

**SCOTIABANK BRASIL S.A.**  
**CORRETORA DE TÍTULOS E VALORES**  
**MOBILIÁRIOS**

Financial statements

December 31, 2022 and 2021

*(A free translation of the original report in Portuguese as published in Brazil containing financial information prepared in accordance with accounting practices adopted in Brazil, applicable to financial institutions authorized to operate by the Central Bank of Brazil)*

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## Management report

### Presentation

We present the financial statements of Scotiabank Brasil S.A. Corretora de Títulos e Valores Mobiliários for the years ended December 31, 2022 and 2021, together with the explanatory notes and the report of independent accountants, prepared in accordance with accounting practices adopted in Brazil, applicable to institutions authorized to operate by the Central Bank of Brazil, issued by the Corporate Law.

Corretora closed 2022 with a net income of R\$ 4,578 (R\$ 230 in 2021), representing an annualized return on shareholders' equity of 7.33%.

As per the Corretora's Bylaws, shareholders are entitled to a minimum dividend of 25% of annual net income adjusted in the form of the Law. Such dividend may also be distributed in the form of interest on own capital.

The Corretora's operating license was published in the Federal Official Gazette on February 11, 2021 by the Central Bank of Brazil. Corretora started activities on November 1, 2021 as an intermediary for the flow of variable income of foreign institutional clients and its business plan is being fully implemented with the direct monitoring of the Executive Board.

The pandemic did not affect Corretora's operational capacity and the actions are guided by the guidelines of the Ministry of Health. The financial statements were not impacted by the effects arising from COVID-19 and a series of measures were taken by Management to protect and support its employees. Corretora continues with its conservative policy regarding liquidity management and risk parameters adequate to the institution's activities.

### Acknowledgment

Scotiabank Brasil S.A. Corretora de Títulos e Valores Mobiliários thanks all its clients for their trust and support, and its employees and collaborators for their dedication, ethics, professionalism and commitment.

### Executive Board



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## Independent auditors' report on the financial statements

To the Administrators of

Scotiabank Brasil S.A. Corretora de Títulos e Valores Mobiliários

São Paulo – SP

### Opinion

We have examined the financial statements of Scotiabank Brasil S.A. Corretora de Títulos e Valores Mobiliários (“ “Corretora”), which comprise the balance sheet as of December 31, 2022 and the related statements of income, comprehensive income, changes in shareholders’ equity and cash flows for the semester and year then ended, as well as the corresponding notes, including the summary of the significant accounting policies.

In our opinion, the aforementioned financial statements present fairly, in all material respects, the financial position of Scotiabank Brasil S.A. Corretora de Títulos e Valores Mobiliários as of December 31, 2022, the performance of its operations and its cash flows, for the semester and year then ended, in conformity with accounting practices adopted in Brazil, applicable to institutions authorized to operate by the Central Bank of Brazil - BACEN.

### Basis for opinion

Our audit was conducted in accordance with Brazilian and international standards on auditing. Our responsibilities, in conformity with these standards, are described in the following section denominated “Auditors’ responsibilities for the audit of the financial statements”. We are independent in relation to Corretora, according to the relevant ethical principles established in the Accountants’ Professional Code of Ethics and the professional standards issued by the Federal Accounting Council, and we comply with the other ethical responsibilities according to these standards. We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.

### Other information accompanying the financial statements and auditors’ report

Corretora management is responsible for such other information that comprises the Management Report.

Our opinion on the financial statements does not include the Management Report and we do not express any form of audit conclusion on such report.

Regarding the audit of financial statements, our responsibility is to read the Management Report and, in doing so, consider whether this report is, in a material way, inconsistent with the financial statements or with our knowledge gained in the audit or otherwise appears to be materially misstated. If, based on the performed work, we conclude that there is material misstatement in the Management Report, we are required to report such fact. We do not have anything to report on this respect.

## Management's responsibility and governance for the financial statements

The Management is responsible for the preparation and adequate presentation of financial statements in accordance with the accounting practices adopted in Brazil, applicable to institutions authorized to operate by the Central Bank of Brazil - Bacen and the internal controls it deemed necessary to enable the preparation of these financial statements free of significant distortions, regardless of whether the latter were caused by fraud or error.

In the preparation of financial statements, management is responsible for assessing the ability of Corretora to continue as a going concern, disclosing, where applicable, the matters relating to its going concern and the use of this basis of accounting in preparing the financial statements, unless management intends to wind-up the Brokerage Firm or ceases its operations, or has no realistic alternative to avoid the closure of operations.

Those charged with governance of Corretora are the people responsible for overseeing the process of preparation of the financial statements.

## Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance that the financial statements, taken as a whole, are free from material misstatements, regardless of whether any such misstatement is caused by fraud or error, and issue an audit report containing our opinion. Reasonable assurance is a high level of assurance, but not a guarantee that the audit conducted pursuant to Brazilian and international auditing standards will always detect any existing material misstatements. Misstatements may be due to fraud or error and are considered material when, individually or taken as a whole, can influence, within a reasonable perspective, the economic decisions of users taken based on these financial statements.

As part of the audit conducted in accordance with Brazilian and international auditing standards, we exercise professional judgment and maintain our professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the 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 the internal controls relevant to the audit to design audit procedures suitable to the circumstances, but not with the aim of expressing an opinion on the effectiveness of Corretora's internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the use of the going concern accounting basis by management, and based on the audit evidence obtained, whether there is significant uncertainty in relation to events or conditions that may cast significant doubt on the ability of Corretora to continue as a going concern. If we conclude that a material uncertainty exists, then we are required to draw attention in our auditors' report to the related disclosures in the 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 auditors' report. However, future events or conditions may cause Corretora to cease to continue as going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the 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 in internal controls that we identified during our audit.

São Paulo, March 01, 2023.

KPMG Auditores Independentes Ltda.

CRC 2SP014428/O-6

*Original report in Portuguese signed by*

Mark Suda Yamashita

Accountant CRC SP – 1SP271754/O-9

**Scotiabank Brasil S.A. Corretora de Títulos e Valores Mobiliários**  
**Balance Sheet as of**  
**December 31, 2022 and 2021**  
(In thousands of reais)



Assets	Note	2022	2021
Cash and cash equivalents	4	248	198
<b>Financial instruments</b>		<b>326,451</b>	<b>148,686</b>
Interbank funds applied	5	-	4,701
Securities	6	67,416	59,856
Securities clearing accounts	8	259,035	84,129
<b>Other assets</b>	9	<b>1,377</b>	<b>239</b>
Sundry		1,377	239
<b>Tax credits</b>	12b	<b>410</b>	<b>109</b>
<b>Property, plant and equipment for use</b>		<b>168</b>	<b>217</b>
Property for use		8	8
Other property for use		220	224
Accumulated depreciation		(60)	(15)
<b>Intangible assets</b>		<b>592</b>	<b>753</b>
Intangible assets		807	807
Accumulated amortizations		(215)	(54)
<b>Total assets</b>		<b>329,246</b>	<b>150,202</b>
<b>Liabilities</b>			
<b>Financial liabilities</b>		<b>258,798</b>	<b>87,794</b>
Securities clearing accounts	8	258,798	87,794
<b>Other liabilities</b>	10	<b>5,844</b>	<b>2,182</b>
Sundry		5,844	2,182
<b>Shareholders' equity</b>		<b>64,604</b>	<b>60,226</b>
Capital	11	60,000	60,000
Profit reserves	11	4,808	230
Other comprehensive income	3d	(204)	(4)
<b>Total liabilities</b>		<b>329,246</b>	<b>150,202</b>

See the accompanying notes to the financial statements.

**Scotiabank Brasil S.A. Corretora de Títulos e Valores Mobiliários**  
**Statements of Income**

**As of December 31, 2022 and semester ended December 31, 2022 and  
 Period from February 11, 2021 to December 31, 2021**



(In thousands of reais)

	Note	2022		2021
		2 <sup>nd</sup> semester	Year	Year
<b>Financial intermediation revenues</b>		<b>4,045</b>	<b>7,469</b>	<b>2,289</b>
Securities		4,045	7,469	2,289
<b>Financial intermediation expenses</b>		<b>(12)</b>	<b>(21)</b>	<b>(14)</b>
Money market repurchase agreements		(12)	(21)	(14)
<b>Gross income (loss) from financial intermediation</b>		<b>4,033</b>	<b>7,448</b>	<b>2,275</b>
<b>Other operating revenues (expenses)</b>		<b>206</b>	<b>317</b>	<b>(1,561)</b>
Revenues from rendering of services	19	8,470	17,013	3,417
Personnel expenses	20	(5,160)	(10,771)	(3,352)
Other administrative expenses	21	(2,111)	(3,999)	(1,190)
Tax expenses		(1,006)	(1,990)	(436)
Other operating revenues		190	272	-
Other operating expenses		(177)	(208)	-
<b>Operating income</b>		<b>4,239</b>	<b>7,765</b>	<b>714</b>
<b>Non-operating income</b>		<b>-</b>	<b>(5)</b>	<b>-</b>
<b>Income (loss) before taxation and profit sharing</b>		<b>4,239</b>	<b>7,760</b>	<b>714</b>
<b>Income tax and social contribution</b>	12a	<b>(1,785)</b>	<b>(3,182)</b>	<b>(372)</b>
Provision for income tax		(745)	(2,062)	(302)
Provision for social contribution		(488)	(1,288)	(176)
Deferred tax assets		(552)	168	106
<b>Profit sharing</b>		<b>-</b>	<b>-</b>	<b>(112)</b>
<b>Net income for the semester/year</b>		<b>2,454</b>	<b>4,578</b>	<b>230</b>
<b>Net income per thousand shares - R\$</b>		<b>40.90</b>	<b>76.30</b>	<b>3.83</b>

See the accompanying notes to the financial statements.



**Scotiabank Brasil S.A. Corretora de Títulos e Valores Mobiliários**  
**Statements of Comprehensive Income**  
**As of December 31, 2022 and semester ended December 31, 2022 and**  
**Period from February 11, 2021 to December 31, 2021**  
(In thousands of reais)



	2022		2021
	2 <sup>nd</sup> semester	Year	Year
Net income for the semester/year	<u>2,454</u>	<u>4,578</u>	<u>230</u>
Items that can be reclassified to income (loss)			
Changes in the market value of financial assets available for sale	<u>(131)</u>	<u>(200)</u>	<u>(4)</u>
Securities	(218)	(333)	(7)
Tax impact	87	133	3
Comprehensive income for the semester/year	<u><u>2,323</u></u>	<u><u>4,378</u></u>	<u><u>226</u></u>

See the accompanying notes to the financial statements.

**Scotiabank Brasil S.A. Corretora de Títulos e Valores Mobiliários**  
**Statements of Changes in Shareholders' Equity**  
**As of December 31, 2022 and semester ended December 31, 2022 and**  
**Period from February 11, 2021 to December 31, 2021**  
(In thousands of reais)



	Capital	Profit reserves		Other comprehensive income	Retained earnings	Total
		Legal	Statutory			
<b>Balances at December 31, 2020</b>	-	-	-	-	-	-
Paid-up capital	60,000	-	-	-	-	60,000
Equity valuation adjustments	-	-	-	(4)	-	(4)
Net income for the year	-	-	-	-	230	230
Formation of legal reserve	-	11	-	-	(11)	-
Formation of statutory reserves	-	-	219	-	(219)	-
<b>Balances at December 31, 2021</b>	<b>60,000</b>	<b>11</b>	<b>219</b>	<b>(4)</b>	<b>-</b>	<b>60,226</b>
Equity valuation adjustments	-	-	-	(200)	-	(200)
Net income for the year	-	-	-	-	4,578	4,578
Formation of legal reserve	-	229	-	-	(229)	-
Formation of statutory reserves	-	-	4,349	-	(4,349)	-
<b>Balances at December 31, 2022</b>	<b>60,000</b>	<b>240</b>	<b>4,568</b>	<b>(204)</b>	<b>-</b>	<b>64,604</b>
<b>Balances at June 30, 2022</b>	<b>60,000</b>	<b>117</b>	<b>219</b>	<b>(73)</b>	<b>2,018</b>	<b>62,281</b>
Equity valuation adjustments	-	-	-	(131)	-	(131)
Net income for the semester	-	-	-	-	2,454	2,454
Formation of legal reserve	-	123	-	-	(123)	-
Formation of statutory reserves	-	-	4,349	-	(4,349)	-
<b>Balances at December 31, 2022</b>	<b>60,000</b>	<b>240</b>	<b>4,568</b>	<b>(204)</b>	<b>-</b>	<b>64,604</b>

See the accompanying notes to the financial statements.

**Scotiabank Brasil S.A. Corretora de Títulos e Valores Mobiliários**

**Statements of Cash Flows**

**As of December 31, 2022 and semester ended December 31, 2022 and  
Period from February 11, 2021 to December 31, 2021**

(In thousands of reais)



	2022		2021
	2 <sup>nd</sup> semester	Year	Year
<b>Operating activities</b>			
Net income for the semester/year	2,454	4,578	230
Adjustments to net income	653	42	(37)
Deferred taxes	552	(168)	(106)
Depreciation and amortization	101	206	69
Loss in the write-off of property, plant and equipment	-	4	-
<b>Changes in operating assets and liabilities</b>	<b>(3,540)</b>	<b>(9,271)</b>	<b>(54,255)</b>
(Increase) in securities	(3,743)	(7,893)	(59,863)
(Increase)/decrease in securities clearing accounts	(119)	(3,902)	3,665
(Increase) in other assets	(373)	(1,138)	(239)
Increase in other liabilities	695	3,662	2,182
<b>Net cash (invested) in operating activities</b>	<b>(433)</b>	<b>(4,651)</b>	<b>(54,062)</b>
<b>Investment activities</b>			
Acquisition of fixed assets for use	-	-	(232)
Investments in intangible assets	-	-	(807)
<b>Net cash (invested) in investment activities</b>	<b>-</b>	<b>-</b>	<b>(1,039)</b>
<b>Financing activities</b>			
Paid-up capital	-	-	60,000
<b>Net cash from financing activities</b>	<b>-</b>	<b>-</b>	<b>60,000</b>
<b>Increase/(decrease) in cash and cash equivalents</b>	<b>(433)</b>	<b>(4,651)</b>	<b>4,899</b>
<b>Statement of changes in cash and cash equivalents</b>			
Cash and cash equivalents at the beginning of the semester/year	681	4,899	-
Cash and cash equivalents at the end of the semester/year	248	248	4,899
<b>Increase/(decrease) in cash and cash equivalents</b>	<b>(433)</b>	<b>(4,651)</b>	<b>4,899</b>

See the accompanying notes to the financial statements.

## **1. Operations**

The main purpose of Scotiabank Brasil S.A Corretora de Títulos e Valores Mobiliários ( Corretora) located at Av. Brigadeiro Faria Lima, 2.277 – 7º andar, São Paulo - Brazil, is to complement Scotiabank’s activities in Brazil through the intermediation of stock operations carried out within the scope of B3 S.A. – Brasil, Bolsa, Balcão, for foreign institutional customers that invest in the country, offering them a comprehensive and “end-to-end” structure in line with current legislation.

Corretora is a wholly-owned subsidiary of Scotiabank Brasil S.A. Banco Múltiplo (“Bank”), which together form the Scotiabank Brasil Financial Conglomerate (“Scotiabank Brasil Group”).

Scotiabank Brasil S.A. Corretora de Títulos e Valores Mobiliários maintains a corporate governance structure integrated with Scotiabank Brasil S.A. Banco Múltiplo and is controlled by The Bank of Nova Scotia (“BNS”).

Corretora was organized on November 6, 2020. The operating license was published by the Central Bank of Brazil on February 11, 2021 and the last concession was received from CVM on July 26, 2021. Operating activities date started on November 1, 2021.

## **2. Preparation and presentation of financial statements**

The financial statements have been prepared and are presented in accordance with the provisions of the Brazilian Corporate Law and the standards and instructions of the National Monetary Council (CMN) and the Brazilian Central Bank (BACEN) in the Standard Chart of Accounts for Financial Institutions (COSIF), and of the Accounting Pronouncements Committee (CPC), when applicable.

The authorization for issue of these financial statements was given by the Executive Board as of March 1, 2023.

Statements of cash flow have been prepared at the indirect method.

BCB Resolution 2 became effective as of January 1, 2021, and applies to the preparation, disclosure, and submission of financial statements.

## **3. Description of significant accounting policies**

### **a) Functional and presentation currency**

The financial statements are being presented in reais (R\$), functional currency of Corretora.

### **b) Statement of Income**

Income and expenses are recognized on the accrual basis.

### **c) Cash and cash equivalents**

They are represented by cash and cash equivalents in domestic currency, repurchase and resale agreements - own portfolio, whose maturity of the operations on the date of the effective investment is equal to or shorter than 90 days and present insignificant risk of market value change.

#### d) Securities

They are recorded at acquisition cost and presented in the balance sheet according to BACEN Circular 3068, and are classified according to Management's intention in the following categories: "Trading securities" refers to securities acquired for the purpose of being actively and frequently traded, classified in current and marked-to-market as a contra-entry to the income (loss) for the period, "Securities available for sale", that are not qualified as trading or held to maturity securities, and are adjusted to market value with the corresponding entry to a separate account in shareholders' equity, less tax effects, and "Securities held to maturity" which have the financial capacity to be held until maturity and are recorded at cost, plus income accrued in contra account to income for the period. To calculate the market value of the securities portfolio, federal government bonds are adjusted to reflect the observable market price, as published by ANBIMA.

#### e) Permanent

- **Property, plant and equipment for use:** corresponds to the assets and rights that refer to corporeal personal property intended for the maintenance of Corretora's activities with this purpose. In compliance with CMN Resolution 4535, new property, plant, and equipment items are recognized at cost. Depreciation of property, plant and equipment is recorded based on the straight-line method, considering the rates comprising the useful and economic life of assets;
- **Intangible assets:** corresponds to the rights that refer to incorporeal personal property intended for the maintenance of Corretora's activities or exercised with this purpose. In compliance with CMN Resolution 4534, new intangible assets are recognized at cost. Intangible assets with defined useful life are amortized using the straight-line method over an estimated period of economic benefit.

#### f) Asset impairment

Pursuant to CMN Resolution 4924 which approved the adoption of Technical Pronouncement CPC 01 – Asset impairment, the recoverable value of assets is tested, at least once a year, if there are indicators of loss. When the book value of the asset exceeds its recoverable value, the loss will be recognized directly in P&L.

Impairment losses were not identified on December 31, 2022 and 2021.

#### g) Income tax and social contribution

Provision for income tax is formed at the rate of 15% on taxable income, plus a surtax of 10%, as set forth by the Law 9430. Social contribution tax is calculated at the rate of 15% of taxable result as set forth by the Law 7689.

The CSLL rate and legal entities in the financial sector was increased by 1% for the base period between August 1, 2022 and December 31, 2022, pursuant to PM [Provisional Measure] 1115.

As of December 31, 2022 and 2021, Corretora has deferred tax credit assets from income tax and social contribution calculated from temporary differences.

Tax credits whose realization is expected to occur in future periods were recorded at the rate of 25% for income tax and 15% for social contribution.

Based on CMN Resolution 4842, the short and medium-term projections prepared by Corretora enable a reasonable estimate of term of realization of these assets.

**h) PIS and COFINS**

PIS contributions are calculated at the same rate of 0.65% and for COFINS at the rate of 4%, pursuant to the legislation in force.

**i) Share-based payments**

Qualified employees of Corretora participate in stock-based compensation plans, which are evaluated based on the price of the common share of BNS. Corretora records its expense in the income (loss) for the period against a provision in liabilities, as established by CMN Resolution 3989 which approved the adoption of Technical Pronouncement CPC 10 – Share-Based Payment (Note 17).

**j) Post-employment employee benefits**

Post-employment or long-term benefit plans are formal or informal arrangements under which Corretora undertakes to provide post-employment benefits to one or more employees, pursuant to CMN Resolution 4877, which approved the Technical Pronouncement CPC 33 (R1) – Employee Benefits.

Defined contribution plans are post-employment benefit plans according to which Corretora, as the sponsoring entity, pays fixed contributions to a separate entity (fund), without legal or constructive obligation of paying additional contributions if the fund does not have sufficient assets to pay all benefits related to services in the current and prior periods. These contributions are recognized as "Personnel Expenses" in the statement of income.

**k) Other assets**

Stated at realizable values, net of the related unappropriated revenue, including, when applicable, income and inflation adjustments, adjusted by a provision through the balance sheet date, when applicable.

**l) Other liabilities**

Stated at known amounts or estimated, including, the charges calculated on a "pro rata" daily basis and the inflation adjustment and exchange-rate change incurred.

**m) Non-recurring income (loss)**

BCB Resolution 2, in its art. 34, establishes that financial institutions must disclose recurring and non-recurring results in a segregated manner. The non-recurring income (loss):

- i. Is not related or incidentally related to the typical activities of the institution; and
- ii. Is not expected to occur frequently in future years.

The Corretora's income (loss) is fully recurring on December 31, 2022 and 2021.

#### 4. Cash and cash equivalents

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents in domestic currency	248	198
Money market repurchase commitments - resales to be settled - own portfolio - related companies	-	4,701
<b>Total</b>	<b><u>248</u></b>	<b><u>4,899</u></b>

#### 5. Interbank funds applied

	<u>2022</u>	<u>2021</u>
Money market repurchase commitments – resales pending settlement - own portfolio - Related (Note 15)	-	4,701
<b>Total</b>	<b><u>-</u></b>	<b><u>4,701</u></b>

#### 6. Securities

The restated cost (including income earned) and the market value of securities were as follows:

##### Securities available for sale

	<u>2022</u>				<u>2021</u>	
	<u>Without maturity</u>	<u>&gt;12 months</u>	<u>Market/book value</u>	<u>Restated cost</u>	<u>Market/book value</u>	<u>Restated cost</u>
Own portfolio						
LTN	-	60,914	60,914	61,254	54,215	54,222
<b>Subtotal</b>	<b><u>-</u></b>	<b><u>60,914</u></b>	<b><u>60,914</u></b>	<b><u>61,254</u></b>	<b><u>54,215</u></b>	<b><u>54,222</u></b>
Subject to guarantees provided <sup>(i)</sup>						
Quotas of investment funds	6,502	-	6,502	6,502	5,641	5,641
<b>Subtotal</b>	<b><u>6,502</u></b>	<b><u>-</u></b>	<b><u>6,502</u></b>	<b><u>6,502</u></b>	<b><u>5,641</u></b>	<b><u>5,641</u></b>
<b>Total</b>	<b><u>6,502</u></b>	<b><u>60,914</u></b>	<b><u>67,416</u></b>	<b><u>67,756</u></b>	<b><u>59,856</u></b>	<b><u>59,863</u></b>

(i) Securities given as a guarantee margin for the performance of share purchase and sale operations.

Federal government bonds are held in custody by SELIC, the investment fund quotas are held in custody by B3 S.A.- Brasil, Bolsa, Balcão.

#### 7. Risk management

##### Operating risk management

Corretora is included in the internal control environment of Scotiabank Brasil Group which has a structure of operating risk management responsible for identifying, evaluating, monitoring, controlling, reducing and reporting its risks, which is widely spread within the organization. In this context, all employees have direct access to tools, methodologies and reports produced by the Risk Management department, facilitating the dissemination of the risk-control culture inside the Group.

The operating risk structure also includes the participation of the Executive Board, which is immediately involved in every significant event and actively participates in the monitoring of actions for reduction and resolution of these events. In addition to the daily monitoring, the Risk Management department also reports the major events of operating risk occurred during the month in a report sent to the department heads and to the Executive Boards of the Bank and of Scotiabank Brasil Group.

### **Management of market and liquidity risks**

As determined by the head office and following the best practices of management of risks adopted worldwide, the Group has a structure of management and control of risks that is comprehensive, integrated and independent from the business areas and which seeks the optimization of the risk/return relation, focusing on efficient monitoring and strict control of the risk exposure factors. An integrated set of processes using platforms of local and global systems is responsible for the determination, analysis and report of market and liquidity risks. The risk limits are determined and approved by the local Executive Board and head office and monitored on a preventive basis.

In this context, the market and liquidity risk management is performed on a daily basis using own models and instruments such as VaR - Value-at-Risk, liquidity short-term measures, projections of cash flow, stress test, back testing, analysis of sensitivity of interest, exchange and volatility.

By observing BNS's requirements, the Group was able to meet Central Bank requirements regarding implementation of the continued and integrated risk management structure (CMN Resolution 4557), more specifically regarding market and liquidity risks. In addition, the Group now is reviewing the capital requirements due to market risk exposure under criteria established in CMN Resolution 4958.

### **Credit risk management**

In line with the BACEN regulations and the organization's risk management philosophy, the Group has a credit risk management structure which includes individual credit limit analysis and establishment for the entire range of loan takers, as well as analysis and monitoring of the Group's aggregate credit risk, which takes into account all product lines offered by the Bank and all economic segments where loan takers operate.

The Scotiabank Brasil Group's risk culture is emphasized to all its areas and the description of the products offered to loan takers includes identification of credit, market and operating risks, as well the information systems that control them. Individual credit limits for borrowers are approved by using the Group's own techniques and methodologies, and are reviewed at least once a year together with their ratings, which are reviewed every six months for the operations of the same client or economic group whose amount exceeds 5% of Group's adjusted shareholders' equity.

The Executive Board and the risk control areas actively operate in credit risk management, which includes the approval of individual credit limits and institutional policies. Additionally, they monitor the aggregate loan portfolio and evaluate the results of stress tests, which are exercises used to assess the potential impacts of adverse events on the institution's loan portfolio.



## **Capital management**

The Scotiabank Brasil Group is dedicated to maintaining a robust capital basis to support risks associated to its businesses. The Group's Continued Capital Management structure, which encompasses internal policies, actions and procedures that refer to Capital Management is in line with BNS's global policy, and complies with Brazilian Central Bank's (BACEN) requirements provided for in CMN Resolution 4557.

The principles governing the Group's capital management structure intend to meet the requirements in connection with: regulatory rules; existence of appropriate governance and supervision; capital management policies, strategies and measures focusing on relationships between risk propensity, risk profile and capital capacity; a solid risk management process; a capital adjustment evaluation process that is in accordance with governance and capital policies; existence of adequate systems, processes and controls to assist in capital planning, forecast, measurement, monitoring and control of authorized limits, in addition to the preparation of reports on capital.

The Executive Board is directly involved in the continued capital management and is also responsible for the annual review and approval of Group's internal policies. In addition, the Executive Board operates on monitoring level and adequacy of the capital through periodic reports produced and sent by the areas that are directly involved in the capital management process.

The description of the risk management framework and capital management framework is evidenced in a public report available at: <http://www.br.scotiabank.com> (unaudited).

## **Fair value hierarchy**

To increase the consistency and comparability of fair value measurements and corresponding disclosures, a fair value hierarchy was established, it classifies the inputs applied into three levels in valuation techniques used for fair value measurement. The fair value hierarchy provides the highest priority to quoted prices (not adjusted) in active markets for identical assets or liabilities and the lowest priority to non-observable data.

Fair value is determined according to the following hierarchy:

Level 1 – Prices quoted (not adjusted) in active markets for identical assets and liabilities to which the entity may have access on the measurement date.

Level 2 – Inputs that are observable for assets or liabilities, whether directly or indirectly, except for quoted prices, included in Level 1.

Level 3 - Non-observable data for the asset or liability.

## **Market risk**

Market risk is defined as the possibility of incurring losses resulting from fluctuations in the market values of instruments held by the Group, including the risk of changes in interest rates and share prices, for instruments classified in the trading portfolio and the risk of exchange-rate change and commodity prices, for instruments classified in the trading or banking portfolio.

According to the guidelines of the Central Bank of Brazil, through CMN Resolution 4557 and BCB Resolution 111, operations are divided between the trading and banking portfolios.

The trading portfolios are made up of instruments, including derivatives, held for trading purposes, which meet the following conditions: are free from any legal impediment to the sale thereof; and are daily valued at market value, according to criteria defined by the regulations in force. Mark-to-market of instruments should be recognized as a contra-entry to appropriate revenue or expense account in Institutions' income (loss) for the period.

All operations not classified under the trading portfolio are in the banking book. This portfolio includes the Group's business portfolio operations, such as loan operations, onlendings and their financing lines, as well as securities positions that are accounted for as held to maturity and the instruments in the treasury portfolio.

To assess the effects on the Conglomerate's income (loss) in face of possible scenarios, the Group performs sensitivity analysis for each market risk factor considered relevant by Management.

## 8. Securities clearing accounts

Refers to cash accounts of registration and settlement - financial offset and debtors - pending settlements account in the amount of R\$ 259,035 (R\$ 84,129 in 2021) and creditors - pending settlements account in the amount of R\$ 258,798 (R\$ 87,794 in 2021).

## 9. Other Assets

	<u>2022</u>	<u>2021</u>
<b>Current assets</b>		
Taxes and contributions recoverable	1,286	239
Prepaid expenses	84	-
Salary advances	7	-
<b>Total</b>	<u><u>1,377</u></u>	<u><u>239</u></u>

## 10. Other liabilities

	<u>2022</u>	<u>2021</u>
<b>Current liabilities</b>		
Provision for taxes and contributions on income – (Note 12a)	3,350	478
Taxes and contributions payable	1,322	645
Provision for personnel expenses	786	391
Provision for other administrative expenses	59	60
Amounts payable - related companies	1	-
Sundry creditors	-	496
Bonuses and profit sharing payable	-	112
<b>Subtotal</b>	<u><u>5,518</u></u>	<u><u>2,182</u></u>
<b>Non-current liabilities</b>		
Provision for personnel expenses	326	-
<b>Subtotal</b>	<u><u>326</u></u>	<u><u>-</u></u>
<b>Total</b>	<u><u>5,844</u></u>	<u><u>2,182</u></u>

## 11. Shareholders' equity

The fully paid-up capital amounts to R\$ 60,000 and it is represented by 60,000,000 nominative and common shares with no par value.

#### a) Profit reserves

The legal reserve is formed at the rate of 5% of net income for the period, up to the limit defined by the current legislation.

#### b) Dividends and interest on own capital

As per the Corretora's Bylaws, the shareholders are entitled to a minimum dividend of 25% of annual net income adjusted in the form of the Law. Such dividend may also be distributed in the form of interest on own capital.

In the years ended December 31, 2022 and 2021, the distribution of dividends and interest on own capital were not authorized. The shareholders decided to retain all profits, pursuant to the provisions of Law 11638, article 202.

### 12. Deferred income tax and social contribution

#### a) Calculation of charges with income and social contribution taxes levied on the operations

	2022		2021	
	Income tax	Social contribution	Income tax	Social contribution
Income before taxation and after profit sharing	7,760	7,760	602	602
Temporary exclusions (additions)	419	419	265	265
Other administrative expenses	419	419	265	265
Permanent additions (exclusions)	225	225	444	158
Taxable base	8,404	8,404	1,311	1,025
Rates	25%	15%	25%	15%
Total IRPJ and CSLL - current values before tax incentives	(2,077)	(1,288)	(304)	(176)
Tax incentives	15	-	2	-
Total income tax and social contribution - current values	(2,062)	(1,288)	(302)	(176)
- (Note 10)				
Tax credits	105	63	66	40
Total	(1,957)	(1,225)	(236)	(136)

#### b) Changes in deferred income tax and social contribution by type and origin

Tax credits	Balances at 12/31/2021	Formation	Realization / Reversal	Balances at 12/31/2022
Reflected in income (loss)	106	270	(102)	274
Non-deductible provisions	106	270	(102)	274
Reflected in shareholders' equity	3	136	(3)	136
Mark-to-market of securities classified as securities available for sale	3	136	(3)	136
Total	109	406	(105)	410

**c) Forecast of realization of tax credits on tax loss, negative basis of social contribution and temporary differences**

Realization term	Timing differences	Total
1 <sup>st</sup> year	203	203
2 <sup>nd</sup> year	196	196
3 <sup>rd</sup> year	11	11
<b>Total</b>	<b>410</b>	<b>410</b>
<b>Present value (*)</b>	<b>343</b>	<b>343</b>

(\*) For the adjustment to present value, the projected annual CDI rate was used.

**13. Basel and Operating Limits**

Corretora adopts the calculation of operating and Basel limits based on the consolidated data of the Scotiabank Brasil Financial Conglomerate (“Conglomerate”), formed by Scotiabank Brasil S.A. Banco Múltiplo, leader of the Conglomerate, and by the Brokerage Firm, in accordance with BACEN guidelines.

As of December 31, 2022, the Conglomerate’s Basel Ratio, calculated in accordance with current regulations, is 25.46% (12.14% in 2021), which is higher than the minimum ratio required by BACEN regulations.

**14. Contingent liabilities**

Corretora is not a party to lawsuits or legal discussions as of December 31, 2022 and 2021.

**15. Related parties**

Operations between related parties are disclosed in conformity with CMN (National Monetary Council) Resolution 4818, in compliance with Technical Pronouncement CPC 05 (R1) – Related Parties Disclosure. These operations are carried out at usual market values, terms and average rates in effect at the respective dates.

Operations with related parties are represented by:

	Assets/(liabilities)		Revenues/(expenses)	
	2022	2021	2022	2021
<b>Cash and cash equivalents</b>	<b>246</b>	<b>97</b>	<b>-</b>	<b>-</b>
Scotiabank Brasil S.A. Banco Múltiplo	246	97	-	-
<b>Interbank funds applied</b>	<b>-</b>	<b>4,701</b>	<b>135</b>	<b>9</b>
Scotiabank Brasil S.A. Banco Múltiplo	-	4,701	135	9
<b>Amounts receivable from/(payable to) related companies/service revenues/(expenses)</b>	<b>(1)</b>	<b>-</b>	<b>(306)</b>	<b>(75)</b>
Scotiabank Brasil S.A. Banco Múltiplo	-	-	(305)	(75)
Scotiabank Colpatría (Colombia)	(1)	-	(1)	-
<b>Money market borrowings</b>	<b>-</b>	<b>-</b>	<b>(21)</b>	<b>-</b>
Scotiabank Brasil S.A. Banco Múltiplo	-	-	(21)	-

## **16. Management remuneration**

For the purpose of disclosing management remuneration, statutory directors were considered. Expenses with directors' remuneration for the year ended December 31, 2022 total R\$ 2,280 (R\$ 510 in 2021), comprised by R\$ 2,210 (R\$ 510 in 2021), which represent salaries and payroll charges, profit sharing, and bonus and charges, denominated short-term benefits, and R\$ 70 that represents share-based compensation and charges. As of December 31, 2021, there was no balance recorded for share-based compensation. There are no post-employment benefits, other long-term benefits or work agreement termination benefits.

## **17. Share-based payment**

Share-based payment plans are evaluated based on BNS common shares price traded at the Toronto, Canada (TSX) stock exchange. BNS share price fluctuations change the value of units, which affects share-based payment expenses. The portion that calculates share price market value also varies according to the Bank's performance. These plans are settled in cash and their expenses are recognized in income for the period as a contra-entry to provision in liabilities. Eligible employees are paid through this variable remuneration by means of RSU plan.

### **Restricted RSU - Restricted Share Unit Plan**

According to RSU plan, eligible employees will receive a bonus in restricted share units after three years. Final value to be paid varies according to BNS share price. As of December 31, 2022, the amount of provisioned liability for this plan is R\$ 162 and the total number of shares is 3,763 units measured at the weighted market value of R\$ 0.26 per share. Total expenses recorded in the period for this plan is R\$ 311. There was no balance receivable on December 31, 2021.

## **18. Post-employment employee benefits**

For the post-employment defined contribution plan, the bank offers its employees the supplementary private pension benefit through monthly contributions, ceasing after the employee leaves the company. Total expenses recorded in the period for this plan is R\$ 83 (R\$ 20 in 2021).

Other post-employment defined contribution plans are considered short-term benefits, such as health care and profit sharing.

Corretora does not have post-employment benefit plans to its employees.

## **19. Revenues from rendering of services**

They are comprised by income from brokerage fees and activities in exchange operations totaling R\$ 17,013 (R\$ 3,417 in 2021).

## 20. Personnel expenses

	<u>2022</u>	<u>2021</u>
Salaries	7,128	2,241
Social charges	2,491	859
Benefits	1,058	222
Training	94	30
<b>Total</b>	<b><u>10,771</u></b>	<b><u>3,352</u></b>

## 21. Other administrative expenses

	<u>2022</u>	<u>2021</u>
Data processing	2,199	328
Financial system services	782	412
Specialized technical services	211	293
Amortization/depreciation	206	69
Communications	126	38
Rentals	57	-
Insurance	18	32
Other	400	18
<b>Total</b>	<b><u>3,999</u></b>	<b><u>1,190</u></b>

## 22. Implementation Plan - CMN Resolution 4966

In compliance with the provisions of article 76 of CMN Resolution 4966 dated November 25, 2021, which establishes the concepts and accounting criteria applicable to financial instruments, so as to align the COSIF accounting criteria with those established by the IFRS 9, starting January 01, 2025, Scotiabank Brasil Group prepared the implementation plan for the new accounting regulations, considering the scenario, line of business, market strategy, and risk management framework. Management understands that changes in business models and relationship with financial products will impact the entire workflow and internal processes, requiring the review and readjustment of policies, controls, and systems.

We established an implementation schedule, which includes carrying out activities throughout 2023 and 2024, still depending on ancillary rules to be issued by BACEN. The impacts on the financial statements will be measured after the complete definition of regulatory standards.

### Executive Board

Paulo André Campos Bernardo  
Antonio Pianucci

Jaques Mester  
Rodrigo Almeida Sergio

### Accountant

Roberto Shoji Haga  
CRC 1SP242224/O-6