
Balance as of January 1	568,250	47,560	6,653	24,717	-	-	647,180	902,439
Additions	3,377	73,397	-	-	-	-	76,774	85,146
Disposals and others	(6,391)	(1,854)	(355)	-	-	-	(8,600)	(340,405)
Balance as of December 31	**565,236**	**119,103**	**6,298**	**24,717**	**-**	**-**	**715,354**	**647,180**
Accumulated amortization								
Balance as of January 1	454,533	-	2,829	18,018	-	-	475,380	524,370
Additions	39,340	-	113	1,386	-	-	40,839	61,507
Disposals and others	(182)	-	(347)		-	-	(529)	(110,497)
Balance as of December 31	**493,691**	**-**	**2,595**	**19,404**	**-**	**-**	**515,690**	**475,380**
Net carrying amount	**71,545**	**119,103**	**3,703**	**5,313**	**-**	**-**	**199,664**	**171,800**

(a) 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/ 99,135 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.

14. Other Assets, Net

This caption comprises the following:

In thousands of soles	2024	2023
Financial instruments		
Transactions in progress (a)	299,548	144,207
	299,548	**144,207**
Non-financial instruments		
Prepaid expenses (b)	134,286	150,166
Realizable and repossessed assets, net of accumulated depreciation and provision for impairment loss for S/ 237,406 thousand (S/ 230,718 thousand in 2023)	30,557	38,509
Income tax credit balance (c)	301,311	233,493
VAT credit balance	2,712	43,153
Others	5,761	9,376
	474,627	**474,697**
	774,175	**618,904**

(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 December 31, 2024, it includes treasury transactions for S/ 111,917 thousand (S/ 86,263 thousand as of December 31, 2023), transactions to be settled with clearing house called Cámara de Compensación Electrónica for S/ 101,482 thousand (S/ 37,539 thousand as of December 31, 2023), and invoices-in-transit for S/ 8,772 thousand (S/ 6,002 thousand as of December 31, 2023).

(b) As of December 31, 2024, prepaid expenses mainly include: i) deferred loan origination costs related to fees paid to the external sales force for S/ 102,652 thousand (S/ 121,262 thousand as of December 31, 2023); ii) prepaid fees for loans received for S/ 6,036 thousand (S/ 5,145 thousand at December 31, 2023) and iii) prepaid leases for S/ 2,880 thousand (S/ 3,024 thousand at December 31, 2023).

(c) The income tax credit balance as of December 31, 2024 comprises a tax credit balance of S/ 269,746 thousand (S/ 18,234 thousand as of December 31, 2023) and on-account income tax payments of S/ 31,565 thousand (S/ 215,259 thousand as of December 31, 2023).

15. Deposits and Obligations with Financial Institutions

This caption comprises the following:

In thousands of soles	2024		2023	
Corporate clients	22,827,856	46%	17,671,603	39%
Individuals	19,554,583	40%	20,276,239	46%
Non-profit entities	4,069,879	8%	3,943,923	9%
Others	3,370,466	6%	2,899,033	6%
	49,822,784	**100%**	**44,790,798**	**100%**

As of December 31, 2024 and 2023, deposits and other obligations in U.S. dollars account for 39 % and 38% of total amount, respectively. As of December 31, 2024, deposits include accounts pledged in favor of the Bank and CrediScotia for credit transactions for S/ 284,872 thousand and US$ 137,687 thousand (S/ 268,562 thousand and US$ 141,856 thousand as of December 31, 2023).

As of December 31, 2024 and 2023, total deposits and obligations from individuals and non-profit entities amount to S/ 14,100,120 thousand and S/ 14,750,632 thousand, respectively, and are secured by the Peruvian Deposit Insurance Fund according to current regulations.

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

(a) Registered deposits, under any scheme, from individuals and private non-profit entities.
(b) Accrued interest on the aforementioned deposits as from their respective opening dates or their last renewal dates; and
(c) Demand deposits of to other legal entities.

As of December 31, 2024 and 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 December 31, effective rates of main assets ranged as follows (annual effective rate):

	2024		2023	
%	**Local currency**	**Foreign currency**	**Local currency**	**Foreign currency**
Savings deposits	1.42 - 2.83	0.12 - 0.37	0.98 - 2.51	0.10 - 0.37
Time deposits	4.01 - 7.88	0.20 - 4.39	6.54 – 8.69	0.03 – 4.62
Bank certificates	-	0.07 - 2.24	-	0.07 – 1.99
Length-of-service compensation deposits	2.38 - 5.69	0.85 - 0.87	2.83 - 5.68	0.86 – 1.11

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

	2024			2023		
In thousands of soles	**Local currency**	**Foreign currency**	**Total**	**Local currency**	**Foreign currency**	**Total**
Up to 1 month	3,494,788	2,572,724	6,067,512	3,543,984	1,609,817	5,153,801
1-3 months	2,580,346	1,543,991	4,124,337	2,383,142	1,718,621	4,101,763
3-6 months	1,404,780	1,171,657	2,576,437	1,519,296	882,212	2,401,508
6-12 months	2,839,309	502,619	3,341,928	1,606,455	1,160,929	2,767,384
More than 1 year	1,080,032	71,553	1,151,585	904,872	268,942	1,173,814
	11,399,255	**5,862,544**	**17,261,799**	**9,957,749**	**5,640,521**	**15,598,270**
Interest	209,370	37,991	247,361	257,987	66,922	324,909
	11,608,625	**5,900,535**	**17,509,160**	**10,215,736**	**5,707,443**	**15,923,179**

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

16. Borrowings and Debts

This caption comprises the following:

In thousands of soles	2024	2023
Borrowings and debts		
Obligations in the country		
COFIDE (a)	789,349	951,199
Other banks	110,000	20,000
Ordinary loans from abroad		
Related banks (b)	4,836,740	5,674,770
Other banks (c)	988,965	4,023,935
	6,725,054	**10,669,904**
Interest payable (b)	33,286	60,046
	6,758,340	**10,729,950**
Securities and obligations (d)	483,585	744,977
	7,241,925	**11,474,927**

(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.

On October 29, 2024, the Bank settled the loan to COFIDE for S/ 128,512 thousand, granted for the mortgage financing of the MiVivienda Fund housing programs.

As of December 31, 2024 and 2023, the Bank and CrediScotia hold obligations with COFIDE for S/ 789,349 thousand and S/ 754,306 thousand, respectively, which are secured by a mortgage loan portfolio, as follows:

		2024		2023	
In thousands of	**Currency**	**Net loans**	**Backed debt**	**Net loans**	**Backed debt**
Detail					
Mortgage loans – MiVivienda Fund (*)	Soles	776,096	786,639	787,618	747,774
Mortgage loans – MiVivienda Fund (*)	U.S. dollars	818	720	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.

Also, as of December 31, 2024, the Bank and CrediScotia have not entered into agreements to channel COFIDE resources to finance loans for corporate and medium-size companies (as of December 31, 2023 S/ 196,893 thousand).

(b) As of December 31, 2024, ordinary loans with related banks include debts payable to Scotiabank Ltd. Bahamas for US$ 1,285,000 thousand, which accrue interest at annual rates ranging from 4.72% to 6.18% with maturities between April 2025 and February 2027 (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.

(c) As of December 31, 2024, the Bank holds borrowings and debts with other foreign banks for US$ 262,743 thousand (US$ 1,061,994 thousand as of December 31, 2023), which accrue interest at annual rates ranging from 4.34% to 6.05% (5.89% to 6.44% as of December 31, 2023). As of December 31, 2024 and 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 December 31, maturities of borrowings with banks and other financial institutions were as follows:

In thousands of soles	**2024**	**2023**
Up to 1 month	267,666	2,734,064
1-3 months	10,604	1,240,722
3-6 months	2,015,453	278,311
6-12 months	274,179	146,418
More than 1 year	4,190,438	6,330,435
	6,758,340	**10,729,950**

(d) As of December 31, securities and bonds are as follows:

In thousands of soles	**Annual interest**	**Maturity**	**2024**	**2023**
Issuance				
Redeemable subordinated bonds				
1st Issuance, single series (i)	4.50%	2027	-	-
1st Issuance A – 1st Program - SBP (ii)	7.34%	2025	79,500	535,560
1st Issuance A – 1st Program - CSF (iii)	7.41%	2027	-	130,000
			79,500	**665,560**
Negotiable certificates of deposit			391,179	70,006
			391,179	**70,006**
			470,679	**735,566**
Interest payable and obligations			12,906	9,411
			483,585	**744,977**

i. In December 2012, the Bank issued subordinated bonds for US$ 400,000 thousand, which under SBS Resolution 8093-2012, qualify as tier 2 capital. These bonds mature in December 2027 and accrue interest at an annual fixed rate of 4.500% during the first ten years; from the eleventh year, they accrue interest at a variable LIBOR rate of 3-month plus a spread of 3.856% to be paid each six months. After the eleventh year, all these bonds can be redeemed without penalties. This issuance was performed in the international market and contains certain standard clauses of compliance with financial ratios and other operating matters, which in management's opinion, do not affect the Bank's business and are being met.

On January 3, 2023 the Bank decided to begin a tender offer inviting holders of subordinated bonds issued abroad to sell their holdings for up to US$ 400,000,000, called First Issue of Scotiabank Peru International Subordinated Bonds (Primera Emisión de Bonos Subordinados Internacionales Scotiabank Perú) with maturity in 2027, which was counted as regulatory capital tier 2. This repurchase was authorized by the Banking, Insurance and Pension Plan AFP regulator (SBS) under Resolution N° 03782-2022 dated December 13, 2022.

ii. 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. On October 22, 2024, the Bank redeemed 53,556 subordinated bonds in local currency of the First Scotiabank Peru Subordinated Bond Program, which was issued in May 2015 in the local market with a nominal value of S/ 10,000 each and maturity of 10 years from the date of issuance.

iii. In July 2012, CrediScotia 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.

On January 31, 2024, the Company redeemed the first program of Subordinated Bonds - First Issue, which were issued on July 24, 2012 in the local market for S/ 130,000 thousand, equivalent to the nominal value of all outstanding Subordinated Bonds of the First Issue.

iv. At the Board meeting of 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.

As of December 31, 2024, via a public offering, the Company issued CDNs for S/ 388,052 thousands (Second Issue Series A, B, C, D, E and F), maturing between December 2024 and August 2025, and bearing interest at annual rates ranging from 4.68750% to 6.09375% (as of December 31, 2023, for thousands of S/ 64,056 (Fifth Program) series identified with letter A, at an annual rate of 6.43%). 68750% and 6.09375% (as of December 31, 2023, for S/ 64,056 thousands (Fifth Program) series identified with the letter A, at an annual rate of 6.438% and maturity in December 2024).

As of December 31, the maturity of outstanding securities is as follows:

In thousands of soles	2024	2023
Up to 3 months	201,251	871
3-6 months	79,865	69,412
6-12 months	202,376	4,953
More than 1 year	93	669,741
	483,585	**744,977**

As of December 31, 2024 and 2023, interest expenses on borrowings and debts contracted by the Scotiabank Group totaled S/ 499,213 thousand and S/ 618,235 thousand, respectively (note 22).

17. Provisions and Other Liabilities

This caption comprises the following:

In thousands of soles	Note	2024	2023
Accounts payable			
Repurchase agreements (a)		1,221,200	2,593,133
Other accounts payable		902,110	574,546
Short sale		12,647	201,708
Vacations, remunerations and profit sharing payable		21,645	24,115
		2,157,602	**3,393,502**
Provisions			
Provision for litigations and claims (b)		46,611	36,070
Provision for various contingencies (c)		13,837	2,702
Provision for indirect loan losses and country risk		88,272	150,565
Other provisions (d)		139,858	130,772
Provision for sale of subsidiaries	*11(b)*	163,356	-
		451,934	**320,109**
Other liabilities			
Transactions in progress (e)		648,135	345,582
Deferred income (f)		144,239	167,394
		792,374	**512,976**
		3,401,910	**4,226,587**

(a) As of December 31, 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/ 89,944 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) It does not have sales transactions with repurchase commitments on the loan portfolio comprising securities. As of December 31, 2023, it held securities for S/ 1,038,452 thousand, at interest ranging from 1.25% to 3.5% and had a maturity of 3 years from the date of issuance.

(iii) Repurchase agreements on Peruvian treasury bonds with the BCRP for S/ 506,931 thousand. They accrue interest at an interest rate ranging from 5.10% to 5.24% with a maturity between February 2025 and March 2025 (S/ 1,137,500 thousand and accrue interest at an interest rate ranging from 7.00% to 7.50% with a maturity ranging from March 2024 to December 2024, as of December 31, 2023) (note 7(a)).

(iv) Repurchase agreements on Peruvian treasury bonds with foreign financial entities for S/ 608,267 thousand. They accrue interest at an interest rate ranging from 5.58% to 5.65% with a maturity in August 2026 (As of December 31, 2023 there was no balance of repo transaction).

(b) As of December 31, 2024 and 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 December 31, 2024 and 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 maim SBS approval, 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)).

During May 2024, a provision for costs related to the sale of CSF to Banco Santander S.A. was recorded of S/ 8,078 thousand. (note 11 (b)).

(d) As of December 31, 2024, the balance of other provisions mainly includes: i) provisions for personnel expenses for S/ 83,755 thousand (note 92,365 thousand as of December 31, 2023); ii) provisions for marketing campaigns of liability products for S/ 4,265 thousand (S/ 4,734 thousand as of December 31, 2023); and iii) provisions related to credit and debit card transactions for S/ 31,445 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 December 31, 2024, liability transactions in progress mainly include: i) S/ 100,211 thousand for treasury transactions (S/ 83,310 thousand as of December 31, 2023); ii) S/ 328,563 thousand for credit card transactions (S/ 178,857 thousand as of December 31, 2023); and iii) S/ 94,783 thousand for client deposits in transit (S/ 38,682 thousand as of December 31, 2023).

(f) At December 31, 2024, this item mainly includes: (i) Exclusive right commission income of S/ 23,463 thousand (S/ 25,446 thousand at December 31, 2023); (ii) Commissions related to indirect credits of S/ 32,601 (S/ 30,187 thousand at December 31, 2023); (iii) income from structuring fees and trust services of S/ 14,664 thousand (S/ 9,959 thousand at December 31, 2023); which, given their nature are recorded in the profit or loss of the Scotiabank Group during the term of the underlying contract.

(iv) During May 2023, deferred earnings were recorded of S/ 50,315 resulting 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 profit or loss based on the cash flows collected. In September 2024, the deferred earnings balance was reduced by S/41,962 thousand due to the payment received of a portion of the loan granted for the sale of the financed portfolio and revenue for the same amount was recognized in the line of other profit or loss, net in the note Profit or loss from financial transactions (note 24).

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. At December 31, 2024, the regulatory capital of such entities totals S/ 11,357,485 thousand, S/ 747,746 thousand and S/ 120,707 thousand, respectively (S/ 10,831,700 thousand, S/ 836,845 thousand and S/ 111,343 thousand, respectively, at December 31, 2023).

The Bank has a favorable opinion from the SBS for issuing redeemable subordinated debt instruments, computable as level 2 regulatory capital, for up to US$ 1,000,000,000.00 (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 December 31, 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/ 59,731,384 thousand, S/ 2,754,156 thousand and S/ 673,671 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 December 31, 2024 and 2023, the Peruvian General Corporate Law establishes as an overall limit that the regulatory capital must be equal to or greater than 9.5% and 9.0%, respectively, of the total risk-weighted assets and contingent liabilities corresponding to the sum of: the regulatory capital requirement for market risk multiplied by 10, the regulatory capital requirement for operational risk multiplied by 10, and the credit risk-weighted contingent assets and liabilities. As of December 31, 2024, the regulatory capital of the Bank, CrediScotia and CRAC accounts for 17.14%, 21.85% and 14.44% 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 December 31, 2024 and 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 until September 2022. In the case of CRAC, the basic indicator approach is applied.

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

Finally, by means of Resolution SBS N° 3953-2022, as amended, the SBS approved the methodology for calculating the regulatory capital requirement for additional risks, which establishes that this regulatory capital balance will be equal to the sum of the regulatory capital requirements calculated for each of the following components: i) concentration risk ii) interest rate risk in the banking book. As of December 31, 2024, additional regulatory capital of the Bank, CrediScotia and CRAC amounted to S/ 1,722,449 thousands, S/ 59,891 thousand and S/ 16,869 thousand, respectively, and CrediScotia does not have an additional regulatory capital (S/ 1,848,306 thousands, S/ 54,345 thousand and S/ 16,513 thousand as of December 31, 2023, respectively).

B. Share capital

As of December 31, 2024 and 2023, the Bank’s authorized, subscribed and paid-in share capital comprise 822,677,853 common shares. All shares have voting rights and a par value of S/ 10.00 each. As of December 31, 2024 and 2023, the quotation value of common shares of the Bank was S/ 10.30 and S/ 11.95 per share, respectively.

At the General Stockholders' Meeting, held March 29, 2023, the decision was made to approve the increase in share capital for S/ 200,000 thousand thorough 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 as of December 31 is as follows:

	2024		**2023**	
	Number of shareholders	**%**	**Number of shareholders**	**%**
From 0.01 to 1	1,218	0.69	1,244	0.69
From 50.01 to 100	1	99.31	1	99.31
	1,219	**100.00**	**1,245**	**100.00**

Under the Banking Law, as of December 31, 2024, the share capital is required to reach the minimum amount of S/ 33,141 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:

In thousands of soles	**2024**	**2023**
Issuance Premium	31,775	31,775
Gain on treasury shares	1,304	1,304
	33,079	**33,079**

As of December 31, 2024 and 2023, the Bank holds 284 and 277 treasury shares, respectively.

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)).

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. On the other hand, In accordance with the Banking Law, the amount of this reserve may also be increased with contributions made by the stockholders for this purpose.

At the General Shareholders' Meeting, held March 26, 2024, the decision was made to appropriate to legal reserve a total of S/ 73,692 thousand, accounting for 10% of net profit for the year 2023.

At the General Shareholders' Meeting, held March 29, 2023, the decision was made to appropriate to legal reserve a total of S/ 142,552 thousand, accounting for to 10% of net profit for the year 2022.

E. Retained earnings

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

i Allocate 10% of net profit, amounting to S/ 73,692 thousand, to increase the legal reserve.

ii Allocate S/ 663,233 thousand to pay cash dividends.

At the General Shareholders' Meeting, held March 29, 2023, the decision was made to distribute 2022 net profit for S/ 342,552 thousand, as follows:

i. Allocate 10% of net profit, amounting to S/ 142,552 thousand, to increase the legal reserve.

ii. Capitalize a total of S/ 200,000 thousand and hold the remaining balance of S/ 1,082,964 thousand within retained earnings.

F. Unrealized gains and losses

As of December 31, 2024 and 2023, this 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 for fiscal 2024 and 2023, net of deferred tax, was as follows:

In thousands of soles	***Note***	**2024**	**2023**
Balance as of January 1		44,923	(269,860)
Net gains on available-for-sale investments	*7*	31,482	315,543
Cash flow hedges	*9(b)*	(130)	(2,116)
Adjustment to associate´s other comprehensive income		55	1,356
Balance as of December 31		**76,330**	**44,923**

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)).

20. Contingent Risks and Commitments

In the normal course of business, the Bank, CrediScotia and CRAC perform contingent transactions under off-consolidated statement of financial position (contingent assets). These transactions expose the Bank, CrediScotia 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, CrediScotia and CRAC would assume for credit losses on contingent transactions. The Bank, CrediScotia and CRAC apply similar credit policies when assessing and granting direct loans and indirect loans.

A portion 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 CrediScotia to guarantee a client’s obligation before a third party.

As of December 31, contingent accounts comprise the following:

In thousands of soles	*Note*	2024	2023
Indirect loans	*8*		
Guarantees and letters of guarantee		8,192,302	11,766,995
Letters of credit issued		855,432	632,437
Outstanding banker's acceptance		152,678	218,619
		9,200,412	**12,618,051**
Unused credit lines		22,930,369	18,782,968
Derivative instruments		28,435,767	38,139,720
		60,566,548	**69,540,739**

21. Interest Income

This caption comprises the following:

In thousands of soles	*Note*	2024	2023
Direct loan portfolio		5,164,140	5,378,379
Cash and due from banks and deposits with banks	*6*	359,724	300,372
Available-for-sale investments	*7*	318,911	262,746
Investments at FVTPL	*7*	44,811	33,250
Interbank funds		6,014	12,707
Other financial income		669	1,063
		5,894,269	**5,988,517**

22. Interest Expenses

This caption comprises the following:

In thousands of soles	*Note*	2024	2023
Deposits and obligations		1,352,295	1,499,652
Borrowings and debts	*16*	482,799	600,943
Repurchase agreements		90,218	139,362
Deposits with financial institutions		13,580	45,548
Profit or loss from hedging instruments (a)	*9(b)*	84	41,226
Fees for borrowings and debts	*16*	16,414	17,292
Interbank funds		29,935	16,356
		1,985,325	**2,360,379**

(a) The Bank did not carry out hedge accounting arrangements from July 31, 2023 to August 19, 2024.

23. Financial Service Income, Net

This caption comprises the following:

In thousands of soles	2024	2023
Income		
Income from fees for collections services	327,702	342,620
Income from bank service commissions	111,675	109,261
Other income and fees for banking services	179,191	172,091
Income from services and maintenance of liability transactions and transfer fees	96,066	92,132
Income from structuring and management services	73,664	59,522
Income from compensation for mutual funds and fees for redemption of shares	64,659	47,861
Income from teleprocessing services	31,502	30,472
Income from recovery of loan portfolio	11,461	11,114
Income from fees and intermediation services	9,157	4,038
Other income	251,319	243,525
	1,156,396	**1,112,636**
Expenses		
Credit/debit card expenses	(215,642)	(186,498)
Deposit insurance fund premiums	(63,196)	(66,340)
Expenses for insurance services	(3,270)	(4,403)
Other expenses	(292,969)	(329,727)
	(575,077)	**(586,968)**
	581,319	**525,668**

24. Profit or Loss from Financial Transactions

This caption comprises the following:

In thousands of soles	***Note***	2024	2023
Net exchange gains	*5*	191,004	329,380
Gains on sales of available-for-sale investments	*7*	109,921	59,463
Net gains on sale and measurement of investments at FVTPL		54,576	41,705
Gains on interest		9,622	9,975
Dividends from available-for-sale investments		32	29
Net loss on measurement of held-for- trading instruments	*9(a)*	60,177	(116,637)
Others, net (a)		55,904	20,857
		481,236	**344,772**

(a) This balance primarily reflects S/ 41,962 thousand and S/ 3,512 thousand of profits on sales of financed portfolio (notes 17(f)(iv) y 8(b)(i)).

25. Administrative Expenses

This caption comprises the following:

In thousands of soles	**2024**	**2023**
Personnel and board of directors expenses	909,867	879,089
Expenses for third-party services	837,941	837,090
Taxes and contributions	103,180	101,048
	1,850,988	**1,817,227**

26. Other Income, Net

This caption comprises the following:

In thousands of soles	**2024**	**2023**
Sale of non-financial services	13,482	10,726
Lease of own assets	3,478	3,040
Gain on sale of realizable and repossessed assets	8,198	22,988
Reimbursements and refunds	76	145
Gain on sale of property, furniture and equipment (a)	46,078	7,652
Interest on refund of net interest (b)	921	33,562
Other expenses, net (c)	(23,922)	(8,968)
	48,311	**69,145**

(a) Including mainly gains on the sale of real estate (note 12).

(b) In 2024, this balance includes S/ 669 thousand and S/ 252 thousand of interest on tax refunds made by SUNAT to the Bank and CrediScotia Financiera (S/15,220 thousand and S/18,342 thousand in 2023) (note 10 (c) (iii)).

(c) Including mainly CSF sale costs (note 11 (b)).

27. Tax Matters

Consolidation

A. Income tax is determined on an individual basis rather than on a consolidated basis. In accordance with current Peruvian tax legislation, income tax is calculated on the basis of the statutory financial statements and the determined additions, deductions and tax loss carryforwards.

Peruvian Income Tax Regime

B. The Scotiabank Group is subject to the Peruvian tax regime. As of December 31, 2024 and 2023, the corporate income tax rate is 29.5% and income tax is calculated based on the net taxable income determined by Scotiabank Perú S.A.A. and Subsidiaries.

The income tax rate applicable to dividend distribution and any other form of profit distribution is 5%, applicable to taxable profits obtained from January 1, 2017 onwards.

It should be noted that it is presumed unless otherwise contested that distribution of dividends or any other form of profit distribution to be made will be based on retained earnings or other such items able to generate older taxable dividends.

C. Under tax laws currently effective in Peru, non-domiciled parties only pay taxes on their Peruvian source income. In general, revenue obtained by non-domiciled parties from the services rendered in Peru are levied with a 30% income tax on the gross income, provided that no double taxation treaties are currently effective. In this regard, Peru has signed double taxation agreements with countries of the Andean Community, Chile, Canada, Brazil, Portugal, Switzerland, Mexico, Japan and South Korea.

D. With respect to 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 taxation agreement is effective. Technical assistance services shall be subject to a 15% rate, provided that the qualified requirements under the Peruvian Income Tax Law are met. As noted in the paragraph above, the withholding tax rate in these circumstances may vary or may become not applicable if the provisions of a currently effective double taxation agreement are enforced.

Income tax determination

E. The Scotiabank Group computed its tax base for the years ended December 31, 2024 and 2023, and determined income tax for S/ 356,290 thousand and S/ 321,991 thousand, respectively.

The Scotiabank Group's current tax was determined for fiscal 2024 and 2023, net of prior year taxes, as follows:

In thousands of soles	**2024**	**2023**
Scotiabank Perú S.A.A.	328,039	303,306
CrediScotia Financiera S.A.	8,809	3,765
Scotia Fondos Sociedad Administradora de Fondos S.A.	14,433	11,439
Servicios, Cobranzas e Inversiones S.A.C.	3,430	2,240
Caja Rural de Ahorro y Crédito Cencosud Scotia Perú S.A.	-	799
Scotia Sociedad Agente de Bolsa S.A.	1,154	-
Scotia Sociedad Titulizadora S.A.	425	442
	356,290	**321,991**

Income tax expense comprises the following:

In thousands of soles	**2024**	**2023**
Current income tax		
Current year	348,555	319,245
Prior-year adjustment	7,735	2,746
	356,290	**321,991**
Deferred income tax	**(140,628)**	**(99,559)**
Net expense in income tax	**215,662**	**222,432**

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

In thousands of soles	2024		2023	
Profit before income tax	**1,170,054**	**100.00%**	**1,001,944**	**100.00%**
Income tax (theoretical)	345,166	29.50%	295,573	29.50%
Tax effect on additions and deductions				
Permanent differences	(131,164)	(11.21%)	(4,849)	(0.48%)
Prior-year income tax adjustment	1,660	0.14%	(68,292)	(6.82%)
Current and deferred income tax recorded by effective rate	**215,662**	**18.43%**	**222,432**	**22.20%**

Tax Loss

F. The tax loss regime governed by Article 50 of the Peruvian Income Tax Law sets forth two mechanism for offsetting tax losses:

Mechanism A: Offset them year by year, until the amount thereof is exhausted, against the third category net income obtained in the four fiscal years immediately following the fiscal year in which it was earned. The balance that is not offset once this period has elapsed may not be offset in subsequent fiscal years.

Mechanism B: Offset them year by year, until their amount is exhausted, against 50% of the third category net income obtained in the following fiscal years.

By means of Legislative Decree No. 1481 published on May 8, 2020, the tax loss carryforward period is exceptionally extended to 5 years for the tax loss carryforward mechanism A) only for the total net loss on third-category income obtained from Peruvian sources in fiscal year 2020.

At December 31, 2024 and 2023, the Financiera opted for the tax loss carryforward mechanism B) and accumulated a tax loss carryforward of S/ 238,217 thousand and S/ 271,844 thousand, respectively.

In thousands of soles	2024	2023
2020	-	10,633
2021	238,217	261,211
Saldo acumulado	**238,217**	**271,844**

At December 31, 2024 and 2023, CrediScotia recognized the deferred income tax asset arising from the tax loss carryforward of S/ 70,274 thousand and S/ 80,194 thousand, respectively, since Management considers that those deferred tax assets could be offset against the taxable profits expected to be obtained in the future fiscal years. (note 25).

As of December 31, 2021, CRAC opted for Mechanism B, and determined its tax loss carryforward of S/ 95,933 thousand. At December 31, 2024 tax losses have not expired showing a balance of S/ 110,565 thousand.

In thousands of soles	**Tax loss**	**Carried forward**	**Cumulative balance**
2024	(1,094)	-	(110,565)
2023	(21,669)	-	(109,471)
2022 – tax loss carried forward	-	8,131	(87,802)
2021	(95,933)	-	(95,933)

CRAC recognized the deferred income tax asset arising from the tax loss carryforward that is to be used against the taxable profits expected to be obtained in the coming fiscal years, an estimated total of S/ 32,636 thousand as of December 31, 2024.

Temporary tax on net assets

G. The Scotiabank Group is subject to Temporary Tax on Net Assets with a tax base comprising the prior period adjusted net asset value less depreciation, amortizations, legal cash reserve, and specific provisions for credit risk. The tax rate is 0.4% for fiscal 2024 and 2023 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 tax credit against Income Tax on-account payments for taxable periods from March to December of the fiscal period for which the tax was paid until maturity date of each of the on-account payments, and against the income tax regularization payments for the related taxable period. In the event a remaining balance is not applied, a refund could be requested. The Bank, la Financiera, CRAC, SAB, SAFM, la Titulizadora and SCI determined that the temporary tax on net assets for 2024 was S/ 260,356 thousands, S/ 11,716 thousands, 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/ 2,453 thousand, S/ 164 thousand, S/ 371 thousand, S/ 22 thousand, S/ 399 thousand in 2023), respectively.

Tax on financial transactions

H. For fiscal 2024 and 2023, the Financial Transaction Tax rate has been set at 0.005% and is applicable on charges and credits to bank accounts or movements of funds via the financial system, unless exempted.

Transfer Pricing

I. For income tax purposes, the transfer prices of transactions with related companies and with companies resident in territories with low or no taxation, non-cooperating and preferential regimes, must be supported with documentation and information on the valuation methods used and the criteria used in their determination. Until fiscal 2016, the formal Transfer Pricing obligations consisted of filing the informative tax return and count on with a transfer pricing technical study.

On September 24, 2024, Legislative Decrees No. 1662 and N 1663 were published introducing amendments to the Income Tax Law regarding Advance Pricing Agreements (APAs) and alternative valuation methods in transfer pricing. These amendments came into effect on January 1, 2025.

Legislative Decree No. 1662, published on September 24, 2024, established that APAs between SUNAT and taxpayers may have retroactive effects to previous fiscal years. For this to be effective, the facts and circumstances of the previous fiscal years must be consistent with those covered by the APA, and the tax authority must not have revoked the right to determine the income tax liability under transfer pricing rules.

Also, by means of Legislative Decree No. 1663, published on September 24, 2024, the Income Tax Law is amended to regulate the use of alternative valuation methods in situations where traditional transfer pricing methods are not applicable due to the nature of the activities or transactions, or due to the lack of reliable comparable transactions.

Effective January 1, 2017 and by means of Legislative Decree 1312, published December 31, 2016 the following formal obligations were established to replace the former ones: (i) presentation of a Local File (*Reporte Local*) (if accrued revenue exceeds 2,300 tax units [UIT, for its Spanish acronym]); (ii) presentation of a Master File (if accrued revenue of the taxpayer exceeds 20,000 U IT); and (iii) presentation of a Country-by-Country Report (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 completed in fiscal 2018 onwards.

In this respect, under Tax Authorities' Resolution 014-201 8-SU NAT, published January 18, 2018, the Electronic Form 3560 was approved for filing the Local Report setting the deadlines for its presentation and the format and content that must be included using Annexes I, II, III and IV.

The deadline for filing the Local Report for fiscal 2023 was during June 2024, per the due date timetable published by the Tax Authorities. The Bank, CrediScotia, CRAC, SAB and SCI have presented the filings for fiscal 2023.

The Scotiabank Group presented the Local Report referred to above for fiscal 2023, but Titulizadora and SAB did not because they were not required to do so under the established thresholds.

With respect to the Master File for fiscal 2023, it was filed in October 2024 according to the time schedule for monthly tax obligations agreed for the September tax period as published by the Tax Authorities. The Bank, CrediScotia and CRAC presented the file for fiscal 2023.

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

In this respect, Tax Authorities' Resolution 163-2018-SUNAT, published on June 29, 2018, approved the Electronic Form 3560 for presentation of the Master Report and the Electronic Form 3562 for presentation of the Country-by-Country Report, setting the due dates for its presentation and the content and format that shall be included therein.

It should be noted that based on 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 fiscal 2019. Therefore, the Country-by-Country Report as of fiscal year 2019 is not delivered by the Scotiabank Peru Group.

Legislative Decree 1116 established that Transfer Pricing standards are not applicable to the general sales tax.

At December 31, 2024 the Bank complied with the obligation to file the Local Report in June 2024 and the Master Report in October 2024.

Based on the business analysis of the Scotiabank Group, Management and its legal advisors consider that no significant contingencies will arise as of December 31, 2024 and 2023 from the implementation of those regulations.

Tax assessment by Tax Authorities

J. The Peruvian Tax Authorities are entitled to audit and, if applicable, to amend the income tax calculated by the Bank within the four years following the year when the tax return was filed. Also, income tax returns for fiscal years 2016, 2017 and 2021 remain to be review by the Peruvian Tax Authorities as well as the general sales tax returns for fiscal 2020 to 2023. At the reporting date, the Tax Authorities have completed a review of corporate income tax for fiscal 2020 and has begun reviewing fiscal 2022 together with the income tax of non-domiciled suppliers for fiscal 2021.

The Scotiabank Group's income tax returns that remain to be reviewed by the Tax Authorities are as follows:

In thousands of soles	**Tax returns subject to audit**	**Tax returns under audit**
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	-

Regarding the tax returns for fiscal years 2007 through 2010 and 2013 through 2015, the Tax Authorities issued several Tax Assessments and Fine Resolutions on the determination of corporate income tax for those years, which were challenged. The Bank filed an appeal which is pending resolution by the Tax Tribunals and the Judiciary, respectively. The decision for fiscal 2015 remains to be made by the Tax Tribunal. Fiscal 2007 to 2010, 2013 and 2014 are currently being litigated at the judiciary.

The Tax Authorities have sent Tax Assessments and Fine Resolutions to the Bank, involving non-domiciled income tax for fiscal 2008 and 2011 and related to Essalud contributions for the periods 2011 and 2012, which are being appealed. The non-domiciled income tax 2011 review was completed and the non-domiciled income tax 2008 is not being litigated at the judiciary. On the other hand, the proceedings involving ESSALUD Social Security Contributions Regime for fiscal 2012 is currently at the judicialy , first instance court.

Regarding Crediscotia Financiera, the Tax Authorities have completed the audits for fiscal years from 2008 to 2011 and fiscal 2020 to 2021, issuing Tax Assessment and Fine Resolutions on the determination of income tax for those years. For fiscal years 2008 to 2011, the values were challenged. For fiscal 2008 and 2009 results were obtained from the Tax Tribunal and are currently being litigated; with respect to fiscal 2010 and 2011 resolutions remain to be issued on fiscal 2008 and 2009. For fiscal 2020 the values were compensated and the claim will be filed at a later date.

With respect to CRAC, it should be noted that the 2017 fiscal year expired on December 31, 2022. Also, in December 2022 the Tax Administration completed the income tax audit for fiscal 2019 and Management made the payment under protest of the resolutions of tax determination and tax penalties arising from such tax audit; however, Management has decided to take the Company's case to the next appeal level before the tax authorities because it considers that a favorable outcome is likely to be obtained. In 2023, the Tax Administration concluded the income tax audit process for fiscal 2020 issuing Tax Settlement and Tax Penalty Resolution that were paid under protest.

Regarding SCI, fiscal year 2016 has been partially audited by the Tax Authorities, this case was resolved before the Tax Tribunal and is currently being litigated at the Judiciary. For fiscal 2017 the Tax Authorities carried out a partial audit of Expenses, and completed its review in fiscal 2023, then it issued Values, which are currently being appealed. In March 2024 a request was received for the 2021 fiscal year, the information was delivered on April 25, 2024, initiating the definitive audit of the Third Category (corporate) Income Tax.

Management and its legal advisors consider that these tax proceedings and the periods pending assessment will not result in significant liabilities that may have an impact on the Scotiabank Group's profit or loss, which is consistent with IFRIC 23.

Due to the possibility of differing interpretations of the current regulations by the Tax Authorities, it is not possible to determine, at the reporting date, whether a future tax audit will result or not in liabilities for the Scotiabank Group for the period in which they are determined. However, Management and its legal advisors consider that any possible additional settlement of taxes would not be significant for the Scotiabank Group's consolidated financial statements as of December 31, 2024 and 2023.

Uncertainty over Income Tax Treatments

K. 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 standards, 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 December 31, 2024 and 2023.

Sales tax regime

L. At December 31, 2024 and 2023, the sales tax (IGV in Peru) rate is 18% and it is calculated on the basis of the taxable income determined by the Scotiabank Perú S.A.A. and Subsidiaries on a monthly basis.

It should be noted that commissions and interest derived from the transactions of banks, Financieras (credit unions), Cajas Municipales de Ahorro y Crédito, Cajas Municipales de Crédito Popular, Small entity and Micro business development entities – EDPYME (the Spanish acronym), Cooperativas de Ahorro y Crédito y Cajas Rurales de Ahorro y Crédito are not subject to the Peruvian General Sales Tax.

Income tax exemptions and exceptions

M. From fiscal 2010, capital gains on the disposal or redemption of securities carried out via centralized trading mechanisms are subject to income tax. For this purpose, the computable cost of those securities has been set to be the carrying amount of those assets at fiscal 2009 year-end (quoted price), the cost of acquisition or amount stated in equity, the higher under the procedure set forth in Supreme Decree 011-2010-EF.

Emergency Decree No. 005-2019 extended the term of the exemption of Law No. 30341 up until December 31, 2022 and included as new exempted cases: i) debt instruments; ii) certificates of interest in mutual funds of investment in securities; iii) certificates of interest in real estate investment (FIRBI, for its Spanish acronym) and certificates of interest in real estate trusts (FIBRA, for its Spanish acronym); and iv) negotiable invoices. The aforementioned exemption will be applicable whenever certain requirements are met.

Pursuant to Law 31662, published on December 30, 2022, as of January 2023, domiciled legal entities and non-domiciled legal entities that were within scope until 2022 will no longer be exempted from the exemption of Law 30341, since from January 2023 until December 31, 2023 the exemption is applicable to individuals and undivided estates or marital partnerships that opted to be levied as such and up to the first 100 UITs of the capital gains earned in each taxable year.

Also, Law 31106 extends until December 31, 2023 the exemptions contained in Article 19 of the Peruvian Income Tax Law.

Pursuant to Law No. 32218 certain items are exempted from income tax such as interest and capital gains derived from: i) Repo transactions where the securities received by the transferor are Public Treasury Bills issued by the Republic of Peru, as well as bonds and other debt securities issued by the Republic of Peru. ii) Disposal of units of interest of exchange traded funds Funds (Fondos Bursátiles) intended to replicate the profitability of public trading indexes.

N. **Measures to apply the Tax Avoidance General Clause contained in Standard XVI, Preliminary Title of the Peruvian Tax Code**

Legislative Decree No. 1422 has set forth the procedure for the enforcement of the General Anti-Tax Avoidance Clause (CAG, the Spanish acronym),which basically states that: (i) it is applicable only in final audit procedures in which acts, facts or situations that occurred since July 19, 2012 are reviewed; (ii) for effective enforcement there must be a prior favorable opinion of a review committee made up of SUNAT officials, and such opinion cannot be appealed; (iv) final audit procedures in which the GAC is enforced are not subject to the one (1) one-year time limit for requesting information from the auditees.

On May 6, 2019, Supreme Decree No. 145-2019-EF was enacted in the Official Gazette El Peruano, whereby the substantive and formal parameters for the application of the general anti-avoidance rule contained in Rule XVI of the Tax Code ("TC") were approved; with which the requirement to lift the suspension set under Law 30230 for the application of such a rule is understood to be fulfilled. Also, SUNAT's Regulations on Tax Audit Procedures (Procedimiento de Fiscalización) have been adapted for such a purpose.

By means of SBS Resolution No. 000184-2021/SUNAT published on December 13, 2021, the members of the Review Committee of the Peruvian tax and customs regulator- SUNAT were appointed, as referred to in Article 62-C of the Texto Ordenado of the Peruvian Tax Code, which states that when applying the Anti-tax avoidance rule in an audit procedure, a report must be submitted together with the tax audit file to the relevant Review Committee.

O. **Joint liability of the legal representative and directors of companies**

Effective September 14, 2018, Legislative Decree No. 1422 has established that whenever an audited party is subject to the General Anti-Tax Avoidance Clause (CAG), it shall be understood, by default, that there is fraud, gross negligence or abuse of powers on the part of its legal representatives, unless otherwise demonstrated. The aforementioned joint and several liability shall be assigned to such representatives whenever they have collaborated with the design or approval or implementation of acts, situations or economic relations intended for tax avoidance.

The aforementioned standard also involves the members of the Board of Directors of companies, by stating that these individuals are responsible for defining the tax strategy of the companies in which they serve as directors, and that they must decide whether or not to approve acts, situations or economic relations to be carried out within the framework of tax planning. Directors are not allowed to delegate this power according to the rules in such a standard.

The members of the Board of Directors of domiciled companies were granted a term expiring on March 29, 2019 to ratify or modify the acts, situations or economic relationships carried out within the framework of tax planning, and implemented at September 14, 2018 that continue to have tax effect up to the present date.

Notwithstanding the aforementioned maximum term indicated for compliance with such formal obligation, and considering the aforementioned joint and several liability attributable to both legal representatives and directors, as well as the lack of definition of the term tax planning, it will be critical to review any act, situation or economic relationship that has (i) increased tax attributes; and/or, (ii) resulted in a lower payment of taxes for the aforementioned years, in order to avoid the attribution of joint and several tax liability, both at an administrative and even criminal level, depending on the tax agent's judgment, in the event the CAG is applied to the company that is subject to a tax audit by SUNAT.

Major changes in tax laws effective January 1, 2024

P. **Disclosure about beneficial owner**

In the framework of the rules to strengthen the fight against tax evasion and tax avoidance as well as against money laundering and financing of terrorism, the provisions introduced under Legislative Decree No. 1372 are effective August 3, 2018, and require entities to provide the competent authorities information about beneficial owners in the form of a sworn statement, including information related to such parties, that is, to disclose via such a statement who are the individuals who actually hold ownership or control over legal persons or legal entities. Additionally, it is mandatory to report aspects such as (i) identity of the beneficial owner; (ii) the chain of ownership with the respective supporting documentation; (iii) identity of third parties that have such information, if applicable. It is also stated that the information related to the identification of the beneficial owners of legal persons and legal entities provided to the competent authorities within the framework of these rules does not constitute a violation of professional secrecy nor is it subject to the restrictions on disclosure of information derived from the confidentiality imposed by contract or by any other legal or regulatory provision.

Also, by means of SUNAT Resolution No. 041-2022/SUNAT, effective March 25, 2022, the new parties required to file the Beneficial owner statement in fiscal 2022 and 2023 (provided that they have not filed in December 2019) were specified).

Legal entities ("entes jurídicos" in Peru) were also obliged to file the Beneficial Owner Statement in compliance with the time schedule set for monthly obligations for December 2022; however, by means of SUNAT Resolution No. 000278-2022/SUNAT, that due date was postponed to December 2023.

Resolution N° 000236-2023/SUNAT allows an alternative means to the physical means for the filing of the Beneficial Owner, disclosures, the format to be used to provide the beneficial owner disclosures may be in an electronic document with the beneficial owner´s digital signature. In addition, the due date for filing the Beneficial Owner disclosures by the required legal entities was extended up until June 30, 2024.

It should be taken into consideration that, in the event of failure to file the informative statement containing the beneficial owner disclosures, the legal representatives of the entity that failed to file the statement will be held jointly and severally liable.

Q. **Depreciation of assets**

Legislative Decree No. 1488 Special Depreciation Regime and amendments thereof, increases the depreciation percentages of assets acquired during 2020, 2021 and 2022 in order to promote private investment and provide greater liquidity given the current economic situation derived from the effects of COVID-19.

Law No. 31107 amended Legislative Decree No. 1488, which stated that during taxable years 2021 and 2022, buildings and constructions that at December 31, 2020 had a carrying amount remaining to be depreciated would be depreciated at an annual rate of 20%. This provision was applied to those fixed assets used in lodging establishments, travel and tourism agencies, restaurants and related services, as well as in the performance of non-sporting cultural public shows. In addition, ground transportation vehicles related to those activities could be depreciated at an annual rate of 33.3% during the same taxable years.

In addition, Law No. 31652 approved a new Special Depreciation Regime, which increases the depreciation percentages for taxpayers acquiring buildings and constructions during fiscal 2023 and 2024 (it does not apply to assets totally or partially constructed before January 1, 2023).

R. **Parties with no operational capacity (SSCO)**

Legislative Decree No. 1532, published on March 19, 2022 and effective January 1, 2023, governed the procedure for determining the status of Individual /Entity without Operational Capacity (SSCO, the Spanish acronym) in the framework of the fight against tax evasion.

In this sense, an SSCO was defined as an entity that, although it appears as the issuer of the payment vouchers or supplemental documents, it does not have the economic, financial, material, human and/or other resources, or these are not suitable, to carry out the transactions for which such documents are issued.

It should be noted that the commercial transactions carried out with an SSCO have tax implications: the right to tax credit for VAT purposes cannot be exercised, nor can costs or expenses be supported for income tax purposes.

By means of Resolution N° 302-2024/SUNAT Parties without Operating Capacity (SSCO) are not allowed to payment vouchers, only sales slips and related notes (notas de venta). Also, SUNAT will publish a monthly list of SSCOs. On December 31, 2024, the first list of SSCOs was published on the SUNAT's website.

S. **VAT and digital services**

Legislative Decree No. 1623, published on August 4, 2024, amended the IGV and ISC Law implementing the tax levy on individuals who do not carry out business activities and use digital services in the country provided by non-domiciled parties as well as the importation of intangible goods via the Internet. In addition, financial system institutions are designated as payment facilitators.

Legislative Decree No. 1644, published on September 13, 2024, amended the Vt and Excise Tax law, extending its scope to distance games and online sports betting. This regulation sets a 1% tax on the amount bet or played by the player. In addition, they are incorporated within the scope of ISC when they are carried out by technological platforms operated by foreign legal entities and consumed in the country by players with usual residence in Peru. In these cases, the player will be considered the taxpayer responsible for the payment of the tax, regardless of whether the platform is registered with the Peruvian Single Taxpayers Registry (RUC).

Supreme Decree No. 254-2024-EF, published on December 14, 2024, approves the ISC Regulation for remote gaming and sports betting. It governs the determination of the taxable base, the applicable exchange rates and the filing, payment, offsetting and refuding of undue payments.

T. **Amendments to the term for recording payment vouchers for taxpayers to be able to use tax credits**

Legislative Decree No. 1669, published on September 28, 2024, amended the VAT Law (IGV) and Law No. 29215, focusing on the recording of payment vouchers and the exercise of the tax credit. Previously, taxpayers had a term of 12 months to record the payment vouchers that entitled them to the tax credit. Based on these amendments, this term has been reduced, establishing the following deadlines for the recording of vouchers:

- Electronic payment vouchers or receipts: must be recorded in the Purchase Register in the same month of issuance or payment of the related tax.

- Physical vouchers: must be recorded up to two months after the month of issuance or related tax payment.

- Transactions subject to the Tax Obligations Payment System (SPOT): they must be recorded up to three months following the month of issuance of the voucher.

If the vouchers are not recorded within these deadlines, the right to the related tax credit is lost. However, the right to the tax credit will not be lost if the recording is made before SUNAT requires the taxpayer to furnish and/or present its Purchase Register.

U. **Repo transactions and ETF disposals**

Law No. 32218, enacted on December 29, 2024, amended the Consolidated Text of the Income Tax Law, incorporating in Article 18(h) two new instances of interest and capital gains not subject to income tax.

- Repo transactions: From January 1, 2025, the effective date of this law, the interest and capital gains derived from repo transactions in which the securities that the acquirer receives from the transferor are Treasury bills issued by the Republic of Peru, as well as bonds and other debt securities issued by the Republic of Peru under the Market Maker Program or its substitute mechanism, or in the international market as of 2003, will be exempt from income tax.

- ETF disposal: the exemption extends to interest and capital gains derived from the sale of units of interest in Exchange Traded Funds (ETFs) which are intended to replicate the profitability of publicly available indexes, built on the basis of Public Treasury Bills issued by the Republic of Peru, and bonds and debt securities issued by the Republic of Peru under the Market Maker Program or its substitute mechanism, or in the international market as of 2003.

V. **Compliance profile**

By means of Legislative Decree No. 1535 and its regulation under Supreme Decree 320-2023-EF, published on March 19, 2022 and December 30, 2023, respectively, SUNAT has implemented the Tax Compliance Profile (PCT), a qualification system aimed at taxpayers earning third category (corporate) income. The purpose of this profile is to promote voluntary compliance with tax obligations and to allow differentiated treatments based on the assigned. rating of compliance.

Implementation of the PCT is being carried out gradually. In July 2024, a testing phase began, comprising four quarterly informational ratings, with no legal effects for taxpayers. During this phase, it is not necessary for taxpayers to submit appeals related to their rating.

The rating assigned by SUNAT will take legal effect from July 2025. This implies that taxpayers with a low rating could face measures such as the order of precautionary measures, the extension of the term for an amended tax return to take effect determining a lower tax payable and possible reputational risks both internally and externally.

W. **Other relevant changes**

In the framework of the delegation of powers to legislate on tax, fiscal, financial and economic reactivation matters, given to the Executive Branch (Law No. 31380), on December 30, 2021, the first tax regulations were published, among which, the tax benefits approved for the Aquaculture and Forestry industry, the standardization of the cost for access to tax stability and the extension of VAT exemptions stand out.

Extending the enforcement of certain tax exemptions and benefits, specifically the following:

- Until December 31, 2024, the issuance of electronic money will not be levied with VAT. Link to the tax standard: Legislative Decree No. 1519.

- Until December 31, 2024, the refund of taxes levied on acquisitions with donations from abroad and imports of diplomatic missions is allowed. Link to the tax standard: Legislative Decree No. 1519.

In addition, Law No. 31651 extends until December 31, 2025, the exemptions contained in Appendices I and II of the Peruvian Value Added Tax Law.

Supreme Decree No. 1516, published on December 30, 2021 and effective December 31, 2021, provides for the standardization of the cost of access to the stability provided for in the Legal Stability Agreements under Legislative Decrees No. 662 and No. 757. Consequently, this decree has modified Article 1 of Law No. 27342, which governs such agreements; therefore, the companies receiving investment entered into with the State stabilize the Income Tax to be applied under the rules in force at the time of signing said agreement, being applicable the rate in force referred to in the first paragraph of Article 55 of the Income Tax Law at that time plus 2 (two) percentage points.

Legislative Decree 1545, published on March 15, 2023, amended Article 26 of the Income Tax Law regarding presumed interest income. In this respect, the Libor reference rate is removed and substituted by the TAMEX, and additionally, loans in local and foreign currency are set to accrue interest at a rate not lower than the average monthly lending rate of the market in local currency (TAMN) and the average monthly rate of the market in foreign currency (TAMEX) respectively, which must be multiplied by an adjusting factor.

- TAMN: Adjusting factor of 0,42.
- TAMEX: Adjusting factor of 0,65.

Legislative decree 1549, published on April 24, 2023 postponed until December 31, 2026 the effective period of the exemptions contained in article 19 of the Peruvian Income tax Law. Legislative Decree is effective January 1, 2024.

Law 31735, published on May 4, 2023, amended Law 29230, which promotes regional and local public investment with the involvement of the private sector, as set out below:

- The public, regional and local investment certificate ("Inversión Pública Regional y Local - Tesoro Público" - CIPRL) can be used to settle any tax debt with the Public Treasury.
- The CIPRL limit is extended up to 80% to be used against income tax.
- The CIPRL updating rate shall be the average inflation rate for the last 12 months.

Supreme Decree No. 011-2024, published on February 10, 2024, amends the regulations of Law No. 29329, Law that promotes regional and local public investment with the participation of the private sector. Further details are as follows:

- The CIPRL and CIPGN can be applied to any tax that is collected as revenue for the Public Treasury and which is managed by SUNAT.
- At year end, the company that has not used the CIPRL or CIPGN may request the issuance of new ones for the value of the cumulative inflation rate of the last 12 months considered in the Multiannual Macroeconomic Framework

Sunat Resolution No. 000020-2023, published on June 28, 2023, approved the discretionary power of not penalizing the violation of the obligation to state the RUC number on the advertising material of goods or services for the period between July 1, 2023 to December 31, 2023.

Law No. 32080, published on July 2, 2024, removes the obligation to include the RUC number and company name in advertising.

28. Deferred Income Tax

Deferred tax assets have been calculated applying the diminishing balance method per entity (note 4.O). The consolidated deferred tax asset as of December 31, 2024 and 2023 mainly comprises:

In thousands of soles	Balance as of 01.01 .2023	(Debit) credit to profit or loss	Others	Balance as of 01.01 .2024	(Debit) credit to profit or loss	Balance as of 12.31.2024
Generic provisions for direct and indirect loans	394,200	(28,306)	-	365,894	(10,324)	355,570
Provision for accounts receivables	38,462	724	(94)	39,092	727	39,819
Provision for repossessed assets	45,557	261	-	45,818	1,908	47,726
Provision for vacations	12,057	122	-	12,179	(419)	11,760
Provision for points earned on credit and debit cards	5,551	-	-	5,551	-	5,551
Tax loss	108,304	5,372	-	113,676	(10,193)	103,483
Investment in subsidiaries	941	-	-	941	-	941
Lease transactions, net	135	-	-	135	-	135
Intangibles	(73,119)	74,446	-	1,327	152	1,479
Other	28,191	27,878	-	56,069	128,028	184,097
Deferred income tax asset, net	**560,279**	**80,497**	**(94)**	**640,682**	**109,879**	**750,561**
Intangibles	(23,030)	9,438	-	(13,592)	11,142	(2,450)
Updating assets and liabilities	(26,009)	9,769	-	(16,240)	15,688	(552)
Commissions on deferred sales	(28,432)	(146)	-	(28,578)	3,918	(24,660)
Other	(2,296)	1	-	(2,295)	1	(2,294)
Deferred income tax liability, net	**(79,767)**	**19,062**	**-**	**(60,705)**	**30,749**	**(29,956)**
Deferred income tax, net	**480,512**	**99,559**	**(94)**	**579,977**	**140,628**	**720,605**

29. 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 December 31, 2024, the allocated value of assets in trusts and trust fees was S/ 8,329,586 thousand (S/ 5,517,934 thousand in 2023).

30. Related Party Transactions

As of December 31, 2024 and 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 December 31, were as follows:

	2024					2023				
In thousands of soles	**Parent Company**	**Related parties (i)**	**Associates**	**Key Management personnel and directors**	**Total**	**Parent Company**	**Related parties (i)**	**Associates**	**Key Management personnel and directors**	**Total**
Assets										
Cash and due from banks	-	1,746	-	-	1,746	-	3,179	-	-	3,179
Loan portfolio, net	-	56,007	4,870	22,710	83,587	-	58,500	10,752	22,778	92,030
Held-for-trading and hedging instruments	-	94,199	-	-	94,199	-	289,909	-	-	289,909
Other assets, net	128	93,411	151,823	27	245,389	-	35,496	76,498	31	112,025
Total assets	**128**	**245,363**	**156,693**	**22,737**	**424,921**	**-**	**387,084**	**87,250**	**22,809**	**497,143**
Liabilities										
Obligations with the public and ds from financial institutions	1,110,957	302,625	78,015	16,708	1,508,305	774,596	477,226	84,221	20,223	1,356,266
Borrowings and debts	-	4,860,012	-	-	4,860,012	232,903	5,465,050	-	-	5,697,953
Held-for-trading and hedging instruments	-	88,040	-	-	88,040	-	130,704	-	-	130,704
Provisions and other liabilities	-	99,022	2,099	25	101,146	-	87,137	1,134	26	88,297
Total liabilities	**1,110,957**	**5,349,699**	**80,114**	**16,733**	**6,557,503**	**1,007,499**	**6,160,117**	**85,355**	**20,249**	**7,273,220**
Off-balance sheet accounts										
Indirect loans	-	393,406	23,132	-	416,538	-	391,792	39,860	-	431,652
Derivative instruments	-	12,394,403	-	-	12,394,403	-	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.

B. The effects of related party transactions in the Scotiabank Group's consolidated statement of financial position are detailed below for the year ended December 31:

	2024					2023				
In thousands of soles	**Parent Company**	**Related parties (i)**	**Associates**	**Key management personnel and directors**	**Total**	**Parent Company**	**Related parties (i)**	**Associates**	**Key management personnel and directors**	**Total**
Interest income	-	3,359	505	1,534	5,398	-	12,637	456	1,533	14,626
Interest expenses	(16,789)	(269,852)	(5,112)	(655)	(292,408)	(16,789)	(270,069)	(6,364)	(705)	(293,927)
	(16,789)	**(266,493)**	**(4,607)**	**879**	**(287,010)**	**(16,789)**	**(257,432)**	**(5,908)**	**828**	**(279,301)**
Financial service income	112	3,537	1,280	291	5,220	141	3,276	636	291	4,344
Financial service expenses	-	(686)	(24,248)	(33)	(24,967)	-	(1,074)	(23,943)	(27)	(25,044)
	112	**2,851**	**(22,968)**	**258**	**(19,747)**	**141**	**2,202**	**(23,307)**	**264**	**(20,700)**
Net profit or loss from financial transactions	-	434,500	9,561	-	444,061	-	305,699	9,969	-	315,668
Administrative expenses (ii)	-	(19,650)	(844)	(124)	(20,618)	-	(18,605)	(968)	(99)	(19,672)
Other income, net	-	3,426	461	-	3,887	-	3,610	1,054	1	4,665
Net profit or loss	**(16,677)**	**154,634**	**(18,397)**	**1,013**	**120,573**	**(16,648)**	**35,474**	**(19,160)**	**994**	**660**

(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 years ended December 31 was as follows:

In thousands of soles	**2024**	**2023**
Remuneration of key management	17,308	20,427
Expense allowance for Board of Directors	2,207	1,922
	19,515	**22,349**

As of December 31, 2024 and 2023, the outstanding remuneration to key management personnel was S/ 4,416 thousand and S/ 13,861 thousand, respectively.

31. Classification of Financial Instruments

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

		2024						
				Available-for-sale				
In thousands of soles	***Note***	**At FVTPL**	**Loans and items receivable**	**At amortized cost (a)**	**At fair value**	**Liabilities at amortized cost**	**Other liabilities (b)**	**Total**
Assets								
Cash and due from banks	*6*	-	13,524,100	-	-	-	-	13,524,100
Interbank funds		-	-	-	-	-	-	-
Investments at fair value through profit or loss								
Equity instruments	*7*	6,963	-	-	-	-	-	6,963
Debt instruments	*7*	1,459,041	-	-	-	-	-	1,459,041
Available-for-sale investments								
Equity instruments (c)	*7*	-	-	4,285	441	-	-	4,726
Debt instruments	*7*	-	-	-	6,481,108	-	-	6,481,108
Loan portfolio	*8*	-	47,740,412	-	-	-	-	47,740,412
Held-for-trading and hedging instruments	*9*	190,183	-	-	-	-	-	190,183
Accounts receivable	*10*	-	821,855	-	-	-	-	821,855
Other assets	*14*	-	299,548	-	-	-	-	299,548
		1,656,187	**62,385,915**	**4,285**	**6,481,549**	**-**	**-**	**70,527,936**
Liabilities								
Deposits and obligations and other obligations	*15*	-	-	-	-	-	49,518,016	49,518,016
Interbank funds		-	-	-	-	-	183,050	183,050
Deposits with financial institutions and international financial institutions	*15*	-	-	-	-	-	304,768	304,768
Borrowings and debts	*16*	-	-	-	-	7,241,925	-	7,241,925
Held-for-trading and hedging instruments	*9*	180,930	-	-	-	-	-	180,930
Accounts payable		-	-	-	-	-	2,135,957	2,135,957
Other liabilities	*17*	-	-	-	-	-	648,135	648,135
		180,930	**-**	**-**	**-**	**7,241,925**	**52,789,926**	**60,212,781**

(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).

		2023						
			Loans and	Available-for-sale				
In thousands of soles	***Note***	**At FVTPL**	**items receivable**	**At amortized cost (a)**	**At fair value**	**Liabilities at amortized cost**	**Other liabilities (b)**	**Total**
Assets								
Cash and due from Banks	*6*	-	11,135,940	-	-	-	-	11,135,940
Interbank funds		-	118,737	-	-	-	-	118,737
Investments at fair value through profit or loss		-	-	-	-	-	-	-
Equity instruments	*7*	5,499	-	-	-	-	-	5,499
Debt instruments	*7*	909,330	-	-	-	-	-	909,330
Available-for-sale investments		-	-	-	-	-	-	-
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
		1,345,984	**64,007,781**	**4,146**	**4,866,583**	**-**	**-**	**70,224,494**
Liabilities								
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
		462,934	**-**	**-**	**-**	**11,474,927**	**48,542,787**	**60,480,648**

(a) Including financial assets measured at cost.

(b) Including financial liabilities with fair values that are the carrying amounts in accordance with Official Letter 43078-2014-SBS and Official Letter 1575-2014-SBS.

(c) Including unlisted securities (note 7).

32. 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 consists of 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 an adequate risk management function, there are a number of underlying layers: (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.

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 through 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.

The following is a description of the major activities and processes in place to fulfil an adequate risk management function:

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 customers 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 arising from portfolio monitoring. For retail portfolio, risk-based strategies (scoring) are established to optimize available resources for collection seeking to reach greater effectiveness.

- ***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.

Loan portions secured by each type of collateral as of December 31, are presented below:

In thousands of soles	***Note***	**2024**	**2023**
Loans with first mortgage collateral or collateral trust on property registered in Public Registry		17,451,835	17,860,979
Loans with non-preferred collaterals		7,771,718	8,647,827
Loans to subsidiaries		643,048	1,027,062
Loans for finance leases		2,601,969	2,595,905
Loans with first real estate collateral or collateral trust registered in Public Registry		1,789,937	1,894,946
Loans with cash deposit collateral		280,278	204,967
Loans with collateral or collateral trust registered in Public Registry – Warrants		-	-
Other collaterals		6,746	7,350
Loans with no collateral		21,289,255	23,016,022
Total loans	*8*	**51,834,786**	**55,255,058**

- ***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.

- ***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):

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

- ***Loan portfolio impairment loss***
  As of December 31, 2024 and 2023, based on SBS Resolution 11356-2008, the Bank, CrediScotia and CRAC have classified impaired and not impaired loans considering the following criteria:

  - ***Neither is past-due nor impaired loans***
    They comprises those direct loans that currently do not have characteristics of default and relate to client's loans rated as 'normal' or 'with potential problems.'

  - ***Past due but not impaired loans***
    They comprise client's past-due loans rated as 'normal' or 'with potential problems.'

  - ***Impaired loans***
    Regarding non-retail portfolio, impaired loans are rated as 'substandard,' 'doubtful' or 'loss,' and refinanced, restructured and lawsuit loans.

    Regarding retail loans, impaired loans are those past-due of more than 90 days, rated as 'substandard,' 'doubtful' or 'loss,' and refinanced, restructured and loans under court actions.

As of December 31, impaired and not impaired loans, per type of loan, are classified as follows:

In thousands of soles	Wholesale loans	Small and micro-business Loans	Consumer loans	Mortgage loans	Total	%
2024						
Neither past-due nor impaired loans						
Normal	20,309,846	4,003,177	11,135,440	9,985,782	45,434,245	88%
With Potential problems	757,767	203,352	263,675	211,396	1,436,190	3%
Past due but not impaired loans						
Normal	1,462	25	7	102	1,596	
With Potential problems	5,055	1	15,910	1,315	22,281	
Impaired loans						
Normal	362	4	49	-	415	
With Potential problems	54,009	2	20	-	54,031	
Substandard	432,645	265,737	298,801	176,892	1,174,075	2%
Doubtful	205,707	333,623	618,915	253,778	1,412,023	3%
Loss	566,531	740,456	500,943	492,000	2,299,930	4%
Gross loan portfolio	**22,333,384**	**5,546,377**	**12,833,760**	**11,121,265**	**51,834,786**	**100%**
Less: provisions	(1,229,621)	(1,007,415)	(1,282,973)	(672,655)	(4,192,664)	
	21,103,763	**4,538,962**	**11,550,787**	**10,448,610**	**47,642,122**	
2023						
Neither past-due nor impaired loans						
Normal	24,638,443	1,294,557	11,620,224	10,342,766	47,895,990	86%
Potential problems	1,711,833	63,424	334,446	175,771	2,285,474	3%
Past due but not impaired loans						
Normal	25,646	25	9	5	25,685	-
With Potential problems	72,600	-	18,611	324	91,535	-
Impaired loans						
Normal	26,482	3	63	-	26,548	-
With Potential problems	134,694	2	7	-	134,703	-
Substandard	427,707	62,567	345,692	198,731	1,034,697	2%
Doubtful	467,080	107,808	638,312	216,748	1,429,948	5%
Loss	1,119,324	262,197	516,403	432,554	2,330,478	4%
Gross loan portfolio	**28,623,809**	**1,790,583**	**13,473,767**	**11,366,899**	**55,255,058**	**100%**
Less: provisions	(1,793,455)	(400,596)	(1,302,877)	(612,590)	(4,109,518)	
	26,830,354	**1,389,987**	**12,170,890**	**10,754,309**	**51,145,540**	

(a) As of December 31, 2024 and 2023, refinanced loans totaled S/ 2,070,835 thousand and S/ 1,886,173 thousand, respectively, of which S/524,356 thousand and S/ 400,107 thousand are classified as neither past due nor impaired, and S/ 1,546,479 thousand and S/ 1,486,066 thousand as impaired, respectively.

- ***Credit risk mitigation – voluntary provisions***

Retail and non-retail
In order to keep an adequate level of coverage of the high risk portfolio (CAR), mitigate an increase in provisions for unexpected events, possible activation of the procyclical rule, among others, the Scotiabank Group decided to maintain voluntary provisions of S/ 669,349 thousand and S/ 617,720 thousand at December 31, 2024 and 2023, respectively.

Likewise, as of December 31, past due but not impaired loans are presented per type of loan, days in arrears and value of related collaterals as follows:

	Days in arrears					
In thousands of soles	**[16 -30]**	**[31 – 60]**	**[61 – 90]**	**More than90**	**Total**	**Value of collaterals**
2024						
Type of loan						
Corporate	-	-	-	-	-	-
Large-business loans	665	-	-	-	665	(1,216)
Medium-business loans	807	5,044	-	-	5,851	(14,537)
Subtotal wholesale portfolio	**1,472**	**5,044**	**-**	**-**	**6,516**	**(15,753)**
Small-business loans	22	1	-	-	23	(5)
Micro-business loans	2	-	-	-	2	-
Revolving loans	6,188	4	-	-	6,192	(28)
Non-revolving loans	9,722	2	1	-	9,725	-
Mortgage loans	102	1,317	-	-	1,419	(3,795)
Subtotal retail portfolio	**16,036**	**1,324**	**1**	**-**	**17,361**	**(3,828)**
	17,508	**6,368**	**1**	**-**	**23,877**	**(19,581)**
2023						
Type of loan						
Corporate	-	146	-	-	146	-
Large-business loans	2,403	118	-	-	2,520	(3,280)
Medium-business loans	41,150	54,423	4	4	95,580	(100,605)
Subtotal wholesale portfolio	**43,553**	**54,687**	**4**	**4**	**98,246**	**(103,885)**
Small-business loans	21	-	1	-	22	(4)
Micro-business loans	2	-	-	-	3	-
Revolving loans	9,099	4	3	-	9,106	(55)
Non-revolving loans	9,514	-	-	-	9,514	-
Mortgage loans	5	324	-	-	329	(225)
Subtotal retail portfolio	**18,641**	**328**	**4**	**-**	**18,974**	**(284)**
	62,194	**55,015**	**8**	**4**	**117,220**	**(104,169)**

As of December 31, hedging of impaired loans, taking into consideration collaterals and related provisions, is presented below:

In thousands of soles	**Wholesale loans**	**Small and micro business loans**	**Consumer loans**	**Mortgage loans**	**Total**
2024					
Impaired loans	1,259,254	1,339,822	1,418,728	922,670	4,940,474
Value of collaterals	1,295,878	1,407,335	319,171	1,075,287	4,097,671
Provisions for impairment loss	(722,133)	(825,340)	(858,487)	(521,785)	(2,927,745)
2023					
Impaired loans	2,175,287	432,577	1,500,477	848,033	4,956,374
Value of collaterals	2,682,692	517,653	296,740	1,007,106	4,504,191
Provisions for impairment los	(1,176,050)	(288,941)	(999,762)	(477,648)	(2,942,401)

The collaterals were considered for the calculation of provisions for impairment loss following the criteria established in SBS Resolution 11356-2008 and amendments.

- ***Write-off of loans***
  As of December 31, the Bank, Crediscotia and CRAC hold written-off loans, which are presented in suspense accounts, as follows:

In thousands of soles	**2024**	**2023**
Opening balance	10,410,558	9,559,617
Write-offs	1,361,462	1,061,380
Cash recovery	(120,576)	(83,425)
Forgiveness	(36,166)	(37,058)
Exchange difference	22,989	(42,951)
Others	(75,118)	(47,005)
Closing balance	**11,563,149**	**10,410,558**

- ***Financial assets exposed to credit risk concentration***
  As of December 31, financial assets are distributed among the following geographic areas:

			Available-for-sale		
In thousands of soles	**At FVTPL**	**Loans and ítems receivable**	**At amortized cost (*)**	**At fair value**	**Total**
2024					
Peru	1,563,827	61,626,755	4,285	6,420,853	69,615,720
United States	-	657,592	-	60,696	718,288
Canada	92,360	3,179	-	-	95,539
Belgium	-	60,601	-	-	60,601
United Kingdom	-	34,774	-	-	34,774
Germany	-	2,443	-	-	2,443
Japan	-	-	-	-	-
Switzerland	-	571	-	-	571
	1,656,187	**62,385,915**	**4,285**	**6,481,549**	**70,527,936**
2023					
Peru	1,066,555	63,248,621	4,146	4,806,748	69,126,070
United States	-	657,592	-	59,835	717,427
Canada	279,429	3,179	-	-	282,608
Belgium	-	60,601	-	-	60,601
United Kingdom	-	34,774	-	-	34,774
Germany	-	2,443	-	-	2,443
Japan	-	-	-	-	-
Switzerland	-	571	-	-	571
	1,345,984	**64,007,781**	**4,146**	**4,866,583**	**70,224,494**

(*) Including financial assets measured at cost.

(a) As of December 31, direct loans are distributed among economic sectors as follows:

In thousands of soles	**2024**		**2023**	
Mortgage and consumer loans	24,090,027	46%	25,103,169	45%
Manufacturing	6,756,890	13%	7,846,198	14%
Trading	6,948,244	13%	7,179,380	13%
Real estate, business and leasing services	1,633,788	3%	3,302,441	6%
Transport	1,743,716	3%	2,445,053	4%
Mining	1,416,400	3%	1,597,684	3%
Agriculture and livestock	1,813,024	3%	1,791,291	3%
Education, services and others	2,301,125	5%	1,696,355	3%
Financial intermediation	970,983	3%	864,170	2%
Power gas and water	1,316,967	3%	1,484,562	3%
Hospitality	598,728	1%	499,609	1%
Construction	189,128	0%	260,911	0%
Public administration and defense	1,246	0%	56,119	0%
Fishing	32,502	0%	26,817	0%
Others (mainly non-profit, healthcare and automotive)	2,022,018	4%	1,101,299	2%
	51,834,786		**55,255,058**	

B. Market risk

This is the risk of loss due to changes in market prices, such as interest rate, stock prices, exchange rates and credit spread, that affect the income or the value of its financial instrument portfolio. The objective of 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.

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 methodology 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.

The VaR models are subject to regular validation to ensure that they continue 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.

Under this methodology, as of December 31, the daily expected maximum loss is detailed as follows:

In thousands of soles	**2024**	**2023**
Total VaR Peru	6,618	4,862

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 price 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

This is the risk of losses due to changes in interest rates. The Scotiabank Group, uses the and Treasury area to actively manage exposure to interest rate risk in order to improve the net interest income in consistency with the 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 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.

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.

The table below summarizes the exposure to the interest rate risk as of December 31, including the carrying amount of assets and liabilities classified by contractual repricing or maturity date, whichever occurs first.

	2024						2023					
In thousands of soles	Up to 1 month	1 – 3 months	3 – 12 months	More than 1 year	Unaccrued interest	Total	Up to 1 month	1 – 3 months	3 – 12 months	More than 1 year	Unaccrued interest	Total
Assets												
Cash and due from banks	4,076,161	-	546	8,180,769	1,266,624	13,524,100	5,001,174	-	-	4,743,139	1,391,627	11,135,940
Interbank funds	-	-	-	-	-	-	118,737	-	-	-	-	118,737
Investments at fair value through profit or loss and available-for-sale investments	6,643,021	642,616	10,060	656,141	-	7,951,838	4,071,988	1,336,843	-	376,727	-	5,785,558
Loan portfolio	3,162,324	6,471,804	14,438,936	23,667,348	-	47,740,412	4,098,096	7,308,781	12,923,395	27,174,664	-	51,504,936
Held-for-trading and hedging instruments	-	-	-	-	190,183	190,183	-	-	-	-	431,155	431,155
Accounts receivable	-	-	-	-	1,067,246	1,067,246	-	-	-	-	1,397,354	1,397,354
Other assets	-	-	-	-	2,318,777	2,318,777	-	-	-	-	2,247,334	2,247,334
Total assets	**13,881,506**	**7,114,420**	**14,449,542**	**32,504,258**	**4,842,830**	**72,792,556**	**13,289,995**	**8,645,624**	**12,923,395**	**32,294,530**	**5,467,470**	**72,621,014**
Liabilities												
Deposits and obligations	16,442,432	7,304,575	13,798,627	11,957,599	14,783	49,518,016	13,782,786	3,930,434	18,105,681	8,158,877	16,359	43,994,137
Interbank funds	183,050	-	-	-	-	183,050	37,020	-	-	-	-	37,020
Deposits with financial institutions and international financial institutions	297,181	3,532	4,055	-	-	304,768	767,962	18,043	10,106	550	-	796,661
Borrowings and debts	342,654	1,455,624	2,622,436	2,821,211	-	7,241,925	2,711,835	1,351,362	420,487	6,991,243	-	11,474,927
Held-for-trading and hedging instruments	-	-	-	-	180,930	180,930	-	-	-	-	462,934	462,934
Accounts payable	-	-	-	-	2,157,602	2,157,602	-	-	-	-	3,393,502	3,393,502
Provisions	-	-	-	-	288,579	288,579	-	-	-	-	320,109	320,109
Other liabilities	-	-	-	-	955,729	955,729	-	-	-	-	512,976	512,976
Total liabilities	**17,265,317**	**8,763,731**	**16,425,118**	**14,778,810**	**3,597,623**	**60,830,599**	**17,299,603**	**5,299,839**	**18,536,274**	**15,150,670**	**4,705,880**	**60,992,266**
Off-consolidated statement of financial position accounts												
Derivative instruments	10,122,165	11,312,752	5,830,904	1,086,013	-	28,351,834	11,261,586	6,835,855	19,591,549	796,618	-	38,485,608
Marginal gap	(3,383,811)	(1,649,311)	(1,975,576)	17,725,448	1,245,207	11,961,957	(4,009,608)	3,345,785	(5,612,880)	17,143,860	761,590	11,628,747
Accumulated gap	(3,383,811)	(5,033,122)	(7,008,698)	10,716,750	11,961,957	-	(4,009,608)	(663,823)	(6,276,703)	10,867,157	11,628,747	-

Models defined by the SBS for interest rate risk assessment in the banking book are as follows:

Earnings at Risk (EaR) and Equity Value at Risk (EVAR) indicators are focused on the impact of potential changes in interest rate on value generation, specifically on the profit margin, and the economic value of equity of the Bank and CrediScotia. This methodology is applied under normal and stressed market conditions. As of December 31, the Bank has the following interest rate indicators:

%	2024	2023
EVAR (i)	7.78	9.15
EaR (ii)	1.90	2.96

i This indicator is focused on the impact of potential changes in interest rate on value generation through the profit margin and the Bank's equity value. It measures the percentage of regulatory capital exposed to interest rate risk as a result of marginal mismatches weighted by their respective sensitivity for all temporary bands.

ii This indicator is focused on the impact of potential changes in interest rate on value generation through the profit margin. It measures the percentage of regulatory capital exposed to interest rate risk arising from accumulated mismatches up to one year. It shall not exceed 5%.

This methodology has been established by the SBS and is applied under normal market conditions.

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 (Mesa de Trading).

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.

As of December 31, the VaR results (estimated maximum loss on changes in exchange rate) are detailed as follows:

In thousands of soles	2024	2023
Exchange rate VaR	1,337	1,937

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 December 31, 2024 and 2023, the Scotiabank Group records a net asset position in foreign currency in the consolidated statement of financial position for US$ 544,541 thousand and a net asset position for US$ 1,179,289 thousand, respectively (note 5).

As of December 31, 2024, the global oversold position taken by the Bank amounted to S/ 254,281 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.

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.

At the end of 2024, 25% of ALM's investments consisted of sovereign bonds and global bonds with maturities of more than 5 years. As part of the portfolio rebalancing, sovereign bond 31 was sold and sovereign bond 29 was acquired.

C. Liquidity risk
This is the risk of losses 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 managing 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.

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 December 31, 2024, the Bank's ratios in local and foreign currencies were 23.92% and 60.20% 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.

As of December 31, 2024, CrediScotia's ratios in local and foreign currency were 22.25% and 115.62% respectively (22.91% and 118.99%respectively, as of December 31, 2023).

For CRAC, it has to keep local and foreign currency ratios of 10% and 25%, respectively. In this regard, it held adequate levels of 19.93% in local currency and 1,650.07% in foreign currency at the closing of year 2024 (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 December 31, 2024 and 2023, the minimum ratio required by the regulator was 100%, respectively. The Bank presented levels of liquidity reaching 106.57% in local currency, 202.30% in foreign currency and 147.99% consolidated reaching (115.50% in local currency and 141.80% in foreign currency as of December 31, 2023).

As of December 31, 2024, CrediScotia presented ratios in local currency, foreign currency and consolidated of 107.17%, 642.55% and 117.03%, respectively (121.74% and 512.26% in local and foreign currency, respectively, as of December 31, 2023).

As of December 31, 2024,CRAC presented ratios in local currency, foreign currency and consolidated of 111.85%, 14,764.56% and 113.23%, respectively (124.35% and 213.31% in local and foreign currency, respectively, at the end of 2023).

The table below shows the maturity profile of financial liabilities based on contractual obligations as of December 31:

In thousands of soles	**Demand deposits and up to 1 month**	**1 -3 months**	**3 - 12 months**	**More than 1 year**	**Total**
2024					
Deposits and obligations	37,988,734	4,277,065	6,111,051	1,141,166	49,518,016
Interbank funds	183,050	-	-	-	183,050
Deposits with financial institutions and international financial institutions	293,616	3,579	7,573	-	304,768
Borrowings and Debts	389,775	89,748	2,571,874	4,190,528	7,241,925
Held-for-trading and hedging instruments	45,168	54,128	21,978	59,656	180,930
Accounts payable and other liabilities	1,180,763	1,005,670	536,576	61,083	2,784,092
Total liabilities	**40,081,106**	**5,430,190**	**9,249,052**	**5,452,433**	**60,212,781**
Off-consolidated statement of financial position risk					
Liability position – derivative instruments (delivery)	390,927	936,425	1,428,196	200,800	2,956,348
2023					
Deposits and obligations	33,190,769	4,191,634	5,418,869	1,192,865	43,994,137
Interbank funds	37,020	-	-	-	37,020
Deposits with financial institutions and international financial institutions	766,525	17,710	11,888	538	796,661
Borrowings and Debts	2,743,045	1,270,374	404,248	7,057,260	11,474,927
Held-for-trading and hedging instruments	73,634	51,635	254,937	82,728	462,934
Accounts payable and other liabilities	521,711	52,580	595,730	2,544,948	3,714,969
Total liabilities	**37,332,704**	**5,583,933**	**6,685,672**	**10,878,339**	**60,480,648**
Off-consolidated statement of financial position risk					
Liability position – derivative instruments (delivery)	390,927	936,425	1,428,196	200,800	2,956,348

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 2024, 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 Presidencies of the Bank and first line Management offices of CrediScotia Financiera S.A.

Operational risk appetite
During 2024, as in prior years, the operational risk appetite was determined based on limits of losses from operational risk at the level of the entire Scotiabank Group, which was, in turn, distributed at the level of the Group companies, among them, the Bank and CrediScotia. Also, a distribution of this loss limit was made to the main Vice Presidencies of the Bank and first-line Management of CrediScotia.

Major operational risk management methodologies are the following:

(a) Operational risk loss event methodology.
(b) Key risk indicators – (KR Is) 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 on relevant data of operational risk losses related for the Business Line, in consistency with the Basel loss event types. Losses are reported by Operational Risk Managers (GRO the Spanish acronym) 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 database (BDEP, the Spanish acronym) 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 process ensures consistent management across the Bank and its subsidiaries, which enables management to classify loss event data per business line, type of event and effect type, in consistency with the 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) Key Risk Indicator (KRIs) 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 management 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 monitoring 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.

In 2024 the activities implemented were:

- Monitoring the 34 executive risk indicators of the Bank and 21 of CrediScotia. KRIs have risk thresholds, which, in those cases in which the accepted risk levels were exceeded, gave rise to the implementation of action plans and corrective measures

- Additionally, 7 informative indicators have been monitored in the Bank.

- 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) Metodología de la Gestión de continuidad del negocio – Business Continuity Management – BCM.

The Scotiabank Group has 115 Business Continuity Plans (SBP, CSF, SC and subsidiaries). And, at the reporting date, they are 100% updated and compliant. This includes performing tests and drills such as call chain & communication groups, exercises of reviewing and validating resources available for work in hybrid mode (home office and alternative business site.

(d) Operational Risk and Controls Assessment methodology; Risk Control Assessment and Risk Control Self-Assessment (RCSA) matrix (RCSA)

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 increasing 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 consists of:

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

The Operational Risk and Controls Assessment methodology involves the following stages:

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

During 2024, as part of the risk and control assessment, 50 risk and control matrices were assessed at the Bank from a total of 77 (bi-annual assessment), 15 at CrediScotia from a total of 25, (bi-annual assessment) and 7 in Caja Rural de Ahorro y Credito from a total of 27 (bi-annual assessment).

Finally in 2024, a program was implemented to assess the design and the operating effectiveness of controls.

(e) Risk assessment methodology on 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 every initiative is subject to 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 Non-Financial Risk Committee performs oversight at senior management level 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 21 initiatives in the Bank and 1 in CrediScotia were addressed at the end of 2024.

(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. Also, 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.

In 2024, the Global Third Party Risk Management (TPRM) program made continuous improvements to strengthen the control framework and maintain appropriate risk, as well as simplifications to the risk assessment process to improve the Coupa Risk Assess user experience. Effective surveys are conducted via local QC (Quality Control) reviews).

During the year, the simplified flow for risk assessments of third parties with low and moderate levels was performed, optimizing time and expertise in risk assessment.

Training and awareness

Throughout 2024, training in 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 information technology (IT) to deliver financial products and services to its clients. Operating the IT systems and related processes used to plan, build, run and monitor are exposed to inherent risks of failure, degradation, theft, loss, damage, and destruction that shall be managed to ensure that the Bank is able to successfully exploit value-creating opportunities.

In order to manage these inherent risks that may arise in the operation of IT systems, the Risk Management Framework is used to indicate the roles, responsibilities, oversight bodies, risk appetite level, tools, practices and deliverables expected and required for effective and efficient risk management.

In addition, the Bank has an Information Security and Cybersecurity program, aligned with the organizational strategy, by which it seeks to minimize the availability, confidentiality and integrity events that derive from the degradation or security position related to services, technology and information assets, allowing the Bank to protect against growing risks and the evolving threat landscape.

The following major activities have been carried out during 2024:

- Alignment to Letter 36482-2022-SBS "Web and mobile applications in production through which any action requiring strong authentication is performed.
- Alignment to the Debit and Credit Card Regulation, Resolution SBS N° 6523-2013 (PCI-DSS Standard).
- Providing training in Cybersecurity and raising awareness ain employees and clients.
- Providing information to prevent loss of data from occurring directed to employees periodically.
- Security incident response process, procedures and simulations.
- Continuing access control and change management.
- Continuous vulnerability management in systems, software applications, servers, databases, communications equipment and others to identify and remediate security vulnerabilities.
- Cybersecurity assurance for information assets.
- Monthly monioring on endpoints.
- Information security, cybersecurity and security architectural risk management for new businesses and technology initiatives and projects.
- Information security and cybersecurity risk management for suppliers.
- Monitoring, control and reporting of IT key risk indicators, security and cybersecurity.
- Validating integrity, accuracy and effectiveness of key IT, security and cybersecurity controls.
- Conducting monitoring, control and reporting of IT Key risk indicators as well as security and cybersecurity indicators (SRI Protection).

33. 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 December 31:

	Carrying amount		Fair value	
In thousands of soles	**2024**	**2023**	**2024**	**2023**
Assets				
Cash and due from banks	13,524,100	11,135,940	13,524,100	11,135,940
Interbank funds	-	118,737	-	118,737
Investments at FVTPL				
Equity instruments	6,963	5,499	6,963	5,499
Debt instruments	1,459,041	909,330	1,459,041	909,330
Available-for-sale investments				
Equity instruments	4,726	4,786	4,726	4,786
Debt instruments	6,481,108	4,865,943	6,481,108	4,865,943
Loan portfolio	47,740,412	51,504,936	47,740,412	51,504,936
Held-for-trading and hedging instruments	190,183	431,155	190,183	431,155
Accounts receivable	821,855	1,103,961	821,855	1,103,961
Other assets	299,548	144,207	299,548	144,207
	70,527,936	**70,224,494**	**70,527,936**	**70,224,494**

	Carrying amount		Fair value	
In thousands of soles	**2024**	**2023**	**2024**	**2023**
Liabilities				
Deposits and obligations	49,518,016	43,994,137	49,518,016	43,994,137
Interbank funds	183,050	37,020	183,050	37,020
Deposits with financial institutions and international financial institutions	304,768	796,661	304,768	796,661
Borrowings and debts	7,241,925	11,474,927	7,312,135	11,378,765
Held-for-trading and hedging instruments	180,930	462,934	180,930	462,934
Accounts payable	2,135,957	3,369,387	2,134,729	3,365,195
Other liabilities	648,135	345,582	648,135	345,582
	60,212,781	**60,480,648**	**60,281,763**	**60,380,294**

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 it 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.

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 December 31, 2024 and 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 December 31, to determine the fair value of financial instruments:

In thousands of soles	Level 1	Level 2	Level 3	Total
2024				
Assets				
Investments at FVTPL				
Equity instruments	-	6,963	-	6,963
Debt instruments	-	1,459,041	-	1,459,041
Available-for-sale investments				-
Equity instruments	441	-	4,285	4,726
Debt instruments	-	6,481,108	-	6,481,108
Held-for-trading and hedging instruments	190,183	-	-	190,183
	190,624	**7,947,112**	**4,285**	**8,142,021**
Liabilities				
Held-for-trading instruments	-	180,930	-	180,930
	-	**180,930**	**-**	**180,930**
2023				
Assets				
Investments at FVTPL				
Equity instruments	-	5,499	-	5,499
Debt instruments	-	909,330	-	909,330
Available-for-sale investments				
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
	431,795	**5,780,772**	**4,146**	**6,216,713**
Liabilities				
Held-for-trading instruments	-	462,934	-	462,934
	-	**462,934**	**-**	**462,934**

34. Subsequent Events

On February 18, 2025, we were informed of the authorization granted by Indecopi to Banco Santander S.A. (Spain) to purchase 100% of the capital stock of CrediScotia Financiera S.A. At the reporting date, all the regulatory authorizations to carry out the transaction closing have been obtained, which will be completed by the parties and communicated to the market oversight bodies and the market in general in a timely manner.