Scotiabank Perú S.A.A.

Separate Financial Statements

December 31, 2024 and 2023

(including Independent Auditors' Report)

KPMG

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(TRANSLATION OF A REPORT ORIGINALLY ISSUED IN SPANISH)

INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying separate financial statements of Scotiabank Perú S.A.A. (hereinafter the Bank), which comprise the separate statement of financial position as of December 31, 2024, and the separate 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 separate financial statements referred to above, present fairly, in all material respects, the non-consolidated financial position of Scotiabank Peru S.A.A. as of December 31, 2024, and its non-consolidated financial performance and its non-consolidated cash flows for the year then ended, in accordance with accounting standards established for financial institutions in Peru by the Banking, Insurance and Private Pension Plan Agency (Superintendencia de Banca, Seguros y Administradoras Privadas de Fondos de Pensiones – 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 Separate Financial Statements* section of our report. We are independent of the Bank in accordance with the ethical requirements that are relevant to our audit of the 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 separate financial statements of the current period. These matters have been addressed in the context of our audit of the separate 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
(notes 3.D and 7 to the separate 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/ 46,161,245 thousand and S/ 3,823,427 thousand, respectively. The Bank records the allowance for doubtful accounts for direct loans as established by the SBS in SBS Resolution 11356-2008 and its amendments, which determines the calculation of such allowance applying percentages according to types of loan, which depend on the debtor's credit rating, types of loan and the guarantees associated to the credits. The debtor's credit rating is mainly defined based to the days past due and the alignment with the financial system. Considering the above, we have identified the evaluation of the allowance for uncollectibility of direct loans as a key matter, since it is a significant estimate and it must comply with the requirements of the SBS for the evaluation and determination of the classification of each debtor, which will determine the amount of the provision to be recorded in the separate financial statements.	The audit procedures carried out in this area address the matter mainly comprise the following: ▪ Understanding of the financial process related to the allowance for uncollectibility of direct loans in accordance with SBS Resolution 11356-2008 and its amendments. ▪ Identification, evaluation and testing of the design, implementation and operational effectiveness of certain key controls of the Bank associated to the allowance for uncollectibility of direct loans. ▪ Collection of the debtor's database and conduction of integrity and accuracy tests of the data used in the allowance calculation. ▪ Inspection of a sample of direct loan portfolio files to verify that the rating granted to portfolio customers complies with the guidelines defined by the SBS. ▪ Recalculation of the allowance for doubtful accounts for direct loans on the total portfolio in accordance with SBS Resolution 11356-2008 and its amendments. ▪ Finally, we have analyzed whether the information detailed in the notes to the separate 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 Bank is highly dependent on its technology structure for the processing of its operations, as well as for the preparation and fair presentation of its separate financial statements. General IT controls about the access to systems and data, development and change management to programs and IT operations are essential to mitigate a potential risk to fraud or error, in order to ensure the integrity of accounting records and financial information. The lack of an adequate general control environment for IT and its dependent controls could result in the incorrect processing of critical information used for the preparation of separate financial statements. For those reasons, we consider the IT environment as a key matter, since the Bank is highly dependent to its technology structure for the processing of operations, and automated controls are an important part to ensure the correct treatment of the processing of data and accounting records.	Along with IT experts, we have carried out the following procedures: ▪ We evaluated and tested the design and operating effectiveness of general IT controls. ▪ We reviewed the Bank's IT governance framework and key controls over program and data access management, program development and changes, and IT operations. ▪ We evaluated and tested the design and operating effectiveness of certain critical application controls for the processing of its operations and the preparation of separate financial statements.

Other Matter

The consolidated financial statements as of December 31, 2024, of Scotiabank Perú S.A.A. and its Subsidiaries were separately prepared and presented. On February 21, 2025, we issued an unqualified opinion on these consolidated financial statements. The separate financial statements have been prepared pursuant to current legal requirements in Peru for the presentation of financial information, reflecting the investment value in its Subsidiaries under the equity method.

Other Information

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

Our opinion on the separate 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 separate 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 separate 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 Separate Financial Statements

Management is responsible for the preparation and fair presentation of these separate 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), and for such internal control as management determines is necessary to enable the preparation of separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Bank'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 Bank or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Separate 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 are considered material if they could, individually or in the aggregate, influence the economic decisions that users make on the basis of the separate 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 separate 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 Bank'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 Bank's internal 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 separate 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 Bank to cease to continue as a going concern.

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

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 Bank, we have identified those matters that have been of most significance in the audit of the separate 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

Countersigned by:

Emmerich, Córdova y Asociados

Eduardo Alejos P. (Partner)
Peruvian CPA Registration 29180

Scotiabank Perú S.A.A.

Separate Financial Statements

December 31, 2024 and 2023

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

In thousands of soles	*Note*	2024	2023
Assets			
Cash and due from banks	*5*		
Cash		1,200,807	1,311,255
Deposits with Peruvian central reserve bank (BCRP)		11,280,088	8,430,738
Deposits with local and foreign banks		246,082	806,391
Clearing		189,599	47,370
Restricted cash and due from banks and others		197,593	307,035
		13,114,169	10,902,789
Interbank funds		-	74,213
Investments at fair value through profit or loss and available-for-sale investments	*6*	7,773,868	5,523,022
Loan portfolio, net	*7*	45,393,303	49,154,600
Held-for-trading and hedging instruments	*8*	190,183	431,155
Accounts receivable, net	*9*	1,004,047	1,343,512
Investments in subsidiaries and associates	*10*	905,125	1,283,061
Property, furniture and equipment, net	*11*	276,743	294,845
Intangible assets, net	*12*	487,961	460,798
Deferred income tax	*27*	571,977	424,514
Other assets, net	*13*	697,462	528,729
Total assets		70,414,838	70,421,238
Contingent risks and commitments	*19*	58,697,538	66,981,340

In thousands of soles	*Note*	2024	2023
Liabilities			
Obligations with the public and deposits from financial institutions	*14*		
Demand deposits		19,337,098	15,498,874
Savings deposits		12,330,920	12,535,905
Time deposits		16,104,196	14,266,922
Other obligations		569,374	795,491
		48,341,588	43,097,192
Interbank funds		183,050	67,036
Borrowings and debts	*15*	6,706,444	11,107,679
Held-for-trading and hedging instruments	*8*	180,930	462,934
Provisions and other liabilities	*16*	3,094,508	4,103,866
Total liabilities		58,506,520	58,838,707
Equity	*17*		
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		(96,626)	(128,033)
Retained earnings		2,040,751	1,820,063
Total equity		11,908,318	11,582,531
Total equity and liabilities		70,414,838	70,421,238
Contingent risks and commitments	*19*	58,697,538	66,981,340

The accompanying notes on pages 6 to 102 are part of these separate financial statements.

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

In thousands of soles	*Note*	2024	2023
Interest income	*20*	5,043,177	5,150,368
Interest expenses	*21*	(1,863,261)	(2,233,073)
Gross profit margin		3,179,916	2,917,295
Provision for loan losses, net of recoveries	*7(c)*	(1,145,851)	(1,014,065)
Net profit margin		2,034,065	1,903,230
Financial service income, net	*22*	518,318	509,470
Net profit margin of financial service income and expenses		2,552,383	2,412,700
Income from financial transactions	*23*	563,300	422,939
Operating margin		3,115,683	2,835,639
Administrative expenses	*24*	(1,586,727)	(1,553,457)
Depreciation of property, furniture and equipment	*11*	(27,602)	(31,053)
Amortization of intangible assets	*12*	(38,135)	(40,049)
Net operating margin		1,463,219	1,211,080
Provisions for realizable, received as payment, recovered and obsolete assets		(14,664)	(19,397)
Net provisions for indirect loan losses, impairment loss on other accounts receivable, and others	*10(a, b)*	(353,483)	(224,599)
Operating income		1,095,072	967,084
Other income, net	*25*	43,117	44,305
Profit before income tax		1,138,189	1,011,389
Deferred tax	*27*	147,463	28,842
Current tax	*26.C*	(328,039)	(303,306)
Net profit		957,613	736,925
Earnings per share (in soles)	*28*	1.16	0.89
Weighted average number of shares (in thousands of shares)	*28*	822,678	822,678

The accompanying notes on pages 6 to 102 are part of these Separate financial statements.

Scotiabank Perú S.A.A.

Separate 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		957,613	736,925
Other comprehensive income			
Net gains on available-for-sale investments	*17.F*	31,482	315,543
Cash flow hedges	*8(c)*	(130)	(2,117)
Adjustments to other comprehensive income of subsidiaries and associates	*17.F*	55	1,356
Other comprehensive income for the year, net of income tax		31,407	314,782
Total comprehensive income for the year		989,020	1,051,707

The accompanying notes on pages 6 to 102 are part of these Separate financial statements.

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

In thousands of soles	Number of shares (note 17.B)	Share capital (note 17.B)	Additional capital (note 17.C)	Legal reserve (note 17.D)	Retained earnings (note 17.E)	Adjustments to the equity: Unrealized gains and losses (note 17.F)	Adjustments to the equity: Other adjustments	Total equity
Balance as of January 1, 2023	802,677,853	8,026,777	394,463	1,488,093	1,425,690	(269,955)	(172,860)	10,892,208
Net profit	-	-	-	-	736,925	-	-	736,925
Other comprehensive income								
Net unrealized gains on available-for-sale investments	-	-	-	-	-	315,543	-	315,543
Cash flow hedges	-	-	-	-	-	(2,117)	-	(2,117)
Adjustments to other comprehensive income of subsidiaries and associates	-	-	-	-	-	1,356	-	1,356
Total comprehensive income	-	-	-	-	736,925	314,782	-	1,051,707
Allocation to legal reserve	-	-	-	142,552	(142,552)	-	-	-
Capitalization of retained earnings	20,000,000	200,000	-	-	(200,000)	-	-	-
Provisions for accounts receivable	-	-	(361,384)	-	-	-	-	(361,384)
Balance as of December 31, 2023	822,677,853	8,226,777	33,079	1,630,645	1,820,063	44,827	(172,860)	11,582,531
Net profit	-	-	-	-	957,613	-	-	957,613
Other comprehensive income								
Net unrealized gains on available-for-sale investments	-	-	-	-	-	31,482	-	31,482
Cash flow hedge	-	-	-	-	-	(130)	-	(130)
Adjustments to other comprehensive income of subsidiaries and associates	-	-	-	-	-	55	-	55
Total comprehensive income	-	-	-	-	957,613	31,407	-	989,020
Allocation to legal reserve	-	-	-	73,692	(73,692)	-	-	-
Capitalization of retained earnings	-	-	-	-	-	-	-	-
Dividend distribution	-	-	-	-	(663,233)	-	-	(663,233)
Balance as of December 31, 2024	822,677,853	8,226,777	33,079	1,704,337	2,040,751	76,234	(172,860)	11,908,318

The accompanying notes on pages 6 to 102 are part of these separate financial statements.

Scotiabank Perú S.A.A.
Separate 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		957,613	736,925
Adjustments to reconcile net profit to net cash used in operating activities			
Provision for loan losses, net of recoveries	*7(c)*	1,145,851	1,014,065
Provision for realizable, repossessed and other assets, net		14,664	19,397
Provision for accounts receivable, net		10,832	9,744
Depreciation and amortization	*11 and 12*	65,737	71,102
Provision for employee benefits		41,402	39,817
Provision for current and deferred income tax	*27 and 26.C*	180,576	274,464
Provision for indirect loan losses and country risk, net of recoveries		(62,749)	(19,818)
Other provisions		426,521	256,875
Gains on sale of investment, property, furniture and equipment		(46,071)	(7,639)
Gains on sale of realizable and repossessed assets		(8,198)	(22,988)
Net changes in assets and liabilities:			
Loan portfolio		2,601,066	4,089,003
Investments at fair value through profit or loss		(549,711)	(693,734)
Available-for-sale investments		(1,902,131)	(266,145)
Accounts receivable		577,671	(475,115)
Other assets		(706,588)	(560,716)
Unsubordinated financial liabilities		1,415,235	(1,511,250)
Provisions and other liabilities		(920,550)	(2,033,691)
Net profit after net changes in assets, liabilities and adjustments		3,241,170	920,296
Income tax paid		(367,268)	(499,889)
Net cash flows applied from operating activities		2,873,902	420,407
Cash flows from investing activities			
Dividends received		86,324	146,955
Acquisition of property, furniture and equipment	*11*	(23,421)	(46,969)
Acquisition of intangible assets	*12*	(73,397)	(83,870)
Sales of property, furniture and equipment		75,638	46,145
Net cash flows from investing activities		65,144	62,261
Cash flows from financing activities			
Dividends paid		(663,233)	-
Net cash flows used in financing activities		(663,233)	-
Net increase in cash and cash equivalents before effects of exchange rate fluctuations		2,275,813	482,668
Effect of exchange rate fluctuations on cash and cash equivalents		(30,226)	(22,155)
Net increase in cash and cash equivalents		2,245,587	460,513
Cash and cash equivalents at the beginning of year		10,673,712	10,213,199
Cash and cash equivalents at the end of year		12,919,299	10,673,712
Non-cash transactions			
Capitalization of retained earnings		-	200,000
Net unrealized gains on available-for-sale investments		31,482	315,543
Repo transactions		108,420	200,938

The accompanying notes on pages 6 to 102 are part of these separate 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.

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 (hereinafter 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 Bank operates using a national network of 154 branches (177 branches as of December 31, 2023).

These separate financial statements reflect the individual activity of the Bank, without including the effects of the consolidation of these separate financial statements with those of the companies comprising the consolidated Scotiabank Peru Group (hereinafter referred to as the Scotiabank Group).

As of December 31, 2024 and 2023, Scotiabank Group companies are: CrediScotia Financiera S.A., (hereinafter CrediScotia) engaged in financial intermediation transactions focused on the micro companies and consumer sectors; Servicios, Cobranzas e Inversiones S.A.C. (hereinafter SCI), which is engaged in collections and address verification, among other activities; Scotia Sociedad Agente de Bolsa S.A. (hereinafter SAB), which is engaged in intermediation activities in the Peruvian securities market; Scotia Fondos Sociedad Administradora de Fondos Mutuos S.A. (hereinafter SAFM), which is engaged in mutual funds management; Scotia Sociedad Titulizadora S.A. (hereinafter Titulizadora), which is engaged in trusts management; Caja Rural de Ahorro y Crédito Cencosud Scotia Perú S.A. (hereinafter 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 Inmuebles – Depsa.

Major information of the Scotiabank Group companies as of December 31, 2024 and 2023 are shown in notes 10 and 29, and as required by Peruvian accounting standards, the Bank prepares consolidated financial statements, which show the following principal balances as of those dates:

In thousands of soles	2024	2023
Loan portfolio, net	47,740,412	51,504,936
Total assets	72,792,556	72,621,014
Total liabilities	60,830,599	60,992,266
Equity	11,961,957	11,628,748
Contingent risks and commitments	60,566,548	69,540,739
Gross financial margin	3,908,944	3,628,138
Net profit	954,392	779,512

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 separate 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 Separate financial statements below.

D. Approval of the separate financial statements

The separate financial statements as of December 31, 2024 were approved by Management on January 23, 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 separate financial statements without amendments.

The General Shareholders' Meeting, held March 26, 2024, approved the Separate financial statements as of December 31, 2023.

2. Basis for the Preparation of the Separate Financial Statements

A. Statement of compliance

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

As required by Peruvian law, the accompanying separate financial statements do not include the effects of consolidation of the Bank with the other companies comprising the Scotiabank Group as set out in note 1.

As of December 31, 2024 and 2023, the Bank records these investments under the equity method of accounting.

B. Basis of measurement

The separate financial statements have been prepared under 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 separate financial statements are presented in soles (S/) in accordance with SBS regulations, which is the Bank’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 separate 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.

Relevant estimates and assumptions are reviewed on an ongoing basis based on previous experience and include the reasonable future assumptions in each circumstance. Changes in the accounting estimates are recognized prospectively.

Significant estimates used in preparing the Bank’s separate 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 and provision for current income tax, and
- Fair value of derivative instruments with the accounting criteria described in note 3.

3. Material Accounting Policies

Major accounting principles and practices used to prepare the Bank’s separate financial statements have been consistently applied in the prior period, unless otherwise indicated, and are the following:

A. 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 Separate statement of profit or loss. The payment to holders of financial instruments classified as equity is recorded directly in equity.

The Bank 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 Bank assesses the classification of financial instruments at initial recognition and on a 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 on the 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 Bank 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 Bank has transferred substantially all risks and rewards of ownership of the financial asset, or the Bank 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 Bank recognizes the difference resulting from both of them in profit or loss for the year.

Impairment of financial assets
The Bank 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 separate 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 separate statement of financial position consist of 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.

B. Derivative financial 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 Separate statement of financial position at fair value. Subsequently, any change in fair value of such derivative generates an asset or liability in the Separate statement of financial position, as applicable, and affects the profit or loss for the year.

In addition to their recording in the Separate statement of financial position, the derivatives referred to above 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 percent.

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 Separate statement of profit or loss. The amounts recorded in equity are transferred to the Separate statement of profit or loss in the periods in which the hedged item is recorded in the Separate statement of profit or loss or when a planned 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 Separate statement of profit or loss within the effective term of the hedged item.

As of December 31, 2024, the Bank has contracts designated as cash flow hedges (note 8(b)) (the Bank did not hold financial hedging instruments as of December 31, 2023).

C. Investments

The Bank 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 within the scope of IAS 39, as detailed below:

i. Investments at fair value though profit or loss

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 Bank 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 Separate statement of profit or loss. Subsequently, fair values are remeasured, and fluctuations arising from changes in fair value are recognized in the Separate statement of profit or loss.

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

iii. *Investments in subsidiaries and 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 subsidiary or 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 subsidiaries and 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 Bank has 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 10(a).

Also, during 2023, the Bank recorded a provision for impairment of CRAC's goodwill, recognizing a loss of S/ 231,315 thousand, note 10(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.

D. 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, as amended.

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 distance decreed because of the COVID-19 outbreak (note 1 .C) are the following:

(a) Rescheduled loans

A financial institution, subject to prior assessments, may modify contractual obligations of loans. Such modification will not be considered as a refinance provided that the loan term is not extend for more than 6 months until May 31, 2020 and 12 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 Normal and With 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 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 Bank presents a balance of S/ 9,757 thousand and S/ 18,487 thousand for this type of rescheduled transactions, respectively. In Management's opinion, this situation has not affected the Bank operations nor has it had any significant impact on the separate financial statements at December 31, 2024 and 2023.

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

(b) *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:

(i) *Reactiva Peru program I and II*

The loan guarantee scheme (Reactiva Peru program) aims to guarantee the loans for the working capital replenishment of entities facing short-term payment challenges with employees and suppliers of goods and services as a result of the COVID-19 outbreak. It consists of granting a government guarantee to 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 loans under the Reactiva Peru program for S/ 131,153 thousand and S/ 390,673 thousand, respectively, which have an average coverage ratio of 92% and 90%, respectively (note 7).

The guarantees set under the Reactiva Peru program have a risk weight of 0% for the portion of the loans secured 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 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 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.

(ii) *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, 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 and 2023, the Bank has not placed loans under this Program.

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

If a loan granted under the Fondo Crecer is past due and the Bank decides to honor its government guarantee, COFIDE shall pay the loan for the guaranteed amount 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 Bank has loans granted under the Fondo Crecer program for S/ 7,382 thousand and S/ 10,105 thousand, respectively, with a coverage ratio of 68% and 67%, respectively on average.

(iv) *Repurchase agreements with securities-backed loan secured by the government - Repo portfolio*
This program is governed by Circular 0033-2020-BCRP, which allows participating entities (PE) to sell loan portfolio, in the form of securities to the BCRP, in exchange for the amount of the sales in local currency, and are obliged, in the same transaction, to repurchase this portfolio, at a later date, upon payment in local currency, which is the amount of repurchase. These securities- backed loans shall not be included in any other credit guaranteed 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 16 (a)(ii)).

Loan portfolio classification
The Bank 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). 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 categories
The credit risk rating categories established by the SBS are as follows: Normal, With 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 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, 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 has included in the automated rating process those loans granted to wholesale debtors of up to US$ 100 thousand.

Provisions for loan losses
Based on current regulations issued by the SBS, the Bank determines generic and specific provisions for the loan portfolio. The generic provision is recorded on a preventive basis for debtors classified in the Normal 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 loans of debtors identified with a risk higher than Normal.

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

	Description	CCF (%)
(a)	Confirmations of irrevocable letters of credit of up to one year, when the issuing bank is a prime rate institution in the foreign financial system.	20
(b)	Guarantees, import letters of credit, letters of guarantee supporting the fulfillment of 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 "b) above.	50
(d)	Undisbursed loans granted and undrawn lines of credit.	-
(e)	Other indirect loans not contemplated in the preceding paragraphs.	100

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

The minimum rates of generic provisions on direct credits and the equivalent exposure to credit risk of indirect credits, classified in the Normal category, are as follows:

Type of loans	Rate of provisions
Corporate loans	0.70%
Large-business loans	0.70%
Medium-sized 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 collateral	Preferred easily realizable collaterals	Self-liquidating preferred collateral
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 local Normal 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 Normal 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 Normal 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 have elapsed 18 months 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 were S/ 164,853 thousand and S/ 109,852 thousand, respectively).

Provisions for direct loans are stated by deducting the balance from the related assets (note 7), while provisions for indirect loans are stated under liabilities (note 16).

(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 separate financial statements as of December 31, 2024 and 2023.

E. 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 Bank, 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.

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.

F. 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 13) 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.

Under current laws and regulations, 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 separate 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.

G. 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 separate 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 Bank recognizes an impairment loss in the separate 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 Bank did not recognize impairment losses on non-financial assets.

H. Intangible assets

Intangible assets are mainly related to the acquisition and development of computer software, which are shown under the caption "Other assets" and are amortized by the straight-line method over a maximum period of 5 years.

Costs related to the development or maintenance of computer software are recognized in income when incurred. However, costs that are directly associated with unique and identifiable computer software, that are controlled by the Bank and that will provide future economic benefits greater than their cost in more than one year, are considered intangible assets. Direct costs associated with software development include personnel costs of the software development team and a portion of overhead costs.

I. 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. (notes 10 and 12).

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 Bank recorded a provision for goodwill impairment in CrediScotia Financiera S.A, recognizing a loss amounting to S/ 232,315 thousand and S/ 46,503 thousand (note 10(a)).

Also, during 2023, the Bank recorded a provision for impairment of goodwill arising from CRAC recognizing a loss of S/ 231,315 thousand, note 10(b)).

J. 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 separate statement of profit or loss when accrued.

K. Provisions and contingencies

i. Provisions

A provision is recognized when the Bank 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 separate 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 separate statement of financial position and is included in 'provision for employee benefits.' It is recognized in the separate statement of financial position in other liabilities.

ii. Contingencies

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

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

L. 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 Bank does not hold outstanding preference shares.

M. 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 Bank (note 26).

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 separate financial statements of each entity of the Bank. 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 27).

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 Bank 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.

Also, 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 26).

N. Employees' profit sharing

The Bank recognizes a liability and an expense for employees' profit sharing equivalent to 5% of taxable income determined in accordance with current tax law.

O. 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 underlying transactions and the interest rate agreed upon with customers. 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 suspends 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.

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

P. Earnings per share

Basic and diluted earnings per share are computed by dividing net income of common stockholders by the weighted average number of common shares less the weighted average number of treasury shares. Shares resulting from the capitalization of prior years' profits are considered in the calculation of the weighted average number of shares as if they were always outstanding from the beginning of the prior period corresponding to those capitalized profits and not from the date of issuance of such shares.

Diluted earnings per share correspond to basic earnings per share, adjusted for the dilutive effects of shares that were for the dilutive effects of shares that were always outstanding (note 28).

Q. Repurchase agreements

The Bank applies SBS Resolution 5790-2014, which establishes that securities sold under repurchase agreements (repo transactions) on a specific future date, are not derecognized from the separate 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 Bank entered into repo transactions on securities and loan portfolio securities; note 6 and 16.

R. Separate statement of cash flows

For presentation purposes on these separate financial statements, 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 under the repurchase agreements entered into 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 (note 5 (c)).

S. Trust funds

Assets and income from trust fund transactions, where there is a liability to return the assets to the clients, and the Bank act as trustees, are not included in the separate financial statements since they belong to neither the Bank. They are recorded in suspense accounts for corresponding control. Fees for those activities are included in 'Financial service income' (note 22).

T. Foreign currency transactions and balances

Foreign currency transactions are those transactions carried out in a currency other than the Peruvian sol. Foreign currency transactions are translated into sol using current exchange rates established by the SBS at transaction date (note 4). 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 separate statement of profit or loss.

U. 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 NIC 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 separate financial statements. The Bank 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 Subsidiaries 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 Bank intends to adopt the pronouncements on their respective dates of application and not earlier.

New Sustainability IFRS	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 separate 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 companies that sets forth a simplified approach of accrual accounting for micro companies.

As indicated in note 2.A., the standards and interpretations detailed in i) and ii) above will only be applicable to the Bank 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 separate 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 ths 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.

4. Foreign Currency Balances

The separate 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	3,146,394	20,213	3,166,607	2,573,217	23,822	2,597,039
Interbank funds	-	-	-	20,009	-	20,009
Investments at fair value through profit or loss and available-for-sale investments	234,441	-	234,441	82,803	-	82,803
Loan portfolio, net	2,793,908	-	2,793,908	3,367,646	-	3,367,646
Held-for-trading and hedging instruments	16,998	-	16,998	21,372	-	21,372
Accounts receivable, net	8,000	-	8,000	5,131	-	5,131
Other assets, net	14,199	9,175	23,374	10,387	3,599	13,986
	6,213,940	**29,388**	**6,243,328**	**6,080,565**	**27,421**	**6,107,986**
Liabilities						
Deposits and obligations and other obligations	5,066,360	31,947	5,098,307	4,548,735	43,206	4,591,941
Borrowings and debts	1,557,109	-	1,557,109	2,608,888	-	2,608,888
Held-for-trading and hedging instruments	13,333	-	13,333	19,038	-	19,038
Other liabilities	113,327	12,523	125,850	72,908	3,275	76,183
	6,750,129	**44,470**	**6,794,599**	**7,249,569**	**46,481**	**7,296,050**
Net liability position in the separate statement of financial position	**(536,189)**	**(15,082)**	**(551,271)**	**(1,169,004)**	**(19,060)**	**(1,188,064)**
Derivative transactions	**587,531**	**21,152**	**608,683**	**1,949,231**	**18,632**	**1,967,863**

In 2024, the Bank recorded net exchange gains on various transactions for S/ 188,287 thousand (net exchange gains for S/ 327,151 thousand as of December 31, 2023) in 'income from financial transactions' in the separate statement of profit or loss (note 23).

As of December 31, 2024, the Bank has contingent foreign currency transactions for S/ 42,751,950 thousand equivalent to US$ 11,358,116 thousand (S/ 49,603,553 thousand equivalent to US$ 13,373,835 thousand as of December 31, 2023).

5. Cash and Due from Banks

This caption comprises the following:

In thousands of soles	2024	2023
Cash (a)	1,200,807	1,311,255
Deposits with Peruvian central reserve bank (BCRP) (a)	11,280,088	8,430,738
Deposits with Local banks and other financial institutions (b	153,577	47,232
Deposits with Foreign banks and other financial institutions (b)	92,505	759,159
Clearing	189,599	47,370
Restricted cash and due from banks (c)	197,574	307,021
Other cash and due from banks	19	14
	13,114,169	10,902,789

(a) As of December 31, 2024, funds held in cash and deposits with the Peruvian central bank (BCRP) include US$ 2,295,235 thousand and S/ 685,307 thousand (US$ 1,366,932 thousand and S/ 898,254 thousand as of December 31, 2023), which are intended for hedging the reserve requirement that the Bank shall hold for deposits and obligations according to the limits established by current regulation. These funds are deposited with the BCRP and in the Bank´s own 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$ 4,384 thousand (as of December 31, 2023, the Bank 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$ 5,197 thousand).

As of December 31, 2024, the Bank includes US$ 829,000 thousand corresponding to overnight operations in the BRCP, which accrued interest at a rate of 4.44% (US$ 1,000,000 thousand that accrue interest at a 5.33% rate 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 Bank concentrates 87% 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$ 7,345 thousand and S/ 167,224 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); and
iii) Other restrictions for US$ 497 thousand and S/ 813 thousand (US$ 771 thousand and S/ 826 thousand at December 31, 2023).

During the course of 2024 and 2023, cash inflows obtained from interest on cash amounted to S/ 352,786 thousand and S/ 292,196 thousand, respectively, and are stated within the caption "interest income" in the separate statement of income (note 20).

6. 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
Global bonds (d)	8,265	-
US Treasury Bonds (e)	340,015	-
	1,459,041	909,330
Available-for-sale investments		
Peruvian treasury bonds (a)	5,055,637	4,506,605
BCRP certificates of deposit (b)	721,989	-
Corporate bonds (c)	-	102,515
Global bonds (d)	532,723	-
Unlisted securities	4,036	3,932
Listed securities	442	640
	6,314,827	4,613,692
	7,773,868	5,523,022

(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 2026 and August 2037 as of December 31, 2023).

In addition, as of December 31, 2024 and 2023, the Bank has Peruvian treasury bonds for S/ 1,148,871 thousand and S/ 1,260,703 thousand granted in repurchase agreements (note 16 (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 4.94% to 5.25% annually (from 5.64% to 7.20% annually as of December 31, 2023) with maturities between January 2025 and February 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) Global 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).

(e) 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 with maturity in November 2026.

As of December 31, 2024 and 2023, the accrued interest on investments managed by the Bank amounted to S/ 351,205 thousand and S/ 279,951 thousand, respectively. It is recorded as 'interest income' in the separate statement of profit or loss (note 20).

During fiscal 2024 and 2023, the Bank earned net gains on sale of available-for-sale investments for S/ 108,585 thousand and S/ 59,447 thousand, respectively (note 23).

As indicated in note 17.F, as of December 31, 2024 and 2023, the Bank generated unrealized net gains on measurement of available-for-sale investments for S/ 31,482 thousand and 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	7,155,116	5,212,744
More than 1 year	618,752	310,278
	7,773,868	5,523,022

7. Loan Portfolio, Net

This caption comprises the following:

In thousands of soles	*Note*	2024		2023	
Direct loans (a)					
Current loans					
Loans		29,306,757	59%	31,936,686	62%
Mortgage loans		10,297,075	20%	10,598,274	20%
Finance lease		2,536,115	5%	2,527,572	5%
Factoring		1,046,850	2%	1,265,599	2%
Credit cards		1,279,155	3%	1,351,875	3%
Discounts		741,519	2%	722,617	1%
Overdrafts and advances in checking accounts		4,885	-	83,136	-
Refinanced loans		1,856,963	4%	1,673,691	3%
Past-due loans		839,461	2%	936,053	2%
Lawsuit loans		1,252,465	3%	1,437,209	2%
		49,161,245	**100%**	**52,532,712**	**100%**
Plus (less)					
Accrued interest on current loans		318,335	-	343,958	-
Deferred interest		(262,850)	-	(29,196)	-
Provision for loan losses (b)		(3,823,427)	-	(3,692,874)	-
		45,393,303	**-**	**49,154,600**	**-**
Contingent loans	*19*	**8,251,184**	**-**	**11,333,647**	**-**

As of December 31, 2024 and 2023, 51% of the loan portfolio (direct and indirect loans) was concentrated in 1,107 and 611 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 3.D(b)(i), the Bank 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 and small business loans	50,620	95%	41,411	98%
Loans under Reactiva Peru program	**131,153**	**92%**	**390,673**	**90%**

The repayment obligations to the BCRP related to this program are presented in 'Accounts payable.' As of December 31, 2024 and 2023, they amounted to S/ 89,944 thousand and S/ 356,688 thousand, respectively (note 16(a)(i)).

Annual interest rates are regulated by the market and may be determined at the discretion of the Bank. 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 – 18.98	5.18 – 13.43	5.85 – 19.00	4.54 – 14.04
Consumer loans	13.10 – 37.00	6.85 – 45.46	12.89 – 33.01	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 is as follows:

	2024				2023			
In thousands of soles	Number of debtors	Direct	Indirect	Total	Number of debtors	Direct	Indirect	Total
Risk rating								
Normal	428,783	43,287,202	7,569,579	50,856,781	450,673	45,851,442	10,101,374	55,952,816
With potential problems	8,498	1,407,632	616,890	2,024,522	11,439	2,383,832	1,082,917	3,466,749
Substandard	10,181	1,077,825	26,879	1,104,704	12,629	912,432	39,952	952,384
Doubtful	26,482	1,218,561	8,044	1,226,605	26,311	1,202,658	91,335	1,293,993
Loss	25,186	2,170,025	29,792	2,199,817	24,467	2,182,348	18,069	2,200,417
	499,130	49,161,245	8,251,184	57,412,429	525,519	52,532,712	11,333,647	63,866,359

(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		2,447,909	1,006,095	3,454,004
Additions charged to profit or loss		1,957,350	266,284	2,223,634
Recovery of provisions		(885,685)	(272,939)	(1,158,624)
Transfer of provisions and others		1,737	(1,316)	421
Write-off and forgiveness		(641,441)	-	(641,441)
Exchange difference		(22,875)	(3,802)	(26,677)
Recovery from sale of portfolio	*16(f)(iv)*	(134,443)	(24,000)	(158,443)
Balances as of December 31, 2023		2,722,552	970,322	3,692,874
Additions charged to profit or loss		2,646,244	410,968	3,057,212
Recovery of provisions		(1,465,108)	(382,595)	(1,847,703)
Transfer of provisions and others		741	(194)	547
Write-off and forgiveness		(855,637)	-	(855,637)
Exchange difference		8,086	1,904	9,990
Recovery from sale of portfolio (i)		(232,999)	(857)	(233,856)
Balances as of December 31, 2024		2,823,879	999,548	3,823,427

(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 separate statement of profit or loss is broken down as follows:

In thousands of soles	2024	2023
Provision for loan losses	(3,057,212)	(2,223,634)
Recovery of provisions	1,847,703	1,158,624
Income from recovery of loan portfolio	63,658	50,945
Provision for loan losses, net of recoveries	**(1,145,851)**	**(1,014,065)**

The Bank record legal provisions for their loan portfolio according to the SBS regulations in note 3.D. They also record voluntary provisions for loan losses included in the general provision.

During 2024 and 2023, the Bank released voluntary provisions of S/ 129,430 thousand and S/ 40,450 thousand, respectively, though an income.

As of December 31, 2024 and 2023, the total voluntary provisions was S/ 598,825 thousand and S/ 547,222 thousand, respectively.

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								
Small business loans	44,368	824,930	78,835	948,133	16,922	281,885	34,435	333,242
Consumer loans	94,480	693,216	147,098	934,794	99,123	694,144	119,786	913,053
Mortgage loans	79,016	527,306	56,984	663,306	81,490	482,461	43,800	607,751
Medium-sized business loans	26,735	453,009	103,505	583,249	64,460	901,822	142,505	1,108,787
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
Micro-business loans	434	2,730	27,101	30,265	1,222	2,447	27,358	31,027
	400,721	2,804,714	598,825	3,804,260	423,097	2,709,416	547,222	3,679,735

As of December 31, 2024, the Bank provision for exchange rate risk amounts to S/ 17,352 thousand and other provisions amount to S/ 1,815 thousand (S/ 11,580 thousand and S/ 1,559 thousand as of December 31, 2023).

As indicated in note 3.D, as of November 2014, the procyclical rule for the calculation of provisions was deactivated. As of December 31, 2024, the Bank did not apply pro-cyclical provisions when recording of specific provisions, maintaining a balance of S/ 45,015 thousands as of that date (S/ 44,500 thousands as of December 31, 2023).

(d) The Bank, based on the policies indicated in note 3.D.(a), 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 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	-	-	-	2,534	46,745	49,279
Small-business loans	2,090	24,590	26,680	5,298	16,270	21,568
Micro-business loans	-	-	-	60	12	72
Consumer loans	5,319	64,699	70,018	11,170	97,668	108,838
Mortgage loans	35,742	320,163	355,905	50,304	446,571	496,875
	43,151	410,444	453,595	69,366	609,574	678,940

As of December 31, 2024 and 2023, the Bank recorded provisions for rescheduled loans considering principal and interest of S/ 3,972 thousand and S/ 5,638 thousand, respectively.

(e) The Bank, based on the policies indicated in note 3D, rescheduled loans to customers whose arrears did not exceed 15 days as of February 29, 2020 or who were up to date with their payments at the beginning of the state of emergency. These facilities included payment rescheduling, which was implemented under the mass and individual mechanisms, depending on the portfolio.

(f) 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	1,454,475	1,376,466	2,830,941	1,990,003	2,369,764	4,359,767
1-3 months	2,881,769	2,373,180	5,254,949	2,988,200	3,259,599	6,247,799
3-6 months	3,262,505	1,540,916	4,803,421	3,612,895	2,181,121	5,794,016
6-12 months	4,272,805	1,211,089	5,483,894	4,425,794	1,703,161	6,128,955
More than 1 year	24,520,135	4,494,314	29,014,449	24,864,644	3,108,227	27,972,871
Past-due loans and lawsuit loans	1,604,966	486,960	2,091,926	1,692,438	680,824	2,373,262
Less: Accrued interest	(217,474)	(100,861)	(318,335)	(222,468)	(121,490)	(343,958)
	37,779,181	11,382,064	49,161,245	39,351,506	13,181,206	52,532,712

8. Held-for-trading and Hedging Instruments

The Bank has commitments to buy forward contracts ("forwards"), cross-currency (swaps – "CCS") and interest (rate swaps – "IRS"). As of 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 - IRS	64,666	50,243	79,430	70,612
Cross-currency swaps -CCS	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 23).

(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 21).

(c) As of December 31, 2024 and 2023, these hedging derivatives resulted in unrealized net losses of S/ 130 thousand and S/ 2,117 thousand; respectively, recognized within other comprehensive income in the statement of changes in equity (note 17.F).

9. Accounts Receivable, Net

This caption comprises the following:

In thousands of soles	2024	2023
Financial instruments		
Sale of investments (a)	485,340	906,880
Payments on behalf of third parties, net	23,874	14,139
Commissions receivable	5,028	5,627
Advances to personnel	1,914	1,556
Sale of goods and services, trust, net	459	405
Accounts receivable from third parties (b)	247,055	126,648
	763,670	1,055,255
Non-financial instruments		
Tax claims (c)	240,377	288,257
	1,004,047	1,343,512

(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) services remaining to be collected to subsidiaries for S/ 8,980 thousand (S/ 7,997 thousand at December 31, 2023); ii) unsettled transactions with debit and credit cards for S/ 183,882 thousand (S/ 72,554 thousand as of December 31, 2023); iii) finance leases for S/ 5,545 thousand (S/ 10,053 thousand as of December 31, 2023); and iv) other accounts receivable for S/ 48,648 thousands (S/ 36,044 thousands 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) 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 (ACA by its Spanish Acronym) 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 17(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 Bank recognized such interest as part of “Other income and expenses, net” in the separate statement of profit or loss (note 25).

10. Investments in Subsidiaries and Associates

This caption comprises the following:

In thousands of soles	2024	%	2023	%
Shares in subsidiaries				
CrediScotia Financiera S.A. (a)	600,067	100%	1,009,988	100%
Caja Rural de Ahorro y Crédito Cencosud Scotia Perú S.A. (b)	75,358	51%	70,507	51%
Scotia Fondos Sociedad Administradora de Fondos Mutuos S.A. (c)	97,532	100%	71,923	100%
Servicios, Cobranzas e Inversiones S.A.C. (c)	52,452	100%	53,315	100%
Scotia Sociedad Agente de Bolsa S.A. (c)	36,979	100%	34,171	100%
Scotia Sociedad Titulizadora S.A. (c)	4,992	100%	5,049	100%
	867,380		1,244,953	
Shares in associates				
Unibanca S.A. (d)	33,546		33,976	
La Fiduciaria S.A.	4,199		4,132	
	37,745		38,108	
	905,125		1,283,061	

(a) 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 it is 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.

Also, in May, the costs of this transaction were recognized and a net provision of S/ 8,078 thousand was recorded accordingly (note 16 (c)).

(b) During 2023, the Bank recorded a provision for goodwill impairment recognizing a loss of S/ 231,315 thousand.

(c) As of December 31, 2024, Scotia Sociedad Titulizadora S.A.; Scotia Fondos Sociedad Administradora de Fondos Mutuos S.A.; Crediscotia Financiera S.A. and Servicios, Cobranzas e Inversiones S.A.C distributed dividends for S/ 1,060 thousand, S/ 8,000 thousand, S/ 61,326 thousand and S/ 8,000 thousand, respectively; on the profits obtained in the 2023 financial year; which were fully paid out as of December 31, 2024.

At December 31, 2023, Scotia Sociedad Titulizadora S.A.; Scotia Fondos Sociedad Administradora de Fondos Mutuos S.A.; Sociedad Agente de Bolsa S.A.; Crediscotia Financiera S.A. and Servicios, Cobranzas e Inversiones S.A.C.; distributed cash dividends for S/ 905 thousand, S/ 32,000 thousand; S/ 700 thousand; S/ 90,309 thousand and S/ 10,000 thousand on the profits obtained in 2022.

(d) At December 31, 2024 and 2023, the investment made in associate Unibanca S.A. includes goodwill of S/ 4,772 thousand.

In addition to (c), during 2024, the Bank received dividends from its subsidiaries and associates for S/ 86,292 thousand (S/ 146,931 thousand during 2023).

Also, during 2024 and 2023, the Bank recognized a net gain and loss, under the equity method, on its share of the profit or loss obtained by its subsidiaries and associates of S/ 67,594 thousand and S/ 90,415 thousand, respectively (note 23).

11. 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	123,588	700,455	339,398	3,135	25,824	1,192,400	1,168,621
Additions	-	-	-	-	23,421	23,421	46,969
Sales (a)	(10,995)	(41,291)	(21,138)	-	-	(73,424)	(7,883)
Transfers	-	12,686	5,982	-	(18,668)	-	-
Disposals and others	-	(9,515)	(2,437)	(67)	-	(12,019)	(15,307)
Balance as of December 31	**112,593**	**662,335**	**321,805**	**3,068**	**30,577**	**1,130,378**	**1,192,400**
Accumulated depreciation							
Balance as of January 1	-	601,187	293,831	2,537	-	897,555	886,494
Additions	-	12,916	14,501	185	-	27,602	31,053
Sales (a)	-	(39,250)	(20,884)	-	-	(60,134)	(7,883)
Disposals and others	-	(8,975)	(2,346)	(67)	-	(11,388)	(12,109)
Balance as of December 31	**-**	**565,878**	**285,102**	**2,655**	**-**	**853,635**	**897,555**
Net carrying amount	**112,593**	**96,457**	**36,703**	**413**	**30,577**	**276,743**	**294,845**

Under current regulations, banks 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 25).

12. Intangible Assets, Net

This caption comprises the following:

In thousands of soles	Software and others	Work-in-progress	Goodwill (a)	Right of use	2024	2023
Cost						
Balance as of January 1	496,228	55,507	287,074	3,237	842,046	768,131
Additions	-	73,397	-	-	73,397	83,870
Transfers	62,676	(62,676)	-	-	-	-
Disposals and others	(1,854)	(6,391)	-	(355)	(8,600)	(9,955)
Balance as of December 31	**557,050**	**59,837**	**287,074**	**2,882**	**906,843**	**842,046**
Accumulated amortization						
Balance as of January 1	378,416	-	-	2,832	381,248	348,889
Additions	38,028	-	-	107	38,135	40,049
Disposals and others	(154)	-	-	(347)	(501)	(7,690)
Balance as of December 31	**416,290**	**-**	**-**	**2,592**	**418,882**	**381,248**
Net carrying amount	**140,760**	**59,837**	**287,074**	**290**	**487,961**	**460,798**

(a) As of December 31, 2024 and 2023, this balance reflects the goodwill generated in the acquisition of the retail and consumer commercial banking business of Citibank del Peru, in May 2015.

13. Other Assets, Net

This caption comprises the following:

In thousands of soles	2024	2023
Financial instruments		
Transactions in progress (a)	288,089	134,692
	288,089	134,692
Non-financial instruments		
Prepaid expenses (b)	106,278	119,073
Realizable and repossessed assets, net of accumulated depreciation and provision for impairment loss for S/ 234,905 thousand (S/ 228,114 thousand in 2023)	30,557	38,410
Income tax credit balance (c)	262,471	183,000
VAT credit balance	5,699	45,610
Others	4,368	7,944
	409,373	394,037
	697,462	528,729

(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 separate statement of financial position. These transactions do not have an impact on the Bank's profit or loss. As of December 31, 2024, it includes treasury transactions for S/ 111,917 thousand and invoices-in-transit for S/ 6,791 thousand (as of December 31, 2023 S/ 86,263 thousand and S/ 5,226 thousand, respectively).

(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/ 86,579 thousand (S/ 100,188 thousand as of December 31, 2023); ii) commissions on financing obtained for S/ 87 thousand (S/ 60 thousand at December 31, 2023) and iii) prepaid leases for S/ 1,911 thousand (S/ 1,889 thousand at December 31, 2023).

(c) The income tax credit balance as of December 31, 2024 comprises a tax credit balance of S/ 254,077 thousand (S/ 2,421 thousand as of December 31, 2023) and on-account income tax payments of S/ 8,394 thousand (S/ 180,579 thousand as of December 31, 2023).

14. Deposits and Obligations with Financial Institutions

This caption comprises the following:

In thousands of soles	2024		2023	
Corporate clients	22,310,444	46%	16,961,765	40%
Individuals	18,648,811	39%	19,398,118	45%
Non-profit entities	4,040,723	8%	3,879,286	10%
Others	3,341,610	7%	2,858,023	5%
	48,341,588	100%	43,097,192	100%

As of December 31, 2024 and 2023, deposits and other obligations in U.S. dollars account for 40% of total amount, respectively. As of December 31, 2024, deposits include accounts pledged in favor of the Bank 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/ 13,230,397 thousand and S/ 13,874,626 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 to other legal entities.

As of December 31, 2024 and 2023, the maximum amount secured per individual was S/ 122 thousand and S/ 124 thousand, respectively.

The Bank freely establishes 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	0.37	0.98	0.37
Time deposits	4.93 - 6.26	3.41– 4.39	7.35 –7.67	3.52– 4.62
Bank certificates	-	0.07 – 2.24	-	0.07 – 1.99
Length-of-service compensation deposits	2.38	0.85	2.83	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	3,316,814	2,563,628	5,880,442	3,217,428	1,600,465	4,817,893
1-3 months	2,439,568	1,535,699	3,975,267	2,118,819	1,708,698	3,827,517
3-6 months	1,196,224	1,163,731	2,359,955	1,172,176	873,903	2,046,079
6-12 months	2,115,812	489,635	2,605,447	1,087,270	1,148,943	2,236,213
More than 1 year	993,227	66,084	1,059,311	787,754	262,311	1,050,065
	10,061,645	5,818,777	15,880,422	8,383,447	5,594,320	13,977,767
Interest	186,265	37,509	223,774	222,804	66,351	289,155
	10,247,910	5,856,286	16,104,196	8,606,251	5,660,671	14,266,922

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

15. Borrowings and Debts

This caption comprises the following:

In thousands of soles	2024	2023
Borrowings and debts		
Obligations in the country		
COFIDE (a)	765,940	891,465
Ordinary loans from abroad		
Related banks (b)	4,836,740	5,674,770
Other banks (c)	988,965	3,938,935
	6,591,645	10,505,170
Interest payable	31,513	56,805
	6,623,158	10,561,975
Securities and obligations (d)	83,286	545,704
	6,706,444	11,107,679

(a) The credit lines of COFIDE 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 hold obligations with COFIDE for S/ 765,940 thousand and S/ 744,572 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	752,249	763,339	727,404	738,256
Mortgage loans – MiVivienda Fund (*)	Dólares estadounidenses	780	691	1,935	1,703

(*) The Bank 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 have not entered into agreements to channel COFIDE resources to finance loans for corporate and medium-size companies (as of December 31, 2023 S/ 146,893 thousand).

(b) As of December 31, 2024, ordinary loans with related banks include debts payable to Scotiabank Caribbean Treasury Limited 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 1.18% to 6.18% with maturities between January 2024 and June 2026).

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, the maturities of borrowings with banks and other financial institutions were as follows:

In thousands of soles	2024	2023
Up to 1 month	267,666	2,732,711
1-3 months	241	1,238,560
3-6 months	1,995,237	240,334
6-12 months	189,655	36,664
More than 1 year	4,170,359	6,313,706
	6,623,158	10,561,975

(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 – BS (ii)	7.34%	2025	79,500	535,560
			79,500	535,560
Negotiable certificates of deposit			3,127	5,950
			3,127	5,950
			82,627	541,510
Interest payable and obligations			659	4,194
			83,286	545,704

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

On January 3, 2023 the Bank decided to begin a repurchase offering 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.

i. SBS Resolution 2315-2015, dated April 24, 2015, authorized the issuance of the Scotiabank Peru's First Subordinated Bonds Program up to US$ 400,000 thousand or the equivalent in soles. These bonds qualify as a tier 2 capital. In May 2015, the Bank issued 53,556 subordinated bonds in local currency with a par value of S/ 10,000 each and a 10-year term from the issuance date. These bonds accrue an annual interest rate of 7.34375% to be paid each semester. This issuance was private and held in the local market. 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.

As of December 31, 2024 and 2023, total interest and fee expenses in borrowings and financial debts were S/ 469,222 thousand and S/ 593,427 thousand, respectively (note 21).

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

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

In thousands of soles	2024	2023
Up to 3 months	2,593	871
3-6 months	79,865	139
6-12 months	735	4,953
More than 1 year	93	539,741
	83,286	545,704

16. Provisions and Other Liabilities

This caption comprises the following:

In thousands of soles	2024	2023
Accounts payable		
Repurchase agreements (a)	1,221,200	2,593,133
Other accounts payable	800,492	490,123
Short sale	12,647	201,708
Vacations, remunerations and profit sharing payable	24,199	22,823
	2,058,538	3,307,787
Provisions		
Provision for litigations and claims (b)	37,528	33,041
Provision for various contingencies (c)	13,837	2,702
Provision for indirect loan losses and country risk	88,272	150,565
Other provisions (d)	135,718	126,210
	275,355	312,518
Other liabilities		
Transactions in progress (e)	639,875	339,938
Deferred income (f)	120,740	143,623
	760,615	483,561
	3,094,508	4,103,866

(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) The Bank 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 6(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 Bank 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 the Bank, 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 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 9(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 10 (a)).

(d) As of December 31, 2024, the balance of other provisions mainly includes:
i) provisions for personnel expenses for S/ 80,043 thousand (S/ 88,673 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 separate statement of financial position. These transactions do not affect the Bank'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/ 327,412 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/ 38,234 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 loans of S/ 32,601 thousand (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 Bank during the term of the underlying contract.

(iv) During May 2023, deferred earnings were recorded of S/ 50,315 thousand 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 23).

17. Equity

A. General

The regulatory capital of the Bank 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 and 2023, the Bank's regulatory capital was determined in accordance with the applicable standards and regulations.

The table below shows a breakdown of the regulatory capital at December 31:

In thousands of soles	2024	2023
Level 1		
Common shares	8,226,777	8,226,777
Más		
Premium on issuance	33,079	33,079
Legal reserve accounted for	1,704,337	1,630,644
Prior year's and current year's profits	2,048,117	1,827,429
Other additions	249	52
Less		
Goodwill on investments	(291,846)	(524,162)
Investments in subsidiaries and associates; unrealized loss on available-for-sale investments	(919,944)	(1,139,990)
Intangibles other than goodwill on acquisition of investments	(57,314)	(47,490)
	10,743,455	**10,006,339**
Level 2		
Plus		
Redeemable subordinated bonds	-	107,112
Generic provisions on loans	747,764	829,059
Less		
Other deductions	(133,734)	(110,810)
	614,030	**825,361**
Total regulatory capital	**11,357,485**	**10,831,700**

As of December 31, 2024, credit risk weighted assets and indirect loans determined by the Bank according to the regulation applicable to financial institutions was S/ 59,731,384 thousand (S/ 66,265,610 thousand 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 accounts for 17.14% of the minimum capital requirements per market, operational and credit risk (14.95% 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 have applied the alternative standard method for the calculation of the regulatory capital requirement for operational risk as the Official Letter 17024-2016-SBS. According to this letter, the Bank 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 from April 2017 to March 2018. By means of SBS Resolution No. 4941-2019, issued on October 24, 2019, the SBS authorized the extension of the effective period until September 2021. SBS Resolution 1265-2020, issued March 26, 2020, extended the application period of the alternative standard method for the Bank until September 2022.

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 amounted to S/ 1,722,449 thousands (S/ 1,848,306 thousands as of December 31, 2023).

The table below shows the detail of the global surplus of the regulatory capital balance at December 31:

In thousands of soles	2024	2023
Minimum regulatory capital requirement		
For credit risk, market risk, and operational risk	6,327,334	6,583,830
Additional Regulatory Capital	1,722,449	1,848,305
Total minimum requirement	**8,049,783**	**8,432,135**
Total Regulatory capital calculated	**11,357,485**	**10,831,700**
Regulatory capital global surplus	**3,307,702**	**2,399,565**

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 (9(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 transfer to legal reserve a total of S/ 73,692 thousand, corresponding to 10% of net profit for the year 2023.

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

E. Retained earnings

The General Shareholders' Meeting, held March 26, 2024, 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 subsidiaries and associates, net of deferred tax effect. The movement in the Bank 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		44,827	(269,955)
Net unrealized profit (loss) on available-for-sale investments	*6*	31,482	315,543
Cash flow hedges	*8(c)*	(130)	(2,117)
Adjustments to other comprehensive income of subsidiaries and associates		55	1,356
Balance as of December 31		**76,234**	**44,827**

18. Contingencies

The Bank 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 Bank. Therefore, management considers that no additional provision is necessary for these contingencies (note 16(b)).

19. Contingent Risks and Commitments

In the normal course of business, the Bank perform contingent transactions under off separate statement of financial position (contingent assets). These transactions expose the Bank to additional credit risks, beyond the amounts recorded in the separate statement of financial position. Credit risk for contingent transactions that are recorded in suspense accounts in the separate 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 would assume for credit losses on contingent transactions. The Bank 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. Also, documentary credits, such as letters of credit issued, guarantees and letters of guarantee are contingent commitments issued by the Bank 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			
Guarantees and letters of guarantee		7,243,074	10,482,593
Letters of credit issued		855,432	632,437
Outstanding banker's acceptance		152,678	218,617
	7	8,251,184	11,333,647
Unused credit lines		22,010,587	17,507,972
Derivative instruments		28,435,767	38,139,721
		58,697,538	66,981,340

20. Interest Income

This caption comprises the following:

In thousands of soles	*Note*	2024	2023
Direct loan portfolio		4,334,220	4,566,966
Cash and due from banks and deposits with banks	*5*	352,786	292,196
Available-for-sale investments	*6*	306,660	246,452
Investments at FVTPL	*6*	44,545	33,499
Interbank funds		4,297	10,192
Other financial income		669	1,063
		5,043,177	5,150,368

21. Interest Expenses

This caption comprises the following:

In thousands of soles	*Note*	2024	2023
Deposits and obligations		1,259,187	1,396,292
Borrowings and debts	*15*	453,380	576,311
Repurchase agreements		90,218	139,332
Deposits with financial institutions		13,580	45,436
Profit or loss from hedging instruments (a)	*8(b)*	84	41,226
Interbank funds		30,970	17,360
Fees for borrowings and debts	*15*	15,842	17,116
		1,863,261	2,233,073

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

22. Financial Service Income, Net

This caption comprises the following:

In thousands of soles	2024	2023
Income		
Income from fees for collections services	193,271	205,095
Other income and fees for banking services	177,575	169,962
Income from services and maintenance of liability transactions and transfer fees	96,066	92,132
Income from structuring and management services	72,430	58,026
Income from bank service commissions	104,020	100,669
Income from teleprocessing services	28,060	23,704
Other income	267,833	271,228
	939,255	920,816
Expenses		
Credit/debit card expenses	(208,096)	(174,959)
Deposit insurance fund premiums	(59,152)	(62,939)
Expenses for insurance services	(1,664)	(2,782)
Other expenses	(152,025)	(170,666)
	(420,937)	(411,346)
	518,318	509,470

23. Profit or Loss from Financial Transactions

This caption comprises the following:

In thousands of soles	*Note*	2024	2023
Net gain (loss) on measurement of held-for- trading instruments	*8(a)*	60,177	(116,637)
Gains on sales of available-for-sale investments	*6*	108,585	59,447
Net gains on sale and measurement of investments at FVTPL		54,576	41,705
Net profit in subsidiaries and associates	*10*	95,762	90,415
Net exchange gains	*4*	188,287	327,151
Others, net (a)		55,913	20,858
		563,300	422,939

(a) This balance primarily reflects S/ 41,962 thousand and S/ 3,512 thousand profits on sales of financed portfolio (notes 16(f)(iv) and 7(b)(i)).

24. Administrative Expenses

This caption comprises the following:

In thousands of soles	2024	2023
Personnel and board of directors expenses	759,370	735,511
Expenses for third-party services	730,407	722,732
Taxes and contributions	96,950	95,214
	1,586,727	1,553,457

25. Other Income, Net

This caption comprises the following:

In thousands of soles	2024	2023
Sale of non-financial services	13,482	9,646
Gain on sale of realizable and repossessed assets	8,198	22,988
Lease of own assets	3,051	2,980
Gain on sale of property, furniture and equipment (a)	46,071	7,639
Reimbursements and refunds	76	145
Interest on refund of net interest (b)	669	15,220
Other expenses, net (c)	(28,430)	(14,313)
	43,117	**44,305**

(a) Including mainly gains on the sale of real estate (note 11).

(b) In 2023, this balance includes S/ 15,220 thousand of interest on tax refunds made by SUNAT to the Bank (note 9(c) (iii)).

(c) Including mainly CrediScotia Financiera S.A sale costs (note 10 (a)).

26. Tax Matters

Peruvian Income Tax Regime

A. The Bank 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 the Bank.

By means of Legislative Decree No. 1261, published on December 10, 2016 and effective from January 1, 2017, the rate applicable to corporate income was modified to 29.5%.

The above-mentioned decree also set forth a change in the Income Tax rate applicable to the distribution of dividends and any other form of distribution of profits to 5%, specifically, for profits that are earned and distributed from January 1, 2017.

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.

B. 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.

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 (DTA) are enforced.

Income tax determination

C. The Bank determined its tax base for the years ended December 31, 2024 and 2023, and determined income tax for S/ 328,039 thousand and S/ 303,306 thousand, respectively

Income tax expense comprises the following:

In thousands of soles	2024	2023
Current income tax		
Current year	319,941	302,562
Prior-year adjustment	8,098	744
	328,039	303,306
Deferred income tax		
Current year	(140,346)	(31,743)
Prior-year adjustment	(7,117)	2,901
	(147,463)	(28,842)
Net expense in income tax	180,576	274,464

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	1,138,189	100.00%	1,011,389	100.00%
Income tax (theoretical)	335,766	29.50%	298,360	29.50%
Tax effect on additions and deductions				
Permanent differences	(145,373)	(12.77%)	(30,950)	(3.06%)
Prior-year income tax adjustment	8,098	0.71%	744	0.07%
Other	(17,915)	(1.57%)	6,310	0.63%
Current and deferred income tax recorded by effective rate	180,576	15.87%	274,464	27.14%

Temporary tax on net assets

D. The Bank 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 determined that the temporary tax on net assets for 2024 was S/ 260,357 thousands (S/ 265,208 thousand in 2023).

Tax on financial transactions

E. 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

F. 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 No 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*); (ii) presentation of a Master File; and (iii) presentation of a Country-by-Country Report. 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 014-2018-SUNAT, 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.

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 have presented the filings for fiscal 2023. With respect to the Master File for fiscal 2023, it was filed in June 2024 according to the time schedule for monthly tax obligations agreed for the May tax period as published by the Tax Authorities.

On the other hand, the content and format of the Local Report filing is set in accordance with Annexes I, II, III and IV of the relevant Resolution No. 014-2018-SUNAT.

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 3561 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.

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.

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 Bank.

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 Bank, 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

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 to 2023 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.

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. 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 Social Security Contributions Scheme (ESSALUD) for fiscal 2012 is currently at the judiciary, first instance court.

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 Bank 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 Bank 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 Bank's separate financial statements as of December 31, 2024 and 2023.

Uncertainty over Income Tax Treatments

G. In accordance with IFRIC 23, the Bank 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 any effect on the Bank’s separate financial statements as of December 31, 2024 and 2023.

Sales tax regime

H. 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 Bank 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

I. 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

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

J. 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.

Through Tax Authorities 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 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

Joint liability of the legal representative and directors of companies

K. 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

L. 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.

M. 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).

N. 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.

By means of Supreme Decree No. 319-2023-EF the Regulations and procedures for an entity to qualify as a SSCO were approved.

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.

O. 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 refunding of undue payments.

P. 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.

Q. 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

R. 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.

S. 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, 2025, 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:

i. 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.

ii. The CIPRL limit is extended up to 80% to be used against income tax.

iii. 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.

27. Deferred Income Tax

Deferred tax assets have been calculated applying the diminishing balance method per entity (note 3.M). The 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	Balance as of 12.31.2023	(Debit) credit to profit or loss	Balance as of 12.31.2024
Assets					
Generic provisions for direct and indirect loans	353,139	(15,623)	337,516	(9,881)	327,635
Provision for accounts receivables	38,434	724	39,158	727	39,885
Provision for personnel expenses	10,338	10	10,348	434	10,782
Provision for repossessed assets	44,900	330	45,230	1,838	47,068
Provision for points earned on credit and debit cards	5,551	-	5,551	-	5,551
Provision for workers' profit sharing	2,430	-	2,430	-	2,430
Investment in subsidiaries	941	-	941	-	941
Other	12,909	26,550	39,459	118,201	157,660
	468,642	**11,991**	**480,633**	**111,319**	**591,952**
Liabilities					
Updating the carrying amount of buildings	(2,296)	2	(2,294)	2	(2,292)
Amortization of intangibles	(22,800)	8,956	(13,844)	10,632	(3,212)
Leveling up assets and liabilities	(26,008)	9,743	(16,265)	15,688	(577)
Other deferred charges	(21,866)	1,051	(20,815)	2,704	(18,111)
Other	-	(2,901)	(2,901)	7,118	4,217
	(72,970)	**16,851**	**(56,119)**	**36,144**	**(19,975)**
Deferred income tax asset, net	**395,672**	**28,842**	**424,514**	**147,463**	**571,977**

28. Earnings per Share

The table below shows the calculation of the weighted average number of shares outstanding and earnings per share at December 31, 2024 and 2023:

In thousand of shares	Shares outstanding	Base share for calculating the weighted average	Effective days up to year end	Weighted average number of common shares
2024				
Balance at January 1, 2024	822,678	822,678	364	822,678
Capitalization of 2023	-	-	364	-
Balance at December 31, 2024	**822,678**	**822,678**		**822,678**
Net profit for the 2024				957,613
Earnings per basic and diluted shares (in soles)				1.16
2023				
Balance at January 1, 2023	802,678	802,678	364	802,678
Capitalization of 2022	20,000	20,000	364	20,000
Balance at December 31, 2023	**822,678**	**822,678**		**822,678**
Net profit for the year 2023				736,925
Earnings per basic and diluted share (in soles)				0.89

29. Transactions with Related Parties

As of December 31, 2024 and 2023, the Bank's separate financial statements include related-party transactions, which, as set forth in IAS 24, include the controlling entity, subsidiaries, related, associates, other related parties, directors, and key executives of the Bank. All transactions with related parties are conducted in accordance with market conditions available to unrelated third parties.

(a) The table below shows a detail of the balances stated in the separate statement of financial position held by the Bank with related parties at December 31:

	2024						2023					
In thousand of soles	Controlling interest	Subsidiaries	Related parties (i)	Associates	Key management and directors	Total	Controlling interest	Subsidiaries	Related Parties (i)	Associates	Key management and directors	Total
Assets												
Cash and due from banks	-	-	1,746	-	-	1,746	-	-	3,179	-	-	3,179
Loan portfolio, net	-	172,281	109,727	4,870	22,220	309,098	-	359,813	110,545	10,752	22,006	503,116
Derivatives for trading and hedging	-	-	94,199	-	-	94,199	-	-	289,909	-	-	289,909
Other assets, net	128	63,398	93,880	151,823	27	309,256	-	40,410	35,701	76,498	31	152,640
Total assets	128	235,679	299,552	156,693	22,247	714,299	-	400,223	439,334	87,250	22,037	948,844
Liabilities												
Obligations with the public and deposits of financial system entities	1,110,957	187,033	673,063	78,015	16,708	2,065,776	774,596	249,844	439,892	84,221	20,223	1,568,776
Debts and borrowings	-	-	4,860,012	-	-	4,860,012	232,903	-	5,697,953	-	-	5,930,856
Derivatives for trading and hedging	-	-	88,040	-	-	88,040	-	-	130,704	-	-	130,704
Provisions and other liabilities	-	20,899	98,521	2,099	25	121,544	-	52,136	87,043	1,134	26	140,339
Total liabilities	1,110,957	207,932	5,719,636	80,114	16,733	7,135,372	1,007,499	301,980	6,355,592	85,355	20,249	7,770,675
Continent risks and commitments												
Indirect loans	-	100,993	394,219	23,132	-	518,344	-	74,840	393,831	39,860	-	508,531
Derivative financial instruments	-	-	12,394,403	-	-	12,394,403	-	-	16,870,039	-	-	16,870,039

(i) Related parties show the balances and transactions with Other related parties as defined in IAS 24.

(b) The table below shows the effects of related-party transactions on the Bank's separate statement of income for the year ended December 31:

In thousands of soles	2024 Controlling interest	2024 Subsidiaries	2024 Related parties	2024 Associates	2024 Key Management and directors	2024 Total	2023 Controlling interest	2023 Subsidiaries	2023 Related parties	2023 Associates	2023 Key Management and directors	2023 Total
Interest income	-	18,768	8,833	505	1,534	29,640	-	44,279	17,916	456	1,533	64,184
Interest expense	(16,789)	(2,415)	(289,748)	(5,112)	(655)	(314,719)	(16,789)	(4,610)	(289,542)	(6,364)	(705)	(318,010)
	(16,789)	**16,353**	**(280,915)**	**(4,607)**	**879**	**(285,079)**	**(16,789)**	**39,669**	**(271,626)**	**(5,908)**	**828**	**(253,826)**
Income from financial services	112	20,079	5,156	1,280	291	26,918	141	17,490	4,867	636	291	23,425
Expense in financial services	-	(449)	(686)	(24,248)	(33)	(25,416)	-	(2,208)	(1,074)	(23,943)	(27)	(27,252)
	112	**19,630**	**4,470**	**(22,968)**	**258**	**1,502**	**141**	**15,282**	**3,793**	**(23,307)**	**264**	**(3,827)**
Profit or loss on financial transactions	-	-	434,500	9,561	-	444,061	-	1,483	305,699	9,969	-	317,151
Administrative expenses	-	(106,146)	(14,867)	(844)	(124)	(121,981)	-	(116,212)	(12,630)	(968)	(99)	(129,909)
Other income, net	-	(6)	3,414	461	-	3,869	-	231,321	3,598	1,054	1	235,974
	(16,677)	**(70,169)**	**146,602**	**(18,397)**	**1,013**	**42,372**	**(16,648)**	**171,543**	**28,834**	**(19,160)**	**994**	**165,563**

(i) Related parties show the balances and transactions with Other related parties as defined in IAS 24.

(c) The compensation of the Bank's key management and directors for the years ended December 31 was:

In thousands of soles	2024	2023
Key management remuneration	12,037	15,130
Compensation of board of directors	1,913	1,601
	13,950	16,731

At December 31, 2024 and 2023, key management remuneration remaining to be paid was S/ 5,567 thousand and S/ 8,806 thousand, respectively.

30. Trust Fund Activities

The Bank 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 separate financial statements. The Bank 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/ 5,780,349 thousand (S/ 3,605,175 thousand in 2023).

31. Classification of Financial Instruments

Management classifies its financial assets and financial liabilities into the categories described in note 3.A. 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	*5*	-	13,114,169	-	-	-	-	13,114,169
Interbank funds		-	-	-	-	-	-	-
Investments at fair value through profit or loss								
Debt instruments	*6*	1,459,041	-	-	-	-	-	1,459,041
Available-for-sale investments								
Equity instruments (c)	*6*	-	-	4,036	442	-	-	4,478
Debt instruments	*6*	-	-	-	6,310,349	-	-	6,310,349
Loan portfolio	*7*	-	45,393,303	-	-	-	-	45,393,303
Held-for-trading and hedging instruments	*8*	190,183	-	-	-	-	-	190,183
Accounts receivable	*9*	-	763,670	-	-	-	-	763,670
Other assets	*13*	-	288,089	-	-	-	-	288,089
		1,649,224	59,559,231	4,036	6,310,791	-	-	67,523,282
Liabilities								
Deposits and obligations and other obligations	*14*	-	-	-	-	-	48,005,264	48,005,264
Interbank funds		-	-	-	-	-	183,050	183,050
Deposits with financial institutions and international financial institutions	*14*	-	-	-	-	-	336,324	336,324
Borrowings and debts	*15*	-	-	-	-	6,706,444	-	6,706,444
Held-for-trading and hedging instruments	*8*	180,930	-	-	-	-	-	180,930
Accounts payable		-	-	-	-	-	2,057,652	2,057,652
Other liabilities	*16*	-	-	-	-	-	639,875	639,875
		180,930	-	-	-	6,706,444	51,222,165	58,109,539

(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 6).

		2023						
				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	*5*	-	10,902,789	-	-	-	-	10,902,789
Interbank funds		-	74,213	-	-	-	-	74,213
Investments at fair value through profit or loss								
Debt instruments	*6*	909,330	-	-	-	-	-	909,330
Available-for-sale investments								
Equity instruments (c)	*6*	-	-	3,932	640	-	-	4,572
Debt instruments	*6*	-	-	-	4,609,120	-	-	4,609,120
Loan portfolio	*7*	-	49,154,600	-	-	-	-	49,154,600
Held-for-trading and hedging instruments	*8*	431,155	-	-	-	-	-	431,155
Accounts receivable	*9*	-	1,055,255	-	-	-	-	1,055,255
Other assets	*13*	-	134,692	-	-	-	-	134,692
		1,340,485	61,321,549	3,932	4,609,760	-	-	67,275,726
Liabilities								
Deposits and obligations and other obligations	*14*	-	-	-	-	-	42,260,421	42,260,421
Interbank funds		-	-	-	-	-	67,036	67,036
Deposits with financial institutions and international financial institutions	*14*	-	-	-	-	-	836,771	836,771
Borrowings and debts	*15*	-	-	-	-	11,107,679	-	11,107,679
Held-for-trading and hedging instruments	*8*	462,934	-	-	-	-	-	462,934
Accounts payable		-	-	-	-	-	3,124,986	3,124,986
Other liabilities	*16*	-	-	-	-	-	339,938	339,938
		462,934	-	-	-	11,107,679	46,629,152	58,199,765

(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 6).

32. Financial Risk Management

The Bank 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 Bank 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 Bank 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 Bank 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

i. *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.

ii. *Credit risk mitigation – collaterals*

The Bank 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 Bank; 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 Bank 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		17,428,927	17,846,317
Loans with non-preferred collaterals		7,771,718	8,647,827
Loans secured with subsidiary liabilities		641,995	1,024,409
Loans for finance leases		2,601,969	2,595,905
Loans with first real estate collateral or collateral trust registered in Public Registry		1,789,590	1,894,161
Loans with cash deposit collateral		270,023	198,304
Other collaterals		6,746	7,351
Loans with no collateral		18,650,277	20,318,438
Total loans	*7*	49,161,245	52,532,712

iii. *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.

iv. *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)

v. *Loan portfolio impairment loss*

As of December 31, 2024 and 2023, based on SBS Resolution 11356-2008, the Bank have classified impaired and not impaired loans considering the following criteria:

- *Neither is past-due nor impaired loans*
  They comprise 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	4,034,966	8,985,723	9,954,773	43,285,308	89
With potential problems	757,767	202,628	176,206	210,531	1,347,132	3
Past due but not impaired loans						
Normal	1,462	25	2	2	1,491	-
With potential problems	5,055	1	101	1,313	6,470	-
Impaired loans						
Normal	362	4	37	-	403	-
With potential problems	54,009	2	19	-	54,030	-
Substandard	432,645	265,139	203,517	176,524	1,077,825	2
Doubtful	205,707	331,970	427,510	253,374	1,218,561	2
Loss	566,531	736,535	374,970	491,989	2,170,025	4
Gross loan portfolio	22,333,384	5,571,270	10,168,085	11,088,506	49,161,245	100
Less: provisions	(1,229,578)	(985,606)	(936,006)	(672,237)	(3,823,427)	-
	21,103,806	4,585,664	9,232,079	10,416,269	45,337,818	-

In thousands of soles	Wholesale loans	Small and micro-business Loans	Consumer loans	Mortgage loans	Total	%
2023						
Neither past-due nor impaired loans						
Normal	24,637,090	1,381,608	9,456,282	10,324,335	45,799,315	88
With potential problems	1,711,818	62,412	226,570	175,347	2,176,147	4
Past due but not impaired loans						
Normal	25,631	25	5	5	25,666	-
With potential problems	72,585	-	155	299	73,039	-
Impaired loans						
Normal	26,405	3	53	-	26,461	-
With potential problems	134,639	2	5	-	134,646	-
Substandard	427,488	61,283	225,094	198,567	912,432	2
Doubtful	466,568	104,405	415,169	216,516	1,202,658	2
Loss	1,119,270	256,523	374,006	432,549	2,182,348	4
Gross loan portfolio	28,621,494	1,866,261	10,697,339	11,347,618	52,532,712	100
Less: provisions	(1,792,977)	(374,205)	(913,338)	(612,354)	(3,692,874)	-
	26,828,517	1,492,056	9,784,001	10,735,264	48,839,838	-

As of December 31, 2024 and 2023, refinanced loans totaled S/ 1,856,963 thousand and S/ 1,673,691 thousand, respectively, of which S/ 476,404 thousand and S/ 352,976 thousand are classified as neither past due nor impaired, and S/ 1,380,559 thousand and S/ 1,320,715 thousand as impaired, 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	[0 – 15]	[16 – 30]	[31 – 60]	[61 – 90]	More than 90	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	-	100	4	-	-	104	(28)
Non-revolving loans	1	-	-	-	-	1	-
Mortgage loans	2	-	1,313	-	-	1,315	(3,665)
Subtotal retail portfolio	27	100	1,318	-	-	1,445	(3,698)
	27	1,572	6,362	-	-	7,961	(19,451)

	Days in arrears						
In thousands of soles	[0 – 15]	[16 – 30]	[31 – 60]	[61 – 90]	More than 90	Total	Value of collaterals
2023							
Type of loan							
Corporate	-	-	146	-	-	146	-
Large-business loans	-	2,403	117	-	-	2,520	(3,280)
Medium-business loans	406	40,728	54,408	4	4	95,550	(100,605)
Subtotal wholesale portfolio	406	43,131	54,671	4	4	98,216	(103,885)
Small-business loans	21	-	1	1	-	23	(4)
Micro-business loans	2	-	-	-	-	2	-
Revolving loans	1	153	2	1	-	157	(55)
Non-revolving loans	1	2	-	-	-	3	-
Mortgage loans	5	-	299	-	-	304	(200)
Subtotal retail portfolio	30	155	302	2	-	489	(259)
	436	43,286	54,973	6	4	98,705	(104,144)

vi. 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 Bank decided to maintain voluntary provisions of S/ 598,825 thousand at December 31, 2024.

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	1,333,650	1,006,053	921,887	4,520,844
Value of collaterals	1,295,878	1,403,899	319,003	1,074,214	4,092,994
Provisions for impairment loss	(722,133)	(821,008)	(680,834)	(521,615)	(2,745,590)
2023					
Impaired loans	2,174,370	422,216	1,014,327	847,632	4,458,545
Value of collaterals	2,682,692	513,772	296,572	1,006,534	4,499,570
Provisions for impairment loss	(1,175,632)	(282,019)	(678,046)	(477,559)	(2,613,256)

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

vii. ***Write-off of loans***

As of December 31, the Bank holds written-off loans, which are presented in suspense accounts, as follows:

In thousands of soles	2024	2023
Opening balance	4,596,630	4,074,605
Write-offs	852,669	640,544
Cash recovery	(50,016)	(29,275)
Forgiveness	(877)	(134)
Exchange difference	22,682	(42,357)
Others	(82,954)	(46,753)
Closing balance	**5,338,134**	**4,596,630**

viii. ***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 items receivable	At amortized cost (*)	At fair value	Total
2024					
Peru	1,556,864	58,800,071	4,036	6,252,127	66,613,098
United States	-	657,592	-	58,664	716,256
Canada	92,360	3,179	-	-	95,539
Belgium	-	60,601	-	-	60,601
United Kingdom	-	34,774	-	-	34,774
Germany	-	2,443	-	-	2,443
Switzerland	-	571	-	-	571
	1,649,224	**59,559,231**	**4,036**	**6,310,791**	**67,523,282**
2023					
Peru	1,061,056	60,562,385	3,932	4,551,096	66,178,469
United States	-	657,592	-	58,664	716,256
Canada	279,429	3,179	-	-	282,608
Belgium	-	60,601	-	-	60,601
United Kingdom	-	34,774	-	-	34,774
Germany	-	2,443	-	-	2,443
Switzerland	-	575	-	-	575
	1,340,485	**61,321,549**	**3,932**	**4,609,760**	**67,275,726**

(*) Including financial assets measured at cost.

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

In thousands of soles	2024		2023	
Mortgage and consumer loans	21,256,594	43%	22,044,958	43%
Manufacturing	6,755,663	14%	7,844,278	15%
Trading	6,944,391	14%	7,172,623	14%
Real estate, business and leasing services	1,633,398	3%	3,299,701	6%
Transport	1,742,896	4%	2,443,602	5%
Power, gas and water	1,316,967	3%	1,484,562	3%
Agriculture and livestock	1,813,024	4%	1,791,291	3%
Mining	1,416,400	3%	1,597,684	3%
Financial intermediation	1,140,983	2%	1,219,170	2%
Education, services and others	2,298,688	5%	1,693,832	3%
Hospitality	597,708	1%	498,180	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)	2,021,657	4%	1,098,984	2%
	49,161,245	100%	52,532,712	100%

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 the market risk management is to identify, assess and control market risk exposure within risk tolerance and appetite parameters, acceptable for the Board of Directors. It is in order to ensure solvency while optimizing the risk-adjusted return.

i. Market risk management

The Bank 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 Bank 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 Bank 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 Bank 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 Bank 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 Bank, 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 Bank 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 Bank.

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	3,770,902	-	-	8,142,459	1,200,808	13,114,169	4,890,717	-	-	4,700,814	1,311,258	10,902,789
Interbank funds	-	-	-	-	-	-	74,213	-	-	-	-	74,213
Investments at fair value through profit or loss and available-for-sale investments	6,622,903	532,215	-	618,750	-	7,773,868	3,949,992	1,262,753	-	310,277	-	5,523,022
Loan portfolio	2,902,224	5,952,373	13,807,532	22,731,174	-	45,393,303	3,865,631	6,848,561	12,253,274	26,187,134	-	49,154,600
Held-for-trading and hedging instruments	-	-	-	-	190,183	190,183	-	-	-	-	431,155	431,155
Accounts receivable	-	-	-	-	1,004,047	1,004,047	-	-	-	-	1,343,512	1,343,512
Other assets	-	-	-	-	2,939,268	2,939,268	-	-	-	-	2,991,947	2,991,947
Total assets	13,296,029	6,484,588	13,807,532	31,492,383	5,334,306	70,414,838	12,780,553	8,111,314	12,253,274	31,198,225	6,077,872	70,421,238
Liabilities												
Deposits and obligations	16,267,473	7,131,582	12,780,354	11,812,469	13,386	48,005,264	13,438,464	3,634,956	17,087,987	8,084,356	14,658	42,260,421
Interbank funds	183,050	-	-	-	-	183,050	67,036	-	-	-	-	67,036
Deposits with financial institutions and international financial institutions	324,988	3,532	7,804	-	-	336,324	806,121	18,043	12,056	551	-	836,771
Borrowings and debts	242,978	1,336,278	2,328,352	2,798,836	-	6,706,444	2,711,835	1,249,287	290,738	6,855,819	-	11,107,679
Held-for-trading and hedging instruments	-	-	-	-	180,930	180,930	-	-	-	-	462,934	462,934
Accounts payable	-	-	-	-	2,058,538	2,058,538	-	-	-	-	3,307,787	3,307,787
Provisions	-	-	-	-	275,355	275,355	-	-	-	-	312,518	312,518
Other liabilities	-	-	-	-	760,615	760,615	-	-	-	-	483,561	483,561
Total liabilities	17,018,489	8,471,392	15,116,510	14,611,305	3,288,824	58,506,520	17,023,456	4,902,286	17,390,781	14,940,726	4,581,458	58,838,707
Off-balance-sheet 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	(3,722,460)	(1,986,804)	(1,308,978)	16,881,078	2,045,482	11,908,318	(4,242,903)	3,209,027	(5,137,507)	16,257,499	1,496,414	11,582,530
Accumulated gap	(3,722,460)	(5,709,264)	(7,018,242)	9,862,836	11,908,318	-	(4,242,903)	(1,033,876)	(6,171,383)	10,086,116	11,582,530	-

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. This methodology is applied under normal and stressed market conditions. As of December 31, the Bank has the following interest rate indicators:

En %	2024	2023
VPR (i)	7.78	9.15
GER (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 Bank. This risk is managed by the Trading Unit.

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

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

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 Bank records a net asset position in foreign currency in the separate statement of financial position for US$ 551,271 thousand and a net asset position for US$ 1,188,064 thousand, respectively (note 4).

As of December 31, 2024, the global oversold position taken by the Bank was S/ 254,281 thousand (oversold position of S/ 373,318 thousand as of December 31, 2023).

Investment portfolio risk
The own investment portfolio and trading portfolio are managed by the Bank 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 Bank'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 Bank. 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 38.54%, respectively, as of December 31, 2023).

The Liquidity Coverage Ratio (LCR) is an indicator of the level of liquidity in a hypothetical situation of stress and reflects the degree to which a financial institution can sustain itself for thirty calendar days, without the need to go to the market to raise capital. At December 31, 2024 and 2023 the minimum ratio required by the regulator was 80% and 100%, respectively. The Bank showed levels in local currency of 106.57%, in foreign currency of 202.30% and consolidated levels of 147.99% (local currency of 115.50% and in foreign currency of 141.80% as of December 31, 2023).

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

In thousands of soles	On Demand	Up to 1 month	1 -3 months	3 - 12 months	More than 1 year	Total
2024						
Obligations with the public	31,584,795	6,045,524	4,109,577	5,165,669	1,099,699	48,005,264
Interbank funds	-	183,050	-	-	-	183,050
Deposits with financial institutions and international financial institutions	320,361	4,811	3,579	7,573	-	336,324
Borrowings and debts	-	270,016	485	2,265,492	4,170,451	6,706,444
Held-for-trading and hedging instruments	54	45,168	54,128	21,924	59,656	180,930
Accounts payable and other liabilities	-	498,654	1,043,171	454,744	61,083	2,057,652
Other liabilities	-	639,875	-	-	-	639,875
Total liabilities	**31,905,210**	**7,687,098**	**5,210,940**	**7,915,402**	**5,390,889**	**58,109,539**
Risk off the separate statement of financial position						
Liability position – derivative instruments (delivery)	-	442,752	900,017	1,085,953	35,629	2,464,351

In thousands of soles	On Demand	Up to 1 month	1 -3 months	3 - 12 months	More than 1 year	Total
2023						
Obligations with the public	27,605,815	5,100,305	3,919,770	4,536,945	1,097,586	42,260,421
Interbank funds	-	67,036	-	-	-	67,036
Deposits with financial institutions and international financial institutions	732,796	73,836	17,710	11,888	541	836,771
Borrowings and debts	-	2,733,037	1,239,105	282,091	6,853,446	11,107,679
Held-for-trading and hedging instruments	-	73,634	51,635	254,938	82,727	462,934
Accounts payable and other liabilities	-	137,927	51,439	390,672	2,544,948	3,124,986
Other liabilities	-	339,938	-	-	-	339,938
Total liabilities	**28,338,611**	**8,525,713**	**5,279,659**	**5,476,534**	**10,579,248**	**58,199,765**
Risk off the separate statement of financial position						
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 Bank is aware that effective and integrated operational risk management is a key component of good risk management practices, which must be aligned with the 3-line defense model that establishes the respective responsibilities of operational risk management, underpinning the Bank's overall governance structure and guided by the Bank's operational risk appetite statement

During 2024, the implementation and development of operational risk management methodologies and/or programs for the Bank has continued.

Major operational risk management methodologies are the following:

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

Throughout 2024, reports on the results of the Scotiabank Group were presented periodically to the Global Operational Risk Unit of the parent company, the Non-Financial Risk Committee, the Risk Control Committee of the Board of Directors and the Board of Directors of the Bank, as well as to the Bank's First Line Vice-Presidencies.

Operational risk appetite
During 2024, as in previous years, the operational risk appetite was determined based on the limit of losses due to operational risk at the level of the entire Scotiabank Peru Group, which was in turn, distributed at the level of the group companies, including the Bank. In addition, a distribution of this loss limit was made at the level of the Bank's first-line Vice-Presidencies. These loss limits are also included as objectives in the Balanced Scorecard of each of the vice-presidencies referred to above.

(i) *Operational risk loss event methodology*
The Bank 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 Bank's standard inventory of operational risks

On the other hand, the loss event database serves as a source of information and consultation for the Risk and Controls Assessment methodologies and the Key Risk Indicators, it also allows for analysis to be conducted and raise awareness about internal and external operational risks.

Performance evaluations of the GROs continued, considering the criteria of timeliness, availability, quality of the information provided and implementation of risk mitigation measures; monitoring the results of the management work, where their performance is highlighted and indicating opportunities for improvement, as well as the grade obtained.

The Bank has 41 Operational Risk Managers charged with managing Loss Events.

(ii) *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 Bank.

In 2024 the activities implemented were:

- Monitoring the 34 executive risk indicators of the Bank. 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.

(iii) *Metodología de la Gestión de continuidad del negocio – Business Continuity Management – BCM.*

The Bank has 98 Business Continuity Plans
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.

(iv) *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 universe for the application of risk and control assessment consists of:

1. Lines of Business: approach per product family.
2. Support units: approach per units.

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

(a) Risk identification.
(b) Inherent risk assessment.
(c) Identification and assessment of controls.
(d) Determination of residual risk.
(e) 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).

Also, in 2024, the program continued to be implemented to evaluate the effectiveness of the controls in place, both in design and implementation stages. For 2024, the Bank's controls effectiveness testing was carried out, as set forth in the Controls Testing Methodology. As a result, 159 controls were tested for effectiveness, with the outcome of 128 controls found effective and 19 controls found non-effective and 12 were not tested.

(v) *Risk assessment methodology on new initiatives.*
The Bank 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 Bank. 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 on new initiatives.

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 were addressed at the end of 2024.

(vi) *Risk management methodology with third parties, among others*
The Bank 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.

(vii) *Providing training and raising 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.

(viii) *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.

The program consists of a number of mechanisms such as policies, frameworks, indicators, standards, procedures, roles and responsibilities, controls, among others, aligned with the National Institute of Standards and Technology (NIST) framework, which, jointly with technical and non-technical mechanisms, will ensure to:

- Identify vulnerabilities, likelihood of occurrence and impacto n business,
- Safeguard assets and processes in place in the organization.
- Detect security events on an early basis.
- Respond to the security events detected.
- Resume the organization's operations in a timely manner after a security event had occurred.

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 in 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 monitoring 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 Bank's financial instruments per item in the separate 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	13,114,169	10,902,789	13,114,169	10,902,789
Interbank funds	-	74,213	-	74,213
Investments at FVTPL				
Debt instruments	1,459,041	909,330	1,459,041	909,347
Available-for-sale investments				
Equity instruments	4,478	4,572	4,478	4,571
Debt instruments	6,310,349	4,609,120	6,310,349	4,609,120
Loan portfolio	45,393,303	49,154,600	45,393,303	49,154,600
Held-for-trading and hedging instruments	190,183	431,155	190,183	431,155
Accounts receivable	763,670	1,055,255	763,670	1,055,255
Other assets	288,089	134,692	288,089	134,692
	67,523,282	67,275,726	67,523,282	67,275,742

	Carrying amount		Fair value	
In thousands of soles	2024	2023	2024	2023
Liabilities				
Obligations with the public and deposits	48,005,264	42,260,421	48,005,264	42,260,421
Interbank funds	183,050	67,036	183,050	67,036
Deposits with financial institutions and international financial institutions	336,324	836,771	336,324	836,771
Borrowings and debts	6,706,444	11,107,679	6,742,296	11,018,327
Held-for-trading and hedging instruments	180,930	462,934	180,930	462,934
Accounts payable	2,057,652	3,124,986	2,056,424	3,120,794
Other liabilities	639,875	339,938	639,875	339,938
	58,109,539	58,199,765	58,144,163	58,106,221

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 estimate of the 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:

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

(b) Investments at fair value through profit or loss for financial intermediation are recorded at their estimated market price.

(c) Available-for-sale investments are generally listed or have a market price through future discounted cash flows.

(d) Market prices of loan portfolio are the same as the carrying amount.

(e) Market prices of deposits and obligations are the same as the carrying amount.

(f) 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.

(g) 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 (f).

(h) Forward contracts are recorded at estimated market value; therefore, there are no differences with their corresponding fair values.

Therefore, 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 Bank 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 fair value hierarchy 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				
Debt instruments	-	1,459,041	-	1,459,041
Available-for-sale investments				
Equity instruments	442	-	4,036	4,478
Debt instruments	-	6,310,349	-	6,310,349
Held-for-trading and hedging instruments	-	190,183	-	190,183
	442	7,959,573	4,036	7,964,051
Liabilities				
Held-for-trading instruments	-	180,930	-	180,930
	-	180,930	-	180,930

In thousands of soles	Level 1	Level 2	Level 3	Total
2023				
Assets				
Investments at FVTPL				
Debt instruments	-	909,330	-	909,330
Available-for-sale investments				
Equity instruments	640	-	3,932	4,572
Debt instruments	-	4,609,120	-	4,609,120
Held-for-trading and hedging instruments	-	431,155	-	431,155
	640	5,949,605	3,932	5,954,177
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.