

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

## **Financial statements June 30, 2023 and 2022**

*(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 semesters ended June 30, 2023 and 2022, together with the notes and the independent auditors' report, prepared in accordance with accounting policies adopted in Brazil, applicable to the institutions authorized to operate by the Central Bank of Brazil, set up by Brazilian Corporate Law.

### **Other information**

The Brokerage Firm started its activities on November 1, 2021 as an intermediary for foreign institutional clients and its business plan is being fully followed and is being directly monitored by top Management.

As per the Brokerage Firm's bylaws, shareholders are entitled to minimum dividends of 25% of annual profit adjusted in pursuance to Corporate Law. This dividend may also be distributed as interest on own capital.

Fees paid to independent auditors for audit and non-audit services are annually disclosed in the Annual Report of The Bank of Nova Scotia ("BNS").

### **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**



KPMG Auditores Independentes Ltda.  
Rua Arquiteto Olavo Redig de Campos, 105, 12º andar - Torre A  
04711-904 - São Paulo/SP - Brasil  
Caixa Postal 79518 - CEP 04707-970 - São Paulo/SP - Brasil  
Telefone +55 (11) 3940-1500  
kpmg.com.br

# Independent auditors' report on the financial statements

## To the Management

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

São Paulo - SP

#### Opinion

We have audited the financial statements of Scotiabank Brasil S.A. Corretora de Títulos e Valores Mobiliários (the "Brokerage"), which comprise the balance sheet as at June 30, 2023, and the statements of profit or loss and comprehensive income, changes in equity and cash flows for the six-month period then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Scotiabank Brasil S.A. Corretora de Títulos e Valores Mobiliários as at June 30, 2023, and its financial performance and its cash flows for the six-month period then ended in accordance with accounting policies adopted in Brazil applicable to the institutions authorized to operate by the Central Bank of Brazil.

#### Basis for Opinion

We conducted our audit in accordance with International and Brazilian Standards on Auditing. Our responsibilities under those standards are described in the "Auditors' Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Brokerage Firm in accordance with the ethical requirements that are relevant to our audit of the financial statements and are set forth on the Professional Code of Ethics for Accountants and on the professional standards issued by the Regional Association of Accountants, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Other information accompanying the financial statements and the independent auditors' report

Management is responsible for the other information. The other information comprises the Management Report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work that we have performed, we conclude that there is material misstatement of this other information, then we are required to report that fact. We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting policies adopted in Brazil, applicable to institutions authorized to operate by the Central Bank of Brazil (BACEN), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Brokerage Firm's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Brokerage Firm or to cease operations, or has no realistic alternative but to do so.

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

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with Brazilian and international standards on auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Brazilian and 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 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 Brokerage Firm's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- 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 Brokerage Firm's ability 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 the Brokerage Firm to cease to continue as a 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 control that we identify during our audit.

São Paulo, August 23, 2023.

KPMG Auditores Independentes Ltda.  
CRC 2SP-027685/O-0 F SP  
*Original report in Portuguese signed by*  
Mark Suda Yamashita  
Contador CRC SP-271754/O-9

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

## Balance Sheets ,June 30, 2023 and December 31, 2022

*(In thousands of reais)*

Assets	Note	Jun/2023	Dec/2022
<b>Cash and cash equivalents</b>	4	274	248
<b>Financial instruments</b>		<u>128,261</u>	<u>326,451</u>
Securities	5	65,750	67,416
Securities clearing accounts	7	62,417	259,035
Other financial instruments		94	-
<b>Other assets</b>	8	<u>708</u>	<u>1,377</u>
Sundry		708	1,377
<b>Tax credits</b>	11b	<u>943</u>	<u>410</u>
<b>Property, plant and equipment for use</b>		<u>146</u>	<u>168</u>
Property for use		8	8
Other property for use		220	220
Accumulated depreciation		(82)	(60)
<b>Intangible assets</b>		<u>511</u>	<u>592</u>
Intangible assets		807	807
Accumulated amortizations		(296)	(215)
<b>Total assets</b>		<u><u>130,843</u></u>	<u><u>329,246</u></u>
<b>Liabilities</b>			
<b>Financial liabilities</b>		<u>62,375</u>	<u>258,798</u>
Securities clearing accounts	7	62,375	258,798
<b>Other liabilities</b>	9	<u>3,837</u>	<u>5,844</u>
Sundry		3,837	5,844
<b>Deferred tax liabilities</b>		<u>4</u>	<u>-</u>
Deferred tax liabilities	11b	4	-
<b>Shareholders' equity</b>		<u>64,627</u>	<u>64,604</u>
Capital	10	60,000	60,000
Profit reserves		4,808	4,808
Other comprehensive income	3d	-	(204)
Accumulated losses		(181)	-
<b>Total liabilities</b>		<u><u>130,843</u></u>	<u><u>329,246</u></u>

See the accompanying notes to the financial statements.

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

## Statement of Income

Semesters ended June 30, 2023 and 2022

(In thousands of reais)

	Note	Jun/2023	Jun/2022
<b>Financial intermediation revenues</b>		<u>3,977</u>	<u>3,424</u>
Securities		3,977	3,424
<b>Financial intermediation expenses</b>		<u>(8)</u>	<u>(9)</u>
Money market repurchase agreements		(8)	(9)
<b>Gross income (loss) from financial intermediation</b>		<u>3,969</u>	<u>3,415</u>
<b>Other operating revenues (expenses)</b>		<u>(4,342)</u>	<u>111</u>
Revenues from rendering of services	18	4,712	8,543
Personnel expenses	19	(5,874)	(5,612)
Other administrative expenses	20	(2,421)	(1,888)
Tax expenses	21	(649)	(983)
Other operating revenues		14	82
Other operating expenses		(124)	(31)
<b>Operating income</b>		<u>(373)</u>	<u>3,526</u>
<b>Non-operating income</b>		<u>104</u>	<u>(4)</u>
<b>Income (loss) before taxation and profit sharing</b>		<u>(269)</u>	<u>3,522</u>
<b>Income tax and social contribution</b>	11a	<u>88</u>	<u>(1,398)</u>
Provision for income tax		(354)	(1,317)
Provision for social contribution		(224)	(800)
Deferred tax assets		<u>666</u>	<u>719</u>
<b>Net income (loss) for the semester</b>		<u>(181)</u>	<u>2,124</u>
<b>Earnings (loss) per thousand shares - R\$</b>		<b>(3.02)</b>	<b>35.40</b>

See the accompanying notes to the financial statements.



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

## Statements of Comprehensive Income

Semesters ended June 30, 2023 and 2022

*(In thousands of reais)*

	Jun/2023	Jun/2022
Net income (loss) for the semester	<u>(181)</u>	<u>2,124</u>
Items that can be reclassified to income (loss)		
Changes in the market value of financial assets available for sale	<u>204</u>	<u>(69)</u>
Securities	340	(115)
Tax impact	<u>(136)</u>	<u>46</u>
Comprehensive income for the semester	<u>23</u>	<u>2,055</u>

See the accompanying notes to the financial statements.

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

## Statement of Changes in Shareholders' Equity

Semester ended June 30, 2023 and 2022

*(In thousands of real)*

	<u>Profit reserves</u>			Other comprehensive income	Retained earnings	Total
	Capital	Legal	Statutory			
<b>Balances as of 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	-	-	-	(69)	-	(69)
Net income for the semester	-	-	-	-	2,124	2,124
Formation of legal reserve	-	106	-	-	(106)	-
<b>Balances as of 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>
<b>Balances as of December 31, 2022</b>	<b>60,000</b>	<b>240</b>	<b>4,568</b>	<b>(204)</b>	<b>-</b>	<b>64,604</b>
Equity valuation adjustments	-	-	-	204	-	204
Loss for the semester	-	-	-	-	(181)	(181)
<b>Balances as of June 30, 2023</b>	<b>60,000</b>	<b>240</b>	<b>4,568</b>	<b>-</b>	<b>(181)</b>	<b>64,627</b>

See the accompanying notes to the financial statements.

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

## Statements of Cash Flows

Semesters ended June 30, 2023 and 2022

*(In thousands of reais)*

	Jun/2023	Jun/2022
<b>Operating activities</b>		
<b>Net income for the semester</b>	<u>(181)</u>	<u>2,124</u>
<b>Adjustments to net income</b>	<u>(667)</u>	<u>(610)</u>
Deferred taxes	(665)	(719)
Depreciation and amortization	103	105
Loss in the write-off of property, plant and equipment	-	4
Income from variable income securities	(105)	-
<b>Changes in operating assets and liabilities</b>	<u>874</u>	<u>(5,732)</u>
(Increase)/decrease in securities	2,111	(4,151)
(Increase) in other financial assets	(94)	-
Decrease in securities clearing accounts	195	-
(Increase)/decrease in other assets	669	(115,565)
Increase/(decrease) in other liabilities	<u>(2,007)</u>	<u>113,984</u>
<b>Net cash from/(invested in) operating activities</b>	<u>26</u>	<u>(4,218)</u>
<b>Increase/(decrease) in cash and cash equivalents</b>	<u>26</u>	<u>(4,218)</u>
<b>Statement of changes in cash and cash equivalents</b>		
Cash and cash equivalents at the beginning of the semester	248	4,899
Cash and cash equivalents at the end of the semester	<u>274</u>	<u>681</u>
<b>Increase/(decrease) in cash and cash equivalents</b>	<u>26</u>	<u>(4,218)</u>

See the accompanying notes to the financial statements

## **Notes to the Financial Statements**

*(Amounts in thousands of Brazilian reais, except when indicated)*

### **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”), with head office in Canada.

### **2 Preparation and presentation of the 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 August 22, 2023.

The financial statements include estimates and assumptions, such as estimates of the market value of certain financial instruments, other provisions, and the determination of the useful lives of certain assets. Actual results may differ from these estimates and assumptions.

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.

**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 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 and "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. 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. Fixed assets**

- 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. 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 June 30, 2023 and 2022.

**g. Income and social contribution taxes**

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 income as set forth by the Law 7689.

As of June 30, 2023, 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 the 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 place.

**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 16).

**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 nature and financial effect of events considered as non-recurring are shown in note 22.

**4 Cash and cash equivalents**

	<b>Jun/2023</b>	<b>Dec/2022</b>
Cash and cash equivalents in domestic currency	274	248
<b>Total</b>	<b>274</b>	<b>248</b>

## 5 Securities

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

### Securities available for sale

	Jun/2023			Dec/2022			
	Without maturity	3-6 months	>12 months	Market/book value	Restated cost	Market value/Book value	Adjusted cost
<b>Own portfolio</b>							
LTN	-	58,991	3,228	62,219	62,212	60,914	61,254
Public company shares	98	-	-	98	105	-	-
<b>Subtotal</b>	<b>98</b>	<b>58,991</b>	<b>3,228</b>	<b>62,317</b>	<b>62,317</b>	<b>60,914</b>	<b>61,254</b>
<b>Subject to guarantees provided (i)</b>							
Quotas of investment funds	3,433	-	-	3,433	3,433	6,502	6,502
<b>Subtotal</b>	<b>3,433</b>	<b>-</b>	<b>-</b>	<b>3,433</b>	<b>3,433</b>	<b>6,502</b>	<b>6,502</b>
<b>Total</b>	<b>3,531</b>	<b>58,991</b>	<b>3,228</b>	<b>65,750</b>	<b>65,750</b>	<b>67,416</b>	<b>67,756</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.

## 6 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 the Scotiabank Brasil Group.

### Management of market and liquidity risks

As determined by the head office and following the best practices of risk management 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 is now reviewing the capital requirements due to market risk exposure under criteria established in CMN Resolution 4958.

### **Credit risk management**

In line with the requirements of BACEN (CMN Resolutions 2682, 4557, 4677, 4,693, among others) 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, in accordance with CMN Resolution 2682, 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 the 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, as established in CMN Resolution 4924.

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 Resolutions 4557 and BCB 111, transactions are divided into trading and banking portfolios.

The trading portfolio consists of all positions in financial assets held for trading or for the purpose of hedging other elements of the trading portfolio. The positions held for trading are those held intentionally for short-term resale and/or with the intention of protecting the portfolio against market movements.

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.

## 7 Securities clearing accounts

	Jun/2023	Dec/2022
<b>Current assets</b>		
Debtors - pending settlement accounts	62,417	4,729
Cash accounts for registration and settlement	<u>-</u>	<u>254,306</u>
<b>Total</b>	<b><u>62,417</u></b>	<b><u>259,035</u></b>
<b>Current liabilities</b>		
Creditors - pending settlement accounts	11,223	258,798
Cash accounts for registration and settlement	<u>51,152</u>	<u>-</u>
<b>Total</b>	<b><u>62,375</u></b>	<b><u>258,798</u></b>

## 8 Other assets

	Jun/2023	Dec/2022
<b>Current assets</b>		
Salary advances and prepayments	145	7
Taxes and contributions recoverable	415	1,286
Prepaid expenses	<u>148</u>	<u>84</u>
<b>Total</b>	<b><u>708</u></b>	<b><u>1,377</u></b>

## 9 Other liabilities

	Jun/2023	Dec/2022
<b>Current liabilities</b>		
Provision for taxes and contributions on income - (note 11a)	577	3,350
Taxes and contributions payable	250	1,322
Provision for personnel expenses	2,312	786
Provision for other administrative expenses	92	59
Payable to related companies	<u>-</u>	<u>1</u>
<b>Subtotal</b>	<b><u>3,231</u></b>	<b><u>5,518</u></b>
<b>Non-current liabilities</b>		
Provision for personnel expenses	<u>606</u>	<u>326</u>
<b>Subtotal</b>	<b><u>606</u></b>	<b><u>326</u></b>
<b>Total</b>	<b><u>3,837</u></b>	<b><u>5,844</u></b>

## 10 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 semester ended June 30, 2023 and 2022, no dividends or interest on equity capital were distributed.

**11 Deferred income tax and social contribution**

**a. Calculation of charges with income and social contribution taxes levied on the operations**

	Jun/2023		Jun/2022	
	Income tax	Social contribution	Income tax	Social contribution
<b>Income before taxation and after profit sharing</b>	(269)	(269)	3,522	3,522
<b>Temporary exclusions (additions)</b>	1,663	1,663	1,798	1,798
Other administrative expenses	1,663	1,663	1,798	1,798
<b>Permanent additions (exclusions)</b>	102	102	17	17
<b>Taxable base</b>	1,496	1,496	5,337	5,337
Rates	25%	15%	25%	15%
<b>Total IRPJ and CSLL - current values before tax incentives</b>	(362)	(224)	(1,322)	(800)
Tax incentives	9	-	5	-
<b>Total income tax and social contribution - current values – (note 9)</b>	(353)	(224)	(1,317)	(800)
Tax credits	416	250	450	269
Deferred tax liabilities	(1)	-	-	-
<b>Total</b>	62	26	(867)	(531)

**b. Changes in deferred income tax and social contribution by type and origin**

	Balances at 12/31/2022	Formation	Realization / Reversal	Balances at 06/30/2023
<b>Tax credits</b>				
<b>Reflected in income (loss)</b>	274	671	(5)	940
Non-deductible provisions	274	671	(5)	940
<b>Reflected in shareholders' equity</b>	136	3	(136)	3
Mark-to-market of securities classified as securities available for sale	136	-	(136)	-
Mark-to-market of securities classified as securities available for sale - shares	-	3	-	3
<b>Total</b>	410	674	(141)	943

<b>Deferred tax liabilities</b>	<b>Balances at 12/31/2022</b>	<b>Formation</b>	<b>Realization / Reversal</b>	<b>Balances at 06/30/2023</b>
Reflected in income (loss)	-	(1)	-	(1)
Adjustment for inflation of court deposits	-	(1)	-	(1)
<b>Reflected in shareholders' equity</b>	<b>-</b>	<b>(3)</b>	<b>-</b>	<b>(3)</b>
Mark-to-market of securities classified as securities available for sale	-	(3)	-	(3)
<b>Total</b>	<b>-</b>	<b>(4)</b>	<b>-</b>	<b>(4)</b>

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

<b>Realization period</b>	<b>Timing differences</b>	<b>Tax loss and negative basis</b>	<b>Total</b>
1 <sup>st</sup> year	785	-	785
2 <sup>nd</sup> year	83	-	83
3 <sup>rd</sup> year	72	-	72
4 <sup>th</sup> year	-	-	-
5 <sup>th</sup> year	3	-	3
6–10 <sup>th</sup> year	-	-	-
<b>Total</b>	<b>943</b>	<b>-</b>	<b>943</b>
<b>Present Value (*)</b>	<b>815</b>	<b>-</b>	<b>815</b>

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

## 12 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 June 30, 2023, the Conglomerate’s Basel Ratio, calculated in accordance with current regulations, is 21.06% (25.46% in December 2022), which is higher than the minimum ratio required by BACEN regulations.

## 13 Contingent Liabilities

Corretora is not a party to lawsuits or legal discussions as of June 30, 2023 and 2022.

## 14 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)	
	Jun/2023	Dec/2022	Jun/2023	Jun/2022
<b>Cash and cash equivalents</b>	274	246	-	-
Scotiabank Brasil S.A. Banco Múltiplo (parent company)	274	246	-	-
<b>Interbank funds applied</b>	-	-	20	49
Scotiabank Brasil S.A. Banco Múltiplo (parent company)	-	-	20	49
<b>Amounts receivable from/(payable to) related companies/service provision revenues/(expenses)</b>	-	(1)	(167)	(150)
Scotiabank Brasil S.A. Banco Múltiplo (parent company)	-	-	(161)	(150)
Scotiabank Colpatría (Colombia) (Related Party)	-	(1)	(6)	-
<b>Money market borrowings</b>	-	-	(8)	(9)
Scotiabank Brasil S.A. Banco Múltiplo (parent company)	-	-	(8)	(9)

## 15 Management remuneration

For the purpose of disclosing management remuneration, statutory directors were considered. Expenses with directors' remuneration for the semester ended June 30, 2023 total R\$759 (R\$710 in 2022), comprised by R\$696 (R\$673 in 2022) which represent salaries and payroll charges, profit sharing, and bonus and charges, denominated short-term benefits, and R\$63 (R\$37 in 2022), which represents share-based remuneration and charges. There are no post-employment benefits, other long-term benefits or work agreement termination benefits.

## 16 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 June 30, 2023, the amount of provisioned liability for this plan is R\$324 (R\$162 in December 2022) and the total number of shares is 3,860 units measured at the market value of R\$238.00 per share. Total expenses recorded in the period for this plan is R\$162 (R\$200 in June 2022).

	Balance			
	Jun/2023		Dec/2022	
RSU	Qty - Shares	Value	Qty - Shares	Value
Share Price	-	R\$238 <sup>(i)</sup>	-	R\$262.10 <sup>(i)</sup>
Total quantity - due	3,860	919	3,763	986
Total quantity - provisioned	1,362	324	620	162
Total quantity - to be provisioned	2,498	595	3,143	824

(i) Amounts in real

	<b>Payable</b>					
	<b>Dec/2023</b>		<b>Dec/2024</b>		<b>Dec/2025</b>	
	<b>Qty - Shares</b>	<b>Value</b>	<b>Qty - Shares</b>	<b>Value</b>	<b>Qty - Shares</b>	<b>Value</b>
<b>RSU</b>						
Share Price	-	R\$238 <sup>(i)</sup>	-	R\$238 <sup>(i)</sup>	-	R\$238 <sup>(i)</sup>
Total quantity - due	511	122	1,391	331	1,958	466
Total quantity - provisioned	150	36	651	155	561	133
Total quantity - to be provisioned	361	86	740	176	1,397	333

(i) Amounts in real

## 17 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 personnel expenses incurred with this plan in the six-month period ended June 30, 2023 are R\$86 (R\$46 in June 2022).

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.

## 18 Service revenues

They are comprised by income from brokerage fees and activities in exchange operations totaling of R\$4,712 (R\$8,543 in 2022).

## 19 Personnel expenses

	<b>Jun/2023</b>	<b>Jun/2022</b>
Salaries	3,853	3,766
Social charges	1,349	1,280
Benefits	594	524
Training	78	42
<b>Total</b>	<b>5,874</b>	<b>5,612</b>

## 20 Other administrative expenses

	<b>Jun/2023</b>	<b>Jun/2022</b>
Data processing	1,287	974
Financial system services	304	449
Advertising	169	-
Rentals	168	27
Amortization/Depreciation	103	105
Communications	70	55
Specialized technical services	60	132
Water, electricity and gas	25	-
Publications	16	12
Other	219	134
<b>Total</b>	<b>2,421</b>	<b>1,888</b>

## 21 Tax expenses

	<b>Jun/2023</b>	<b>Jun/2022</b>
Cofins	348	478
ISS	236	427
Pis	56	78
Taxes fees and contributions	9	-
<b>Total</b>	<b>649</b>	<b>983</b>

## 22 Non-recurring profit (loss)

As of June 30, 2023 it consists of income from variable income securities in the amount of R\$105. As of June 30, 2022, the Brokerage Firm's results were fully recurring.

## 23 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