Scotiabank Brasil S.A. Banco Múltiplo

Consolidated financial statements under IFRS December 31, 2023 and 2022

(A free translation of the original report in Portuguese as published in Brazil containing financial statements prepared in accordance with international accounting practices issued by the International Accounting Standards Board)

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Independent auditors' report on the consolidated financial statements

To

The Shareholders and Management

Scotiabank Brasil S.A. Banco Múltiplo

São Paulo - SP

Opinion

We have audited the consolidated financial statements of Scotiabank Brasil S.A. Banco Múltiplo (the "Bank"), which comprise the statements of financial position as of December 31, 2023, and the consolidated statements of income and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including material accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Scotiabank Brasil S.A. Banco Múltiplo as of December 31, 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the International Financial Reporting Standards issued by *theInternational Accounting Standards Board* (IASB).

Basis for Opinion

We conducted our audit in accordance with International and Brazilian Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Bank and its subsidiary 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.

Key audit matters

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

Evaluating the measurement of the allowance for impairment loss on loans	
See Notes 3e, 9a and 9b to the consolidated financial statements.	
Key audit matter	**How the matter was addressed in our audit**
The Bank and its subsidiary apply the three-stage approach to measure the impairment loss on loans associated with credit risk for financial assets measured at amortized cost, debt instruments classified as fair value in other comprehensive income, credit commitments and collateral contracts. In this stage evaluation, it is defined whether expected loss is calculated over the next 12 months (stage 1) or until the end of the asset's life (stages 2 and 3). This classification is periodically reviewed and transfers between stages may occur when the assessment indicates a significant increase or improvement in credit risk. The allowance for impairment loss on loans is calculated according to statistical models considering the probability of default (PD), the loss given to default (LGD), the exposure to default (EAD) and that allocation in stages. In order to calculate the allowance for and assess the significant increase in credit risk, the Bank and its subsidiary use a model that includes macroeconomic factors that involve judgment, such as: GDP growth, unemployment rate, basic interest rate, market prices, qualitative and quantitative information about the borrower, collateral and forward-looking information. Due to the uncertainties inherent in measuring the allowance for impairment loss on loans due to the complexity of the models and assumptions used and of the judgment involved, and to the impact that a possible change in the assumptions and models used by the Company could have on the amounts recognized in the consolidated financial statements, we considered this to be a key audit matter.	Our audit procedures in this area included, but were not limited to: – We evaluated the design and operational effectiveness of significant internal controls over the approval, registration and update of transactions subject to credit risk, including the policies and models used by the Bank and its subsidiary to calculate expected losses; – We evaluated, with support of our credit risk specialists, the models, assumptions and data used by the Bank and its subsidiary to measure the expected losses associated with credit risk, including the assumptions and data used to calculate ECLs by applying statistical calculations to evaluate the performance and stability of these models and methodologies developed by the Bank and its subsidiary. – We evaluated whether disclosures in the consolidated financial statements consider all relevant information. According to the evidence we obtained by applying the procedures summarized above, we considered acceptable the evaluation of the measurement of the allowance for impairment loss on loans, as well as the related disclosures, in the context of the consolidated financial statements taken as a whole, for the year ended December 31, 2023.

Measurement of the fair value of derivative financial instruments	
See notes 3e and 5 to the consolidated financial statements.	
Key audit matter	**How the matter was addressed in our audit**
The Bank and its subsidiary have derivative financial instruments, such as swaps, futures and currency terms, which are measured at fair value according to valuation methods – such as the present value method obtained using the discounted cash flow approach. Under this method, future cash flows are estimated according to the instrument's profitability rates and are discounted to present value considering the discount terms and curve, which involves judgment by the Bank and its subsidiary. Due to the significance of derivative financial instrument transactions and the use of assumptions and judgment to calculate discounted cash flows, we considered the fair value measurement of these derivative financial instruments to be a key audit matter.	Our audit procedures in this area included, but were not limited to: – We evaluated the design and operational effectiveness of key internal controls related to measuring the fair value of derivative financial instruments; With the support of our financial instruments specialists we performed: (i) We assessed the reasonableness of the assumptions and information included in the method used to measure the fair value of derivative financial instruments; (ii) We recalculated, according to samples, the portfolio of derivative financial instruments, the fair value of these transactions, considering the assumptions used; – We evaluated whether disclosures in the consolidated financial statements consider all relevant information. According to the evidence we obtained by applying the procedures summarized above, we considered that the fair value of derivative financial instruments and the related disclosures are acceptable in the context of the consolidated financial statements for the year ended December 31, 2023 taken as a whole.

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

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) issued by the *International Accounting Standards Board* (IASB), and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Bank'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 Bank and its subsidiary or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's and its subsidiary'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 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 and its subsidiary'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 consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Bank and its subsidiary to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also 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 considerably affect our independence, including, when applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless 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 would reasonably be expected to outweigh the public interest benefits of such communication.

São Paulo, March 22, 2024

KPMG Auditores Independentes Ltda.
CRC 2SP-027685/O-0 F SP

Original report in Portuguese signed by

Mark Suda Yamashita
Accountant CRC SP-271754/O-9

Scotiabank Brasil S.A. Banco Múltiplo

Consolidated statements of financial position as of December 31, 2023 and 2022

(In thousands of reais)

Assets	Note	2023	2022
Cash and cash equivalents	4	**3,718,656**	**3,651,426**
Financial assets measured at fair value through profit or loss		**4,497,152**	**3,308,636**
Securities	5a	73,648	68,624
Derivative financial instruments	5b	4,423,504	3,240,012
Financial assets measured at fair value through other comprehensive income		**1,909,989**	**1,385,739**
Securities	6a	1,909,989	1,385,739
Financial assets measured at amortized cost		**6,174,925**	**7,591,220**
Interbank funds applied	7a	5,784,477	6,048,530
Securities	7b	74,020	74,380
Loan operations	7c	316,428	1,468,310
Provisions for expected losses associated with credit risk	9a	**(23,733)**	**(590)**
Other assets	10a	**554,035**	**2,030,181**
Deferred tax assets	15b	**506,395**	**276,224**
Investments		**6**	**6**
Property, plant and equipment for use	11	**22,424**	**25,834**
Other property for use		42,155	24,526
Right-of-use		2,339	21,221
(Accumulated depreciations)		(22,070)	(19,913)
Intangible assets	12	**3,231**	**4,137**
Intangible assets		6,208	6,061
(Accumulated amortizations)		(2,977)	(1,924)
Total assets		**17,363,080**	**18,272,813**

See the accompanying notes to the financial statements.

Scotiabank Brasil S.A. Banco Múltiplo

Consolidated statements of financial position as of December 31, 2023 and 2022

(In thousands of reais)

Liabilities	Note	2023	2022
Financial liabilities measured at fair value through profit or loss		**307,948**	**1,120,678**
Derivative financial instruments	5b	307,948	1,120,678
Financial liabilities measured at amortized cost		**12,390,441**	**11,999,426**
Deposits	7d	4,598,643	4,054,813
Money market borrowings	7e	886,740	887,315
Borrowings	7f	6,905,058	6,317,364
Onlendings	7g	-	739,934
Other liabilities	10b	**386,133**	**1,507,341**
Lease liabilities		**13,399**	**15,489**
Tax liabilities		**788,570**	**460,409**
Current		26,371	21,905
Deferred	15b	762,199	438,504
Provisions for contingencies	13c	**29,089**	**27,245**
Shareholders' equity		**3,447,500**	**3,142,225**
Capital	14a	2,626,948	2,437,823
Profit reserves	14b	821,905	719,489
Other comprehensive income		(247)	(15,023)
Non-appropriated retained earnings		(1,106)	(64)
Total liabilities		**17,363,080**	**18,272,813**

See the accompanying notes to the financial statements.

Scotiabank Brasil S.A. Banco Múltiplo

Consolidated statements of income as of December 31, 2023 and 2022

(In thousands of reais)

	Note	2023	2022
Interest revenues		1,339,914	1,101,780
Interest expenses		(902,278)	(541,029)
Net interest revenue	19	**437,636**	**560,751**
Income/(loss) from provision for expected losses associated with credit risk		**(23,143)**	**33,003**
Net gains/(losses) from financial assets measured at fair value through profit or loss	5c	147,659	174,907
Net gains/(losses) on financial assets and liabilities measured at fair value in other comprehensive income		(13)	(36)
Net gains/(losses) from operations in foreign currencies and exchange-rate variation		(38,919)	(165,455)
Net income/(loss) from services and commissions	22	42,453	37,711
Operating revenues		**151,180**	**47,127**
Gross income		**565,673**	**640,881**
Personnel expenses	20	(100,173)	(96,960)
Other administrative expenses	21	(35,574)	(35,878)
Tax expenses		(10,436)	(6,554)
Other operating revenues/(expenses)		(4,419)	(17,886)
Reversals of/(expenses with) provision for contingencies		(1,866)	(1,753)
Depreciation and amortization		(5,447)	(4,602)
Operating expenses		**(157,915)**	**(163,633)**
Non-operating income/(loss)		**(249)**	**-**
Operating income/(loss) before tax		**407,509**	**477,248**
Provision for income tax		(180,488)	(203,046)
Provision for social contribution		(144,279)	(162,075)
Deferred tax assets		242,132	218,934
Income tax and social contribution	15a	**(82,635)**	**(146,187)**
Net income for the year		**324,874**	**331,061**
Attributable to controlling shareholders		324,874	331,061
Weighted average number of shares		90,912	78,026
Basic and diluted net earnings per share - Reais		**3,573.49**	**4,242.96** (i)

(i) For comparison purposes, net earnings per share was calculated considering a block of 100,000 shares.

See the accompanying notes to the financial statements.

Scotiabank Brasil S.A. Banco Múltiplo

Consolidated statements of comprehensive income as of December 31, 2023 and 2022

(In thousands of reais)

	2023	2022
Net income for the year	**324,874**	**331,061**
Items that can be subsequently reclassified to income/(loss)		
Other comprehensive income	**14,776**	**3,207**
Securities	26,826	5,861
Tax impact	(12,050)	(2,654)
Comprehensive income	**339,650**	**334,268**
Attributable to controlling shareholders	339,650	334,268

See the accompanying notes to the financial statements.

Scotiabank Brasil S.A. Banco Múltiplo

Consolidated statements of changes in shareholders' equity as of December 31, 2023 and 2022

(In thousands of reais)

	Capital	Capital increase	Profit reserves – Legal	Profit reserves – Statutory	Other comprehensive income	Non-appropriated retained earnings	Total
Balances at December 31, 2021	**796,879**	**-**	**40,751**	**446,427**	**(18,230)**	**64,934**	**1,330,761**
Capital increase	1,502,608	138,336	-	-	-	-	**1,640,944**
Equity valuation adjustments	-	-	-	-	3,207	-	**3,207**
Net income for the year	-	-	-	-	-	331,061	**331,061**
Allocations:							
Legal Reserve	-	-	19,803	-	-	(19,803)	**-**
Statutory reserves	-	-	-	213,508	-	(213,508)	**-**
Payment of interest on own capital	-	-	-	-	-	(162,748)	**(162,748)**
Payment of dividends	-	-	-	(1,000)	-	-	**(1,000)**
Balances at December 31, 2022	**2,299,487**	**138,336**	**60,554**	**658,935**	**(15,023)**	**(64)**	**3,142,225**
Capital increase - Approved	138,336	(138,336)	-	-	-	-	**-**
Capital increase - Pending approved	-	189,125	-	-	-	-	**189,125**
Equity valuation adjustments	-	-	-	-	14,776	-	**14,776**
Net income for the year	-	-	-	-	-	324,874	**324,874**
Allocations:							
Legal Reserve	-	-	16,296	-	-	(16,296)	**-**
Statutory reserves	-	-	-	87,120	-	(87,120)	**-**
Payment of interest on own capital	-	-	-	-	-	(222,500)	**(222,500)**
Payment of dividends	-	-	-	(1,000)	-	-	**(1,000)**
Balances at December 31, 2023	**2,437,823**	**189,125**	**76,850**	**745,055**	**(247)**	**(1,106)**	**3,447,500**

See the accompanying notes to the financial statements.

Scotiabank Brasil S.A. Banco Múltiplo

Consolidated statement of cash flows as of December 31, 2023 and 2022

(In thousands of reais)

	2023	2022
Operating activities		
Net income for the year	**324,874**	**331,061**
Adjustments to net income	**112,292**	**116,270**
Expense (reversal) of provision for expected losses associated with credit risk	23,143	(33,003)
Depreciation and amortization	5,447	4,602
Loss from write-off of property, plant and equipment and intangible assets	362	100
Deferred taxes	81,474	142,838
Expense with provisions for contingent liabilities and legal obligations	1,866	1,733
Changes in assets and liabilities	**(330,383)**	**(996,136)**
(Increase) in financial assets measured at fair value through profit or loss	(1,188,516)	(2,715,636)
Decrease/(increase) in financial assets measured at fair value through other comprehensive income	(497,424)	1,275
Decrease in financial assets measured at amortized cost	1,416,295	21,662
Decrease in other assets	1,476,573	475,823
(Decrease) in financial liabilities measured at fair value through profit or loss	(812,730)	(1,707,751)
Increase in financial liabilities measured at amortized cost	391,015	4,677,775
(Decrease) in other liabilities	(1,121,208)	(1,704,155)
Increase in lease liabilities	1,595	1,728
(Decrease) in provisions for contingencies	(22)	(2,983)
(Decrease)/increase in tax obligations	4,466	(43,658)
Taxes paid	(427)	(216)
Net cash (invested in)/from operating activities	**106,783**	**(548,805)**
Investment activities		
Acquisition of fixed assets for use	(1,304)	(1,912)
Investments in intangible assets	(189)	(1,170)
Net cash (invested in) investing activities	**(1,493)**	**(3,082)**
Financing activities		
Capital increase	189,125	1,640,944
Payment of interest on own capital	(222,500)	(162,748)
Payment of dividends	(1,000)	(1,000)
Payment of lease	(3,685)	(3,508)
Net cash (invested in)/from financing activities	**(38,060)**	**1,473,688**
Net increase in cash and cash equivalents	**67,230**	**921,801**
Cash and cash equivalents in the beginning of the year	3,651,426	2,729,625
Cash and cash equivalents in the end of the year	3,718,656	3,651,426
Net increase in cash and cash equivalents	**67,230**	**921,801**

See the accompanying notes to the financial statements.

Notes to the consolidated financial statements

(In thousands of reais)

1 Operations

Scotiabank Brasil S.A. Banco Múltiplo (the "Bank") located at Av. Brigadeiro Faria Lima, 2.277 – 7 º andar, São Paulo - Brazil, is organized and authorized to exercise its its activities as a Multiple Bank and to operate through investment and commercial portfolios, including foreign exchange.

The Bank's shareholders are The Bank of Nova Scotia ("BNS") and BNS Investments Inc. (BNS's wholly-owned investee), both with head office in Canada.

2 Presentation of consolidated financial statements

The consolidated financial statements were prepared in compliance with Resolution 4818/2020, issued by the National Monetary Council (CMN), which states that financial institutions that are leaders of a Prudential Conglomerate classified into Segment 1 (S1), Segment 2 (S2) or Segment 3 (S3), according to specific regulations, must prepare consolidated annual financial statements adopting the Financial Reporting Standard *(IFRS).* and interpretations of the *International Financial Reporting Interpretations Committee* (IFRIC)*,* as approved by the *International Accounting Standards Board* (IASB) and translated into Portuguese by a Brazilian entity accredited by the *International Financial Reporting Standards Foundation (IFRS Foundation)*.

The authorization for issuance of these financial statements was given by the Executive Board on March 22, 2024.

(i) Use of assumptions, estimates and judgments

The results of the Bank and its subsidiary are subject to the estimates, policies and accounting assumptions that are inherent to the preparation of their consolidated financial statements.

The preparation of the financial statements in accordance with IFRS requires judgments, estimates and assumptions by Management, which affect the application of accounting policies and the amounts presented as assets, liabilities, revenues and expenses. Effective results may differ from these estimates.

Estimates and assumptions are regularly reviewed. Reviews to accounting estimates are recognized in the period in which the estimate is reviewed and in all subsequent periods affected.

The areas relating to critical estimates and judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are:

a. Provision for expected credit loss on financial assets

The *impairment* requirements provided for in IFRS 9 require an EXPECTED credit loss model considering assumptions, such as:

Determination of criteria for significant increase or decrease in credit risk: based on the monitoring of credit risk indicators, ongoing monitoring the financial situation of counterparties and public information, it is possible to determinewhether there has been a significant increase or decrease in credit risk.

Term: the maximum contractual term is considered as the time of exposure to credit risk when there is a defined maturity date. Otherwise the expected life of the financial asset is estimated according to the period of exposure to credit risk.

Forward-looking information: use of *forward looking* information, such as macroeconomic expectations, to reflect the impacts of future events on the expected loss.

Probability-weighted loss scenarios: use of unbiased and weighted macroeconomic scenarios to estimate the expected loss over appropriate time horizon.

Note 9b details the changes in provision for expected credit losses during the year.

b. Measurement of fair value of financial instruments

Specific techniques are applied for assessing fair value of financial instruments that are not traded in active markets and for which market prices and parameters are not available. This calculation incorporates assumptions that consider information and assessment of market circumstances.

c. Deferred tax assets and liabilities

A deferred tax asset is recognized when it is probable that future taxable income will be generated to offset against deductible temporary differences. The recognition of a deferred tax asset depends on Management's judgment as to the likelihood and sufficiency of future taxable profit, future reversals of existing taxable temporary differences and tax planning strategies.

The amount of deferred tax assets recognized is based on available evidence of conditions at the reporting date and requires Management to make significant judgments, particularly those based on Management's estimates of business growth and credit losses. Management's judgment considers the impact of negative and positive evidence, ‘including past financial results and future taxable income projections.

Deferred tax liabilities are comprised of tax obligations and are recognized when they occur. Note 15b provides more detailed information on deferred taxes.

d. Provisions for lawsuits

Provisions are liabilities generated in the past that have an uncertain value or term. They are recognized in the financial statements when the risk of loss is considered probable, with a probable outflow of funds for the settlement of the obligations, and when the sums involved are measurable with sufficient assurance.

A contingent liability is a possible obligation arising from past events, but will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events that may not be fully controlled by management, or a present obligation of past events that was not recognized since it is not likely that an outflow of funds embodying the economic benefits will be required to settle the obligation, or the amount of that obligation cannot be reliably measured. Therefore, a provision is not recognized in the financial statements, but only disclosed.

The realization of contingent assets will be confirmed by the occurrence or non-occurrence of one or more uncertain future events that cannot be fully controlled by Management. They are not recognized in the financial statements, except when there is a final and unappealable decision.

(ii) Reconciliation between balances presented according to BACENGAAP and IFRS

Reconciliation between the balances presented in accordance with accounting practices adopted in Brazil applicable to financial institutions authorized to operate by ”Bacen” (“BACENGAAP”) and International Financial Reporting Standards (“IFRS”), of Shareholder’s Equity and Net Income for the years ended December 31, 2023 and 2022:

	Note	2023	2022
Net income according to the accounting policies adopted in Brazil		**325,916**	**396,059**
IFRS adjustments		**(1,042)**	**(64,998)**
Net gains (losses) from operations in foreign currencies and exchange-rate variation	(a)	55,470	(76,125)
(Loss) from provision for expected losses associated with credit risk	(b)	(57,450)	(42,068)
Reversals of (expenses with) provisions for contingencies		168	152
Other administrative expenses		95	(75)
Other non-operating income		(105)	-
Income tax and social contribution	(c)	780	53,118
Net income according to IFRS		**324,874**	**331,061**

	Note	2023	2022
Shareholders' equity according to the accounting policies adopted in Brazil		**3,448,543**	**3,142,289**
IFRS adjustments for prior years		**(64)**	**64,934**
IFRS adjustments for current years		**(979)**	**(64,998)**
Retained earnings		(1,822)	(118,116)
Equity valuation adjustment		105	-
Income tax and social contribution	(c)	738	53,118
Shareholders’ equity under IFRS		**3,447,500**	**3,142,225**

a. Conversion of operations in foreign currencies and exchange-rate variation

Adjustments related to the difference between the PTAX exchange rate, provided by the Central Bank of Brazil, and the closing SPOT exchange rate.

b. Provisions for expected losses associated with credit risk

Adjustments related to the difference between the concept of incurred loss established by the Central Bank of Brazil and the concept of expected loss contained in international financial reporting standards (IFRS 9).

c. Deferred income tax and social contribution

Refers to the recording of deferred taxes related to convergence adjustments to international standards.

3 Significant Accounting Practices

The accounting policies listed below have been applied to all periods presented in the consolidated financial statements and have been applied consistently by the Bank and its subsidiary.

a. Consolidation and measurement basis

In accordance with IFRS 10 - Consolidated financial statements, subsidiaries are all entities in which Scotiabank Brasil S.A. Banco Múltiplo has control.

The consolidated financial statements include the consolidation of the entity Scotiabank Brasil S.A. Corretora de Títulos e Valores Mobiliários (Subsidiary), located in Brazil, over which the leading institution of the conglomerate, the Bank, holds full direct control in 2023 (100% in 2022).

Intra-group balances and transactions, including any unrealized gains or losses arising from transactions between entities, are eliminated in the consolidation process.

The consolidated financial statements were prepared on an amortized cost basis, except for financial assets measured at fair value through profit or loss, and other comprehensive income, derivative financial instruments (assets and liabilities) measured at fair value through profit or loss.

b. Functional and presentation currency

The consolidated financial statements are being presented in Reais (R$), which is the functional and presentation currency of Brasil S.A. Banco Múltiplo and its subsidiary. Unless otherwise indicated, information is expressed in thousands of reais (R$'000), rounded to the closest thousand.

c. Foreign currency transactions and balances

Transactions in foreign currency are initially recognized at the exchange rates of the functional currency in effect at the date of the transaction.

Monetary assets and liabilities denominated or settled foreign currency are translated at the exchange rate of the functional currency prevailing on the statement of financial position date. All translation differences are recognized in income (loss) for the period on an accrual basis.

d. Cash and cash equivalents

They are represented by cash and cash equivalents in local currency, foreign currency, repurchase and resale agreements and investments in interbank deposits, except funds for restricted use, with a maximum maturity of three months as of the effective date of investment and presenting an insignificant risk of change in fair value.

e. Financial instruments

(i) Initial recognition

Assets and liabilities are recognized on the trade date, the date on which the Bank and its subsidiary become a part of the contractual provisions of the instrument. Initial recognition is made at fair value plus transaction costs directly attributable to its issue or acquisition, except when assets and liabilities measured at fair value through profit or loss, in which case transaction costs are not included, or when the instrument is a receivable initially measured at the transaction value, as defined in *IFRS 15 - Revenue from Contracts with Customers*.

(ii) Subsequent classification and measurement of financial assets

Financial instruments are classified according to the contractual characteristics of cash flows and the business model through which the assets are managed by the Bank.

The business model reflects how the Bank manages its financial assets to generate cash flows. Management's assessment considers, among others, the following factors: (i) how the performance of the business model and the financial assets are reported to the key management personnel; (ii) the risks that affect its performance and the way these risks are managed and; (iii) how business managers are remunerated. Thus, Management determines whether the cash flows from financial assets result from: receipt of contractual cash flows, sale of financial assets, or both.

In the analysis of contractual cash flows, Management performs the Solely Payment of Principal and Interest (SPPI) test, which consists of verifying whether the flows represent solely payment of principal and interest. If the contractual terms expose the Bank to risks or volatility in cash flows, the financial instrument will be measured at fair value through profit or loss.

- **Amortized cost**: financial assets measured in this category have cash flows with contractual characteristics of payment of principal and interest only, and the business model has the purpose of receiving contractual cash flows. They are recognized at amortized cost under the effective interest rate and financial charges are recorded on an accrual basis in the income statement for the period as interest revenue.

- **Effective interest rate:** is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or liability. Regarding the calculation, the estimate of cash flows considers all contract terms of the financial instruments and includes commissions, transactions costs and discounts or premiums that are an integral part of the effective interest rate.

- **Fair value through profit or loss:** financial assets are measured in this category when the characteristics of the contractual cash flows do not only represent payment of principal and interest, when Management maintains them in a business model whose objective is their trade. They are initially recognized at fair value and their earnings as operating revenues. In the subsequent measurement, realized and unrealized gains and losses arising from changes in fair value are recognized in the income statement for the period on an accrual basis.

- **Fair value in other comprehensive income:** financial assets are measured in this category when their cash flows have contractual characteristics of solely payment of principal and interest and are held by Management in a business model whose objective is both to obtain contractual cash flows and for trading. They are initially recognized at fair value plus directly attributable transaction costs. In the subsequent measurement, changes arising from fair value are recognized in shareholders' equity under other comprehensive income, net of tax effects. Interest revenues are recorded in the income statement for the period on an accrual basis. Upon disposal of the investment, the accumulated gain or loss previously recognized in shareholders' equity is recognized in the income statement for the period.

(iii) Fair value of financial instruments, including derivative financial instruments

Fair value is the price that would be received for the sale of an asset or paid by transfer of a liability of an organized transaction between market participants at the measurement date, whether this price is directly observable or estimated using another valuation technique.

The financial instruments of the Bank and its subsidiary mainly refer to debt instruments, public securities, loans to clients and derivative financial instruments. In this sense, if there is no quoted price in an active market and it is not possible to identify transactions with a similar financial instrument, the fair value of financial instruments is measured based on valuation methodologies widely used by the market, such as the present value method obtained by the discounted cash flow (for swaps, futures and currency forwards). In this method, future cash flows are projected based on the instruments' profitability indices and are discounted to present value considering the terms and discount curves.

The primary sources used for each class of financial assets are as follows: Anbima/Bacen (government bonds) and B3 (private bonds and derivative financial instruments).

The Bank has investments in private company shares, resulting from the demutualization of Câmara Interbancária de Pagamento (CIP) [Interbank Payment Chamber], which are classified as Level III in the fair value hierarchy, pursuant to Note 8.

CIP S.A. is a corporation that does not carry out its own activity and does not have liabilities or obligations of any nature, being a for profit legal entity that merged the spun-off portion of CIP Associação. The purpose of the partial spin-off was to demutualize CIP Associação, so that its economic activities would no longer be carried out through an associative legal structure, starting to be developed by CIP S.A. as a corporation.

The assumption used to determine the fair value was the appraisal report prepared by a specialized company, considering the equity value of CIP Associação, calculated based on the financial statements for the year ended December 31, 2021.

(iv) Fair value hierarchy of financial instruments

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 – Quoted prices (not adjusted) in active markets for identical assets and liabilities.

- Level 2: – Inputs, except for quoted prices, included in Level 1 which are observable for assets or liabilities, directly (prices) or indirectly (derived from prices).

- Level 3 – Inputs, for assets or liabilities, which are not based on observable market data (non-observable inputs).

(v) Classification and measurement of the financial liabilities

Financial liabilities are initially recognized at fair value, which is the net value of directly attributable incurred costs, and subsequently measured at amortized cost, except for derivative financial instruments that are irrevocably measured at fair value through profit or loss for the period.

(vi) Modification and write-off of financial assets and liabilities

In the event of renegotiation of cash flows of a financial asset without material change of its terms and conditions, the Bank and its subsidiary do not write-off the asset. However, the gross book value of financial asset is recalculated as the present value of the renegotiated or modified contractual cash flows, discounted at the original effective interest rate, and the effects of the change are recognized in the income statement for the period. In cases where the renegotiation or modification substantially changes the terms and conditions of the financial asset, entities write-off the original asset and recognize a new one, with the renegotiation date being considered for initial recognition.

The substantial change of the terms of a financial liability is accounted for as extinguishing the original financial liability and a new one is recognized.

A material modification of contractual terms occurs when the discounted present value of the cash flows under the new terms, including any fees paid/received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows in financial liabilities.

Financial assets are written off when:

- Contractual rights to the cash flows of the asset expire; or
- Transfers the rights to the reception of contractual cash flows on a financial asset in a transaction that:

(i) Substantially all the risks and rewards of ownership of the financial asset are transferred; or

(ii) The Entity neither transfers nor retains all of the risks and rewards of the ownership and it does not retain control over the financial asset.

Financial liabilities are derecognized when the obligation specified in the contract is extinguished, canceled or expires.

(vii) Offsetting of financial assets and liabilities

Financial assets and liabilities must be offset and the net amount reported in the statement of financial position exclusively if there is a current and enforceable legal right to settle the amount on its net balance and if there is the intention to simultaneous settle the asset and liability.

(viii) Impairment of financial assets

The Bank and its subsidiary apply the three-stage approach to measuring credit losses, using the expected credit loss concept, as required by IFRS 9 – Financial Instruments, for the following categories of assets that are not measured at fair value through profit or loss:

- Financial assets measured at amortized cost;
- Debt instruments classified as fair value in other comprehensive income;
- Loan commitments recorded in memorandum accounts; and
- Collateral contracts.

Expected credit loss model

The model adopted for calculating the impairment of financial assets is based on the concept of expected credit loss. Thus, all operations have an expected loss forecast since their origin, being monitored as the risk situation of credit changes.

The impairment loss is calculated using statistical models considering the following factors:

- **PD – Probability of Default :** is the likelihood that the instrument will not be settled by the counterparty in the observed time horizon.

- **LGD – Loss Given Default :** is an estimate based on observed historical losses weighted by the respective portfolio rates. Represents the proportion of the amount not recovered by the creditor against the amount exposed to risk, considering the collaterals linked to the loans.

- **EAD – Exposure at Default :** is an estimate of the exposure at the future date of default considering expected changes in exposure after the base date of the financial statements, including principal and interest payments, use of limits and interest calculated on payments outstanding.

  The valuation of financial assets is carried out in three stages:

- **Stage 1 - Performing loans**: assets included in this stage are considered operations in a normal situation, with a delay in payments of interest and principal lower than or equal to 30 days, and not incurring a significant increase in credit risk. In this case, the expected loss is calculated for the next 12 months.

- **Stage 2 - Transactions with a significant increase in credit risk:** assets in this stage are overdue for more than 30 days, or present a significant increase in credit risk. Renegotiated loans are also included. In this case, the expected loss is calculated until the end of the asset's life.

- **Stage 3 - Nonperforming loans**: assets included in this stage are financial instruments with recovery problems, in quantitative non-compliance (evaluated according to the days overdue – 90 days) or qualitative, characterized by indications that the client will not fully honor the loan operation. In this case, the expected loss is calculated until the end of the asset's life.

  The classification of assets in stages is periodically reviewed considering the risk assessment processes, aiming to capture any changes in the client's financial capacity, as well as prospective economic scenarios. Transfers between stages may occur when the analysis indicates improvement or worsening of the credit risk of the operation.

Forward looking
The estimated expected credit loss for each stage and the significant increase in risk assessment consider information about past events and current conditions, as well as reasonable and sustainable forecasts of future events and economic conditions. Such estimates may require significant judgments.

Macroeconomic factors
In its model, the Bank depends on a range of external information for inputs, such as: GDP growth, unemployment rate, basic interest rate and market prices. The inputs and models used to calculate the expected credit loss may not always capture all market characteristics at the date of the financial statements.

Significant increase in credit risk

At each reporting period, the Bank and its Subsidiary assess whether there has been a significant increase in credit risk for the exposure since initial recognition, comparing the risk of default occurring from the initial recognition date and from the reporting date, until the final life of the asset. The assessment considers the borrower's quantitative and qualitative information, without considering collaterals and forward looking information on economic factors.

Common assessments of materially increased risk include macroeconomic prospects, management judgment, monitoring and overdue transactions. The importance and relevance of each macroeconomic factor depends on the type of product, characteristic of the financial instrument and the borrower, as well as the geographic region. Quantitative models are not always able to capture all reasonable and sustainable information that could indicate a significant increase in risk. Qualitative factors can be evaluated to complement the analysis. Regarding monitoring and overdue transactions, there is a rebuttable presumption that there is a significant increase in credit risk since initial recognition for financial instruments overdue for more than 30 days.

Default definition

The Bank recognizes default when a financial instrument presents one or more loss events that occurred after initial recognition and such events result in a negative impact on the estimate of future cash flows of the instrument, provided that such impact can be reliably estimated.

Financial assets that presented a default event and a delay of over 90 days are considered problematic assets.

Write-off to loss

The Bank writes-off a problematic financial asset (and the related provision for expected credit loss), in part or in full, when there is no realistic prospect of recovery. In the case of secured financial assets, the write-off is carried out after the realization of the collateral. In circumstances where the net realizable value of the collateral has been determined and there is no reasonable expectation of further recovery, the write-off may be carried out in advance. In subsequent periods, recoveries relating to assets written-off as losses are credited to "Other operating revenues" in the Consolidated Statements of Income.

f. Net income (loss) from services and commissions

The Bank and its subsidiary earn fee and commission revenue on various types of services they provide for their clients. Fees earned for the provision of services are recognized over the same period in which the services are provided. The recognition of revenue from services arising from contracts with customers is recognized in accordance with the principles described in IFRS 15, at the amount that reflects the consideration to which the entity expects to be entitled in exchange for these products or services. The revenue recognition process takes place according to the following steps:

- Contract identification and performance obligations;
- Determination of transaction price;
- Allocation of transaction price; and

- Revenue recognition.

  Expenses with services rendered and commissions paid are appropriated over the period in which the services are provided.
  If there is an associated financial instrument and the revenues or expenses from fees and commissions are considered as part of the effective interest rate, they are no longer recognized by IFRS 15 and are recognized considering the provisions of IFRS 9, deferred in the income statement by the flow and term of the financial instrument.

g. Non-financial assets

- **Property, plant and equipment for use:** corresponds to the assets and rights that refer to corporeal personal property intended for the maintenance of Bank's activities with this purpose. New property, plant and equipment 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.

Item	**Estimated shelf life**
Furniture, equipment and facilities	10 years
IT equipment	05 years
Leasehold improvements	10 years
Right-of-use	05 years

- **Intangible assets:** corresponds to the rights that refer to incorporeal personal property intended for the maintenance of the Bank's activities or exercised with this purpose. 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.

Item	**Estimated shelf life**
Software	05 years

- **Investments:** stated at acquisition cost, less provision for losses, when applicable.

h. Impairment of non-financial assets

Non-financial assets, such as property, plant and equipment and intangible assets have their recoverable value tested, at least annually, in case there are impairment indicators. When the book value of the asset exceeds its recoverable value, the loss will be recognized directly in the result.

Impairment losses were not identified as of December 31, 2023 and 2022.

i. Leases

The Bank leases mainly real estate (underlying assets) to carry out its commercial activities. Initial recognition occurs upon signature of the contract, under Other Liabilities, which corresponds to the present value of total future payments in return for the Right-of-Use Asset, depreciated on a straight-line basis over the lease term and tested annually to identify any impairment losses. The financial expense corresponding to interest on lease liabilities is recognized under Other Operating Revenues/Expenses in the Consolidated Statements of Income.

j. Income and social contribution

The provision for income tax is formed at the rate of 15% plus taxable income, plus a surcharge of 10% on taxable income in excess of R$ 240 for the income tax. The social contribution is calculated at the rate of 20% on taxable income.

The current rate for social contribution is 20%.

As of December 31, 2023, the Bank has deferred tax credit assets from income tax and social contribution calculated, arising from temporary differences, income and social contribution tax losses.

Tax Credits whose realization is expected to occur in future periods were recorded at the rate of 25% for Income Tax and 20% for Social Contribution.

In compliance with current standards, the historical taxable results and short and medium projections prepared by the Bank enable a reasonable estimate of the term of realization of these assets (Note 15c).

Pursuant to IAS 12 – Income Taxes, for presentation purposes, the Bank and its subsidiary offset current taxes that are related to income taxes, assessed by the same tax authority and with the same realization/payment period, for which there is a legal right to offsetting.

k. PIS and COFINS

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

l. Contingent assets and liabilities

Contingent assets are not recognized in the financial statements, except when there are evidences providing guarantee of their realization, for which appeals do no longer apply.

The lawsuits are classified as probable, possible or remote loss, and a provision is recognized for those of probable loss, according to the estimated of the value of loss, based on the opinion of our legal counsel, the nature of the lawsuits and the position of the courts for causes of similar nature. The lawsuits classified as possible loss are only disclosed and those classified as remote loss do not require provision or disclosure.

m. Share-based payments

Qualified employees of the Bank participate in stock-based compensation plans, which are evaluated based on the price of the common share of BNS.

The amount recognized as an expense is adjusted to reflect the actual number of awards for which the related service and performance conditions will be met, so that the amount ultimately recognized as an expense is based on the number of awards meeting these performance conditions at vesting date.

The fair value of the amount payable to the employees in relation to stock appreciation rights, which are payable in cash, is recognized as an expense, with a corresponding increase in liability over the period the employees become unconditionally entitled to the benefits. The liability is measured again at each statement of financial position date and at settlement date based on the fair value on stock appreciation rights. Any changes in the fair value of the liability are recognized in the income statement as personnel expenses.

n. Post-employment employee benefits

Employee benefits related to short-term benefits to current employees are recognized at the accrual basis in accordance with services rendered.

Post-employment or long-term benefit plans are formal or informal arrangements under which the Bank undertakes to provide post-employment benefits to one or more employees pursuant to current standards.

Defined contribution plans are post-employment benefit plans according to which 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.

o. Statement of income

Income and expenses are recognized on the accrual basis.

p. Earnings per share

Basic and diluted earnings per share are calculated by dividing net earnings attributable to the controlling shareholders by the weighted average number of common shares.

q. Non-appropriated retained earnings

The balance presented in this account includes the effect of differences between accounting practices applicable to financial institutions in Brazil and International Financial Reporting Standards. Profit calculated in accordance with Brazilian accounting policies is fully allocated as dividends, interest on equity capital and to set up revenue reserves.

r. Standards recently issued and applicable to future periods

We present below a summary of the new standards, amendments and relevant interpretations that were issued by the IASB, with impact on future periods:

- **Amendments to IAS 1** - Presentation of Financial Statements – Specifies the classification criteria for current and non-current liabilities. Clarifies the understanding surrounding the right to postpone liquidation; the classification is not affected by the probability of the entity exercising this right; and only an embedded derivative in a convertible liability where itself is an equity instrument, the terms of the liability will not affect its classification. The changes will be effective prospectively for annual periods beginning on January 1, 2024 and do not have financial impacts.

- **Amendments to IAS 7** - Statement of Cash Flows and IFRS 7 - Financial Instruments - Requires entities to provide additional disclosures about their supplier finance agreements. IASB issued these new requirements to provide financial statement users with information that enables them to evaluate how supplier finance arrangements affect an entity's obligations and cash flows, and to understand the effect of supplier finance agreements on an entity's exposure to liquidity risk and how the entity could be affected if arrangements were no longer available to it. The changes will be effective prospectively for annual periods beginning on January 1, 2024 and do not have financial impacts.

- **Amendments to IAS 12** - Income Tax - In May 2021, IASB clarified that the exemption for recognition of deferred taxes arising from temporary differences generated in the initial recognition of assets or liabilities does not apply to lease operations. IASB also issued changes in May 2023 that provided companies with temporary relief from recognition of deferred taxes arising from the international tax reform of the Organization for Economic Cooperation and Development (OECD). These changes do not have financial impacts.

- **Amendments to IFRS 16** – Leases - Clarifies the requirements that a lessee seller uses to measure the rental liability arising from a *sale* and *leaseback* transaction to ensure that the lessee seller does not recognize any amount of the gain or loss that relates to the right of use that the seller maintains. The changes will be effective prospectively for annual periods beginning on January 1, 2024 and do not have financial impacts.

- **IFRS 17** – Insurance Contracts – In May 2017, IASB published a new standard replacing IFRS 4. The standard lays down the principles for the recognition, measurement and disclosure of insurance contracts to ensure that an entity provides significant information representing those contracts faithfully. Moreover, the new standard seeks to address some inadequacies in the wide range of accounting policies in the insurance market, which affected the comparability of the insurance companies' accounting information. The standard is effective on January 1, 2023, with retrospective adjustments in comparisons. It does not have financial impacts.

- **Amendment to IAS 21** - The Effects of Changes in Foreign Exchange Rates and Translation of Financial Statements - If a currency is not convertible, determining an appropriate exchange rate may be difficult. Although unusual, there may arise a lack of conversion when a government imposes foreign exchange controls that prohibit the exchange of a currency or that limit the volume of foreign currency transactions. The amendment to IAS 21 explains how entities should evaluate whether a currency is easy to convert and how they should calculate a spot exchange rate to a currency that is difficult to exchange, and requires the disclosure of information that allows financial statement users to understand the impacts of a non-convertible currency. The changes will be effective prospectively for the annual periods beginning on January 1, 2025 and do not have financial impacts.

4 Cash and cash equivalents

	2023	2022
Cash and cash equivalents	**32,568**	**13,271**
Local currency	3,253	2,605
Foreign currency	29,315	10,666
Interbank funds applied	**3,686,088**	**3,638,155**
Money market repurchase commitments (i)	3,435,197	3,387,494
Interbank deposits	250,891	250,661
Total	**3,718,656**	**3,651,426**

(i) Refers mainly to repurchase and resale agreements with Bacen..

5 Financial assets and liabilities measured at fair value through profit or loss

a. Securities

Breakdown by type and maturity

	2023					2022	
	Without maturity	Within 3 months	Over 12 months	Fair /Book value	Restated cost	Fair /Book value	Restated cost
Own portfolio							
LTN	-	10,326	-	10,326	10,328	-	-
NTN	-	-	1,770	1,770	1,811	18,717	19,126
Shares of privately held companies (i)	7,568	-	-	7,568	7,568	7,568	7,568
Investment fund shares	53,984	-	-	53,984	53,984	42,339	42,339
Total	**61,552**	**10,326**	**1,770**	**73,648**	**73,691**	**68,624**	**69,033**

(i) Corporate reorganization of Interbank Payments Chamber (CIP).

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

b. Derivative financial instruments

The Bank participates in operations involving derivative financial instruments, whose purpose is to meet own needs and clients' needs. The purpose of these operations is to manage exposures to market risks, which are associated to potential losses resulting from variations in prices of financial assets, interest rates, currencies and indexes. The policy of operation, control, establishment of strategies of operations, as well as the limit of these positions, follows the Bank's management guidelines.

The tables below show the reference values restated to the market price, the respective adjustments receivable and payable and net exposures in the statements of financial position for derivative financial instruments:

(i) Futures contracts

	2023		2022	
	Market Value		Market Value	
	Reference Value	Adjustment Receivable /(payable)	Reference Value	Adjustment Receivable /(payable)
Long position	**40,386,548**	**157,933**	**44,226,281**	**287,333**
DI	1,493,189	(267)	1,434,139	303
DDI	38,893,359	158,200	38,987,937	309,050
USD	-	-	3,804,205	(22,020)
Short position	**1,861,615**	**(4,729)**	**4,147,472**	**22,750**
DI	311,849	278	443,700	(188)
DDI	1,004,860	(3,253)	3,703,772	22,938
USD	544,906	(1,754)	-	-

(ii) Swap operations and forward operations

	2023			2022		
By index	**Reference Value**	**Costvalue**	**Fair Value**	**Reference Value**	**Cost value**	**Fair Value**
Swap						
Amounts receivable	**32,222,291**	**3,104,087**	**4,422,708**	**28,505,265**	**1,669,860**	**3,235,104**
CDI x USD	31,978,791	3,100,159	4,419,280	28,505,265	1,669,860	3,235,104
Fixed rate x USD	243,500	3,928	3,428	-	-	-
Amounts payable	**3,439,588**	**(343,977)**	**(229,704)**	**7,417,982**	**(1,494,190)**	**(1,098,030)**
CDI x USD	3,352,235	(343,463)	(229,413)	7,417,982	(1,494,190)	(1,098,030)
USD x CDI	87,353	(514)	(291)			
Forward exchange contracts - NDF						
Amounts receivable	**148,347**	**349**	**796**	**297,064**	**5,530**	**4,908**
Long position - USD	141,343	225	692	297,064	5,530	4,908
Short position - USD	7,004	124	104	-	-	-
Amounts payable	**2,213,587**	**(80,698)**	**(78,244)**	**435,993**	**(25,098)**	**(22,648)**
Long position - USD	2,208,725	(80,698)	(78,213)	435,993	(25,098)	(22,648)
Short position - USD	4,862	-	(31)	-	-	-
Total	**38,023,813**	**2,679,761**	**4,115,556**	**36,656,304**	**156,102**	**2,119,334**

(iii) Breakdown by maturity

The table below shows the notional values recorded in memorandum accounts and their respective maturities:

	2023					2022
	≤3 months	3-6 months	6-12 months	> 12 months	Total	Total
Futures [(i)]	9,524,547	3,012,209	2,859,778	26,851,629	42,248,163	48,373,753
Swap [(ii)]	1,894,905	1,600,563	2,470,768	29,695,643	35,661,879	35,923,247
Foward currency – NDF [(ii)]	1,664,156	319,271	192,046	186,461	2,361,934	733,057
Total	**13,083,608**	**4,932,043**	**5,522,592**	**56,733,733**	**80,271,976**	**85,030,057**

(i) Counterpart: B3 S.A. - Brasil, Bolsa, Balcão.

(ii) Counterparty: legal entity.

(iv) Segregation between current and non-current

The fair value of financial instruments was broken down as follows:

	2023			2022		
	Current	Non-current	Total	Current	Non-current	Total
Assets						
Swap	576,683	3,846,025	4,422,708	329,476	2,905,628	3,235,104
Forward currency - NDF	719	77	796	4,899	9	4,908
Total	**577,402**	**3,846,102**	**4,423,504**	**334,375**	**2,905,637**	**3,240,012**
Liabilities						
Swap	(140,642)	(89,062)	(229,704)	(591,332)	(506,698)	(1,098,030)
Forward currency - NDF	(72,486)	(5,758)	(78,244)	(21,020)	(1,628)	(22,648)
Total	**(213,128)**	**(94,820)**	**(307,948)**	**(612,352)**	**(508,326)**	**(1,120,678)**

c. Results

The results involving financial instruments measured at fair value for the years ended December 31, 2023 and 2022 are as follows:

	2023	2022
Derivative financial instruments	**143,189**	**174,975**
Futures	(5,857,149)	(6,841,593)
Swap	6,212,073	6,782,009
Forward currency - NDF	(211,735)	234,559
Securities	4,470	(68)
Total	**147,659**	**174,907**

The derivative financial instruments are recorded at B3 S.A. - Brasil, Bolsa, Balcão.

6 Financial assets measured at fair value in other comprehensive income (FVTOCI)

a. Securities

	2023						2022	
	Without maturity	**≤ 3 months**	**06-12 months**	**>12 months**	**Fair/book value**	**Restated cost**	**Fair/book value**	**Restated cost**
Own portfolio								
LTN	-	358,509	3,424	-	361,933	361,997	260,809	261,185
Public company shares	85	-	-	-	85	105	-	
Subtotal	**85**	**358,509**	**3,424**	**-**	**362,018**	**362,102**	**260,809**	**261,185**
Pledged as collateral(i)								
LTN	-	-	281,932	-	281,932	282,201	-	-
LFT	-	318,811	326,304	620,924	1,266,039	1,266,250	1,124,930	1,151,839
Subtotal	**-**	**318,811**	**608,236**	**620,924**	**1,547,971**	**1,548,451**	**1,124,930**	**1,151,839**
Total	**85**	**677,320**	**611,660**	**620,924**	**1,909,989**	**1,910,553**	**1,385,739**	**1,413,024**

(i) Securities given as guarantee margin for carrying out operations with derivative and foreign exchange financial instruments.

7 Financial assets and liabilities measured at amortized cost

a. Interbank funds applied

	2023		2022
Money market repurchase commitments	**≤3 months**	**Total**	**Total**
Own portfolio – LTN	4,897,719	4,897,719	5,161,378
Short position – LTN	886,758	886,758	887,152
Total	**5,784,477**	**5,784,477**	**6,048,530**

b. Securities

	2023					2022	
	Within 3 months	**From 6 to 12 months**	**Over 12 months**	**Adjusted cost/book cost**	**Fair Value**	**Adjusted cost/book cost**	**Fair Value**
Debentures	4,020	4,025	65,975	74,020	74,781	74,380	81,333
Subtotal	**4,020**	**4,025**	**65,975**	**74,020**	**74,781**	**74,380**	**81,333**

Debentures are held in custody by another financial institution.

c. Loan transactions

(i) Breakdown of the loan portfolio by type of transaction

	2023			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Advances on exchange contracts	273,363	-	43,065	316,428
Total	**273,363**	**-**	**43,065**	**316,428**

	2022			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Export Credit Note (NCE)	528,794	-	-	528,794
Advances on exchange contracts	866,285	-	73,231	939,516
Total	**1,395,079**	**-**	**73,231**	**1,468,310**

(ii) Composition of the loan portfolio per term of the transaction

	2023			
	Stage 1	**Stage 2**	**Stage 3**	**Total(i)**
Overdue for more than three months	-	-	43,065	43,065
Falling due (months)				
≤3 months	176,614	-	-	176,614
3-6 months	96,749	-	-	96,749
Total	**273,363**	**-**	**43,065**	**316,428**

(i) There were no transfers between stages for the period.

	2022			
	Stage 1	**Stage 2**	**Stage 3**	**Total(i)**
Overdue for more than three months	-	-	-	-
Falling due (months)				
≤3 months	777,957	-	73,321	851,188
3-6 months	617,122	-	-	617,122
Total	**1,395,079**	**-**	**73,321**	**1,468,310**

(i) There were no transfers between stages for the period.

(iii) Concentration of loan operations

	2023	**2022**
Main debtor	234,577	528,794
Percentage of entire credit portfolio	74.1%	36.0%
20 largest debtors	316,428	1,468,310
Percentage of entire credit portfolio	100.0%	100.0%

As of December 31, 2023, the amount of renegotiated loans totals R$24,270 (R$276,035 in 2022).

The Bank has financial guarantees provided in the amount of R$25,608 (R$2,469 in 2022).

In the years ended December 31, 2023 and 2022, there were no credit recoveries.

There was a write-off, in the year ended December 31, 2023, of credits to loss totaling R$25,056 (R$32,511 in 2022).

d. Deposits

	2023					2022
	Without maturity	**Within 3 months**	**From 3 to 6 months**	**From 6 to 12 months**	**Total**	**Total**
Demand deposits	81	-	-	-	**81**	**80**
Interbank deposits	-	211,441	-	-	**211,441**	**420,641**
Time deposits	-	1,611,682	1,487,168	1,288,271	**4,387,121**	**3,634,092**
Total	**81**	**1,823,123**	**1,487,168**	**1,288,271**	**4,598,643**	**4,054,813**

As of December 31, 2023 the average time deposit funding percentage is 102% of the Interbank Deposit – DI (102% of DI in December 2022).

e. Money market funding

As of December 31, 2023, they are represented by obligations in repurchase and resale agreements in the amount of R$886,740 (R$887,315 in 2022), maturing up to March 2024 and rate of 10.91% per annum (13.81% per year in 2022) corresponding to obligations related to the commitment to return the securities received as collateral in repurchase and resale agreements with free trading agreements.

f. Loan obligations

Export credit facilities consist of credit facilities obtained from BNS and export finance transactions.

BNS credit lines	**Annual interest rate**	**Maturities up to**	**Balance in 2023 -**
Other foreign currency liabilities (i)	From 5.31% to 5.32%	04/01/2024	6,636,308
Export financing	From 5.63% to 5.88%	04/06/2024	268,750
Total current liabilities			**6,905,058**

(i) Credit lines for possible liquidity needs.

BNS credit lines	**Annual interest rate**	**Maturities up to**	**Balance in 2022 -**
Other foreign currency liabilities (i)	4.30%	04/01/2023	5,449,662
Export financing	From 4.33% to 5.51%	15/06/2023	867,702
Total current liabilities			**6,317,364**

(i) Credit lines for possible liquidity needs.

g. Onlendings

As of December 31, 2023, there are no foreign onlendings. As of December 31, 2022, foreign onlendings in the amount of R$739,934 consisted of foreign funding in accordance with CMN Resolution 2921.

8 Fair value of financial instruments

The following table shows financial assets and liabilities by fair value hierarchy levels:

		Distribution by level		
	Balance at 31/12/2023	**Level 1**	**Level 2**	**Level 3**
Financial assets measured at fair value through profit or loss	**4,497,152**	**66,080**	**4,423,504**	**7,568**
Securities	73,648	66,080	-	7,568
Derivative financial instruments	4,423,504	-	4,423,504	-
Financial assets measured at fair value in other comprehensive income (FVTOCI).	**1,909,989**	**1,909,989**	**-**	**-**
Securities	1,909,989	1,909,989	-	-
Other financial assets	**549,772**	**237,899**	**311,873**	**-**
Financial liabilities measured at fair value through profit or loss	**307,948**	**-**	**307,948**	**-**
Derivative financial instruments	307,948	-	307,948	-
Other financial liabilities	**347,528**	**36,721**	**310,807**	**-**

		Distribution by level		
	Balance at 31/12/2022	**Tier 1 capital**	**Tier 2 capital**	**Level III**
Financial assets measured at fair value through profit or loss	**3,308,636**	**61,056**	**3,240,012**	**7,568**
Securities	68,624	61,056	-	7,568
Derivative financial instruments	3,240,012	-	3,240,012	-
Financial assets measured at fair value in other comprehensive income (FVTOCI).	**1,385,739**	**1,385,739**	**-**	**-**
Securities	1,385,739	1,385,739	-	-
Other financial assets	**1,987,358**	**806,697**	**1,180,661**	**-**
Financial liabilities measured at fair value through profit or loss	**1,120,678**	**-**	**1,120,678**	**-**
Derivative financial instruments	1,120,678	-	1,120,678	-
Other financial liabilities	**1,444,433**	**282,426**	**1,162,007**	**-**

9 Allowance for expected losses associated with credit risk

a. Breakdown by stage and product

	2023			
	Stage 1	**Stage 2**	**Stage 3**	**Total(i)**
Loan transactions	137	-	23,167	23,304
Securities	377	-	-	377
Repurchase and reverse repurchase agreements	32	-	-	32
Deposits in other institutions	20	-	-	20
Total	**566**	**-**	**23,167**	**23,733**

(i) There were no transfers between stages during the year.

	2022

	Stage 1	Stage 2	Stage 3	Total(i)
Loan transactions	107	-	-	107
Securities	434	-	-	434
Repurchase and reverse repurchase agreements	34	-	-	34
Deposits in other institutions	15	-	-	15
Total	**590**	**-**	**-**	**590**

(i) There were no transfers between stages during the year.

b. Changes in provision for expected losses associated with credit risk

Balance in 2022	**590**
Recognition	48,238
Reversal	(39)
Write-off of receivables to loss	(25,056)
Balance in 2023	**23,733**

10 Other assets and liabilities

a. Other financial and non-financial assets

	2023	2022
Financial	**549,776**	**2,024,465**
Current	**501,879**	**1,981,863**
Foreign exchange transactions (i)	311,873	1,178,010
Adjustment of futures contracts to be settled	158,479	333,673
Amounts to be cleared	31,523	254,306
Debtors account settlement pending	-	4,729
External resource onlendings	-	211,140
Other	4	5
Non-current	**47,897**	**42,602**
Debtors due for guarantee deposits	47,897	42,602
Non-financial	**4,263**	**5,716**
Current	**4,246**	**5,683**
Receivables from related companies	1,751	737
Prepaid expenses	1,238	1,558
Taxes and contributions recoverable	974	47
Salary advances	279	283
Payments to be refunded	-	2,112
Other	-	946
Non-current	**17**	**33**
Prepaid expenses	17	33
Total	**554,035**	**2,030,181**

(i) Refers mainly to long foreign exchange positions to be settled.

b. Other financial and non-financial liabilities

	2023	2022
Financial	**353,274**	**1,469,551**
Current	**353,274**	**1,469,551**
Foreign exchange transactions	310,807	1,162,007
Adjustment of futures contracts to be settled	5,275	23,590
Creditors - unsettled accounts	7,590	258,798
Amounts to be cleared	23,817	-
Commissions and brokerage fees payable	39	38
Payment orders in foreign currency	5,746	25,118
Non-financial	**32,859**	**37,790**
Current	**21,361**	**23,661**
Provision for personnel expenses	18,630	19,791
Provision for unsettled payments	2,072	2,375
Amounts payable - related companies	634	1,487
Sundry creditors	25	8
Non-current	**11,498**	**14,129**
Provision for personnel expenses	11,498	14,129
Total	**386,133**	**1,507,341**

11 Property, plant and equipment for use

a. Breakdown

	2023			
	Annual depreciation rate	**Cost value**	**Accumulated depreciation**	**Net value**
Construction in progress	-	6	-	6
Furniture, equipment and facilities	10%	7,092	(3,350)	3,742
IT equipment	20%	13,836	(9,386)	4,450
Right-of-use	20%	21,221	(8,751)	12,469
Leasehold improvements	10%	2,339	(583)	1,757
Total		**44,494**	**(22,070)**	**22,424**

	2022			
	Annual depreciation rate	**Cost value**	**Accumulated depreciation**	**Equity**
Construction in progress	-	489	-	489
Furniture, equipment and facilities	10%	6,838	(2,902)	3,936
IT equipment	20%	15,597	(9,764)	5,833
Right-of-use	20%	21,221	(6,834)	14,387
Leasehold improvements	10%	1,602	(413)	1,189
Total		**45,747**	**(19,913)**	**25,834**

b. Changes

	2022	**Additions**	**Write-off**	**Reclassification**	**Depreciation**	**2023**
Construction in progress	489	1,034	(73)	(1,444)	-	6
Furniture, equipment and facilities	3,936	171	(181)	333	(517)	3,742
IT equipment	5,833	-	(4)	365	(1,744)	4,450
Right of use	14,387	-	-	-	(1,918)	12,469
Leasehold improvements	1,189	99	(62)	746	(215)	1,757
Total	**25,834**	**1,304**	**(320)**	**-**	**(4,394)**	**22,424**

	2021	**Additions**	**Write-off**	**Reclassification**	**Depreciation**	**2022**
Construction in progress	7,627	1,456	-	(8,594)	-	489
Furniture, equipment and facilities	1,021	33	(78)	3,448	(488)	3,936
IT equipment	2,418	103	(22)	4,762	(1,428)	5,833
Right-of-use	16,305	-	-		(1,918)	14,387
Leasehold improvements	614	320	-	384	(129)	1,189
Total	**27,985**	**1,912**	**(100)**	**-**	**(3,963)**	**25,834**

12 Intangible assets

a. Breakdown

	2023			
	Annual amortization rate	**Cost value**	**Accumulated amortization**	**Net amount**
Other intangible assets in progress		29	-	29
Intangible assets	20%	6,179	(2,977)	3,202
Total		**6,208**	**(2,977)**	**3,231**

	2022			
	Annual amortization rate	**Cost value**	**Accumulated amortization**	**Net amount**
Other intangible assets in progress		458	-	458
Intangible assets	20%	5,603	(1,924)	3,679
Total		**6,061**	**(1,924)**	**4,137**

b. Changes

	2022	Additions	Write-off	Reclassification	Amortization	2023
Other intangible assets in progress	458	189	(42)	(576)	-	29
Intangible assets	3,679	-	-	576	(1,053)	3,202
Total	**4,137**	**189**	**(42)**	**-**	**(1,053)**	**3,231**

	2021	Additions	Reclassification	Amortization	2022
Other intangible assets in progress	2,162	1,044	(2,748)	-	458
Intangible assets	1,444	126	2,748	(639)	3,679
Total	**3,606**	**1,170**	**-**	**(639)**	**4,137**

13 Legal, tax and social security contingencies and liabilities

a. Contingent assets

The Bank does not have any contingent assets recorded in its statement of financial position, just as it does not currently have lawsuits that generate expectation of future gains.

b. Contingent liabilities

The Bank is a party in lawsuits and administrative proceedings arising from the normal course of its activities, involving matters of labor, tax and social security. The evaluation for constituting provisions is made under criteria described in Note 3l.

The Bank maintains provisions for those contingent liabilities that are classified as probable losses, at amounts regarded as sufficient to cover possible losses. The amounts provisioned are recorded under “Other liabilities”, in non-current liabilities.

Ongoing labor lawsuits classified as possible losses amount to R$429 (R$186 in 2022). Most labor lawsuits refer to actions filed by former employees and outsource personnel to obtain indemnities, mostly regarding overtime payment and other labor rights.

There are tax lawsuits in progress classified as possible losses in the amount of R$36,932 (R$34,869 in 2022). The most significant one is related to a legal challenge regarding the payment of the contribution to the Social Integration Program (PIS), pursuant to Constitutional Amendment 17 and Supplementary Law 7 regarding their legality or constitutionality in the amount of R$21,417 (R$20,336 in 2022).

A lawsuit arising from taxes that the Bank has been challenging in court, basically related to a claim for offsetting the withholding income tax on interest earning bank deposits in the amount of R$5,814 (R$5,601 in 2022) and a request for nullity of the tax assessment notice in the amount of R$8,416 (R$7,713 in 2022) related to taxes (ISS) claimed by the Municipal Government of São Paulo, levied on services rendered by the Bank. These proceedings have sufficient judicial deposits to cover the tax risk.

c. Changes in balances

	2023				2022
Provision for contingencies	**Labor**	**Tax**	**Civil proceedings**	**Total**	**Total**
Opening Balance	636	26,609	-	27,245	28,495
Constituion	-	290	-	290	295
Restatement	41	1,512	1	1,554	1,438
Payment	-	-	-	-	(2,983)
Total	**677**	**28,411**	**1**	**29,089**	**27,245**

	2023			2022
Court deposits	**Labor**	**Tax**	**Total**	**Total**
Opening Balance	96	42,506	42,602	40,040
Constituion	-	2,459	2,459	280
Restatement	8	2,731	2,739	2,282
Total	**104**	**47,696**	**47,800**	**42,602**

14 Shareholders' equity

a. Capital

The fully paid-up capital amounts to R$2,626,948 (2,437,823 in 2022), consisting of 101,010 (95,608 in 2022) registered ordinary shares with no par value. Management decides on the allocation of adjusted net income each period, pursuant to article 202 of Law 6404/76.

On December 12, 2023, according to the Minutes of the Extraordinary General Meeting (EGM), shareholders decided to increase capital by the amount of R$189,125, paid in using shareholders' credits from the distribution of interest on equity capital.

b. Profit reserves

The legal reserve is set up at the rate of 5% of the period's profit, up to the limit established by prevailing law. The balance of the reserve established by the Company's by-laws consists of the non-distributed portion of previous and current years' profits which were transferred to subsequent years at their annual meeting.

c. Dividends and interest on equity capital

At their annual meeting, management will decide the minimum amount related to the distribution of dividends related to profit adjusted pursuant to article 202 of Brazilian Corporate Law.

In the year ended December 31, 2023, according to the minutes of the executive board's meeting, the following payments were approved:

(i) Dividends in the amount of R$1,000 (R$1,000 in 2022), on December 20, 2023, according to the minutes of the Management's Meeting;

(ii) Interest on equity capital in the amount of R$189,125 (R$138,336 in 2022), already deducted from withholding income tax in the amount of R$33,375 (24,412 in 2022), on December 12, 2023, according to the minutes of the Extraordinary Shareholders' Meeting.

15 Income tax and social contribution

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

	2023		2022	
	Income tax	Social contribution	Income tax	Social contribution
Income before taxation and after profit sharing	**407,510**	**407,510**	**477,248**	**477,248**
Interest on own capital	(222,500)	(222,500)	(162,748)	(162,748)
Temporary exclusions/(additions)	**(680,305)**	**(680,305)**	**(827,527)**	**(827,527)**
Adjustment to fair value – Securities and derivatives	(720,472)	(720,472)	(803,417)	(803,417)
Provision for expected losses associated with credit risk	(79,732)	(79,732)	426	426
Other	119,899	119,899	(24,536)	(24,536)
Permanent additions/(exclusions)	**(1,235)**	**(1,228)**	**11,319**	**11,323**
Taxable basis	**(496,530)**	**(496,523)**	**(501,708)**	**(501,704)**
Total IRPJ and CSLL - Current values before tax incentives	**(728)**	**(451)**	**(2,077)**	**(1,288)**
Tax incentives	18	-	15	-
Total income tax and social contribution – Current values	**(710)**	**(451)**	**(2,062)**	**(1,288)**
Tax credits	134,526	107,606	121,651	97,283
Deferred tax liabilities	(179,778)	(143,828)	(200,984)	(160,787)
Total	**(45,962)**	**(36,673)**	**(81,395)**	**(64,792)**

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

Tax credits	**Balances at December 31, 2022**	**Formation**	**Realization/Reversal**	**Balances at December 31, 2023**
Reflected in profit or loss	**263,962**	**328,299**	**(86,167)**	**506,094**
Tax loss carryforwards and negative basis of social contribution	176,392	250,355	-	426,747
Provision for tax and labor risks	13,626	906	-	14,532
Non-deductible provisions	12,218	4,841	(6,818)	10,241
Provision for expected losses associated with credit risk	14,942	25,852	(50,506)	(9,712)
Receivables written off as losses	-	46,304	-	46,304
Allowance for credit risk - debentures	141	41	(1)	181
Adjustment to fair value of securities classified as trading	184	-	(165)	19
Other	46,459	-	(28,677)	17,782
Reflected in shareholders' equity	**12,262**	**50**	**(12,011)**	**301**
Adjustment of securities to fair value	12,262	50	(12,011)	301
Total	**276,224**	**328,349**	**(98,178)**	**506,395**

Deferred tax liabilities	Balances as of December 31, 2022	Formation	Realization/ Reversal	Balances as of December 31, 2023
Reflected in profit or loss	**(438,504)**	**(325,249)**	**1,643**	**(762,110)**
Adjustment to fair value of derivative instruments	(421,331)	(323,846)	-	(745,177)
Inflation adjustment of judicial deposits	(10,515)	(1,235)	-	(11,750)
Adjustment to fair value of repurchase and resale agreements	-	(168)	-	(168)
Other	(6,658)	-	1,643	(5,015)
Reflected in equity	**-**	**(89)**	**-**	**(89)**
Adjustment to fair value of securities	-	(89)	-	(89)
Total	**(438,504)**	**(325,338)**	**1,643**	**(762,199)**

c. Estimated realization of tax credits on temporary differences

Realization period	Timing differences	Tax loss and negative basis	Total
1st year	20,693	21,499	42,192
2nd year	14,354	57,994	42,348
3rd year	13,703	36,576	50,279
4th year	12,949	40,408	53,357
5th year	3,247	45,734	48,981
6th-10th year	14,702	254,536	269,238
Total	**79,648**	**456,747**	**506,395**
Present Value (i)	**59,680**	**255,557**	**315,417**

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

16 Related parties

Transactions carried out between related parties are disclosed in accordance with current regulations. These operations are carried out at usual market values, terms and average rates in effect at the respective dates.

a. Related party transactions

Operations with related parties are represented by:

	Assets/ (liabilities)		Revenues/ (expenses)	
	2023	**2022**	**2023**	**2022**
Cash and cash equivalents	**1,673**	**1,595**	**(65)**	**9,489**
BNS (Controlling shareholder)	1,673	1,595	(65)	9,489
Foreign exchange portfolio – asset position	**214**	**-**	**(3)**	**(71,194)**
BNS (Controlling shareholder)	214	-	(3)	(71,194)
Other assets	**226**	**-**	**(49)**	**-**
BNS (Controlling shareholder)	226	-	(49)	-
Amounts receivable from/(payable to) related companies / service provision revenues/(expenses)	**1,116**	**(749)**	**13,826**	**13,612**
BNS	1,349	(1,430)	14,228	14,163
Scotiabank Inverlat (Mexico) (Related Party)	(302)	(45)	(265)	(330)
Scotiabank Colpatria (Colombia) (Related party)	69	726	(137)	(77)
Scotiabank Peru (Related party)	-	-	-	(144)
Borrowings	**(6,905,058)**	**(6,317,364)**	**(96,925)**	**4,667**
BNS (Controlling shareholder)	(6,905,058)	(6,317,364)	(96,925)	4,667
Onlendings	**-**	**(739,934)**	**17,804**	**93,230**
BNS (Controlling shareholder)	-	(739,934)	17,804	93,230
Foreign exchange portfolio – liability position	**(214)**	**-**	**(11)**	**88,183**
BNS (Controlling shareholder)	(214)	-	(11)	88,183

b. Management remuneration

For the purpose of disclosing management remuneration, statutory directors were considered. Expenses with management remuneration for the year ended December 31, 2023 total R$37,022 (R$24,232 in 2022), and consisted of R$31,583 (R$15,482 in 2022), which represent salaries and payroll charges, profit sharing, and bonus and charges, denominated short-term benefits, and R$5,439 (R$8,750 in 2022), which represents share-based compensation and charges.

There are no post-employment benefits, other long-term benefits or work agreement termination benefits.

17 Share-based payments

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

a. 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, 2023, amount of provisioned liability for this plan is R$7,032 (R$6,708 in 2022) and the total number of shares is 77,742 units (52,258 in 2022) measured at the weighted market value of R$235.60 per share (262.10 in 2022). Total expenses recorded in the period for this plan is R$3,146 (R$4,931 in 2022).

	Balance			
	2023		2022	
RSU	**Qty of shares**	**Amount – R$**	**Qty of shares**	**Amount – R$**
Share price	-	235.60(i)	-	262.10(i)
Total Quantity - Due	77,742	18,316	52,258	13,696
Total Quantity – Provisioned	29,848	7,032	25,598	6,708
Total Quantity - To be provisioned	47,894	11,284	26,660	6,988

	Payable					
	2025		2024		2023	
RSU	**Qty of shares**	**Amount – R$**	**Qty of shares**	**Amount – R$**	**Qty of shares**	**Amount – R$**
Share price	-	235.60(i)	-	235.60(i)	-	235.60(i)
Total Quantity – Due	16,664	3,926	26,985	6,358	34,093	8,032
Total Quantity – Provisioned	9,937	2,341	18,529	4,366	1,382	325
Total Quantity - To be provisioned	6,727	1,585	8,456	1,992	32,711	7,707

(i) Amounts expressed in reais

b. PSU - Performance Share Unit Plan

According to the PSU plan, eligible employees will receive a bonus after three years. In addition to BNS share price variation, this bonus portion is subject to performance criteria (return on shareholders' equity and total return to shareholder) measured over a three-year period, by which a multiplying factor is applied. As of December 31, 2023, amount of provisioned liability for this plan is R$4,222 (R$7,822 in 2022) and the total number of shares is 32,244 units. (30,172 in 2022) measured at the weighted market value of R$235.60 per share (262.10 in 2022). In the year ended December 31, 2023, R$621 was reversed (expense of R$2,981 in 2022).

	Balance			
	2023		2022	
PSU	**Qty of shares**	**Amount – R$**	**Qty of shares**	**Amount – R$**
Share price	-	235.60(i)	-	262.10(i)
Total Quantity – Due	32,244	7,597	30,172	7,907
Total Quantity – Provisioned	17,919	4,222	29,848	7,822
Total Quantity - To be provisioned	14,325	3,375	324	85

	Payable					
	2025		2024		2023	
PSU	**Qty of shares**	**Amount – R$**	**Qty of shares**	**Amount – R$**	**Qty of shares**	**Amount – R$**
Share price	-	235.60 (i)	-	235.60 (i)	-	235.60 (i)
Total Quantity – Due	7,101	1,673	11,143	2,625	14,000	3,299
Total Quantity – Provisioned	6,391	1,506	11,143	2,625	385	91
Total Quantity - To be provisioned	710	167	-	-	13,615	3,208

(i) Amounts expressed in reais

18 Post-employment employee benefits

For the post-employment defined contribution plan, the Bank and its subsidiary offer to their employees the supplementary private pension benefit through monthly contributions, ceasing after the employee leaves the company. Total personnel expenses for this plan, in the year ended December 31, 2023, are R$1,350 (1,031 in 2022).

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

The Bank and its subsidiary do not have post-employment benefit plans to its employees.

19 Net interest revenue

	2023	2022
Interest revenue	**1,339,914**	**1,101,780**
Securities	1,338,444	1,064,101
Loan operations	1,470	37,679
Interest expense	**(902,278)**	**(541,029)**
Money market repurchase agreements	(847,066)	(512,666)
Loans and onlendings	(55,212)	(28,363)
Net interest revenue	**437,636**	**560,751**

20 Personnel expenses

	2023	2022
Salaries	65,438	63,998
Social charges	22,856	22,729
Benefits	7,689	6,372
Other	4,190	3,861
Total	**100,173**	**96,960**

21 Other administrative expenses

	2023	2022
Data processing	11,636	11,789
Financial system services	8,982	8,667
Rentals	576	520
Specialized technical services	2,422	2,940
Outsourced services	3,961	3,542
Communications	1,401	1,399
Philanthropic contributions	2,000	1,500
Water, energy and gas	699	701
Condominium	614	594
Severance pay	-	871
Other	3,283	3,355
Total	**35,574**	**35,878**

22 Income from services and commissions

	2023	2022
Income from related services	17,562	17,026
Income from commissions and brokerage fees	12,522	17,013
Income from guarantees given	219	19
Income from commission on the placement of securities	-	3,653
Other services income	12,150	-
Total	**42,453**	**37,711**

23 Risk management

The Bank uses an integrated and continuous risk management framework, in accordance with current regulations.

The governance model defined for the Bank’s integrated risk and capital management involves a structure of Strategic Committees, with the participation of several areas of the Bank.
The Bank’s risk management framework has policies in accordance with market best practices and are in line with the guidelines defined by the regulatory agency.

Interaction between the business model and the Bank's risk profile

The Bank’s businesses consist of GBM (Global Banking & Markets) and ALM (Assets and Liability Management) activities. The GBM division is client-driven and focuses on cash solutions and derivative financial instruments for corporate and institutional clients, while the ALM division operates as a subsidiary function to support the activities of the GBM, through financing and cash management. In turn, the Brokerage Firm serves institutional investors, who operate in the Brazilian securities market, as well as market makers.

Risk Appetite

The Risk Management area is responsible for monitoring and reporting risk appetite metrics using information from the units responsible for their management. Data referring to risk appetite metrics are reported to the Board by the Bank’s Chief Risk Officer (CRO) at each meeting of the ExCO Committee.

Risk appetite metrics are evaluated as follows:

- Green: the metric is within the risk appetite thresholds and within the guidance thresholds.
- Red: the metric violates the risk appetite threshold.

The guidance thresholds and risk appetite thresholds must be approved by the Bank’s Executive Board and be in line with the other limits approved by the Head Office (The Bank of Nova Scotia - BNS).

Key risk appetite metrics: Bank Risk Capacity (% Principal Capital), Tier I Capital, Basel Ratio, Economic Capital, Legal Lending Limit, Provision for expected losses associated with credit risk (% Provision), Number of new operations with IG counterparties IG<77, Market Risk Limits (VaR and Stress), LCR (Liquidity Risk), Minimum Cash and Operating Losses (Operating Risk).

The main risks related to the Bank’s business activities are detailed below:

Credit Risk

Credit risk is related to possible losses when one of the contractors does not honor the commitments assumed with the Bank and/or other counterparties.

Market Risk and IRRBB
Market risk can be defined as a potential loss arising from fluctuations in market prices or parameters that influence market prices.

The Banking Book Interest rate risk ("IRRBB") is defined as risk, current and prospective risk, of the impact of adverse changes in interest rates on capital and on the results of the financial institution, for instruments classified in the bank portfolio.

Liquidity Risk
The liquidity risk occurs in the occurrence of imbalances between negotiable assets and demandable liabilities, that is, in the mismatches between payments and receipts that might affect the Bank's ability to make payment, taking into account the different currencies and settlement terms for its rights and obligations.

Operational Risk
The operational risk framework has the purpose of identifying, evaluating, monitoring and reducing operational risk at the Bank. Operational risk is defined as the risk of loss resulting from internal processes, systems, human failures, external events or outsourced services.

ESG and Climate Risk

- Environmental Risk refers to potential negative impacts due to loss of, or damage to the environment/biodiversity;

- Climate Risk refers to the possibility that events related to changes in climate patterns may negatively affect the institution's performance, negatively impacting credit, reputational, operational and legal risks. Climate risk falls into two categories:

- Physical Risks: occur as potential financial losses from property or asset damage caused by increases in the frequency and severity of weather events, and long-term changes in weather patterns;

- Transition Risks: occur as the potential for financial loss resulting from a shift to a low-carbon economy.

- Social Risk refers to the potential negative impacts that may arise due to the mismanagement of social considerations that may negatively impact people or communities;

- Governance risk refers to the negative impacts that may arise due to poor and/or ineffective corporate governance controls and mechanisms.

Risk management governance
The Bank's organizational structure related to risk management and internal controls is made up of the Risk Management Area (RM), with the Market, Liquidity and Operational Risk Management (MRM) and Credit Risk Management (CRM), Capital Management, Finance (Accounting, Taxation, FP&A and Product Control), Operations, Information Technology (IT), Human Resources, Administration, Legal and Compliance units (collectively, the "Support Areas").

The RM area is responsible for risk management and has a reporting line to the local Executive Board and, independently, to BNS, the Bank's controlling shareholder. Its units have the following responsibilities:

Regarding the risk management framework, the Bank has a comprehensive risk management and control framework, integrated and independent from the Business Areas. Such framework seeks to optimize the risk/return ratio, favoring effective monitoring and strict control of risk exposure factors, offering full support to the development of activities by the business areas.

Aiming to ensure good risk governance management practices and their alignment with specific regulatory requirements, the Bank has the following committees related to the Bank's risk management:

***Executive Committee* (ExCo)**
Aims to discuss, approve and formalize significant matters related to the Bank's controls and corporate governance, promoting an appropriate forum for decisions to be taken in an effective and coordinated manner by the full Executive Board of the Bank. The Committee meets at least every two months and is made up of the Executive Directors, the Head of Human Resources and the Director of Treasury and Capital Markets.

***Assets and Liabilities Committee* (ALCO)**
The ALCO is a non-statutory permanent Committee whose purpose, regarding the management of assets, is to deliberate on matters within its competence and advise the Executive Board in the performance of its responsibilities. It has as permanent members: Executive Directors of the Bank, Treasury and Capital Markets Director and Senior Risk Manager. The ALCO will meet on an ordinary basis at least every two months.

Credit Committee
The Credit Committee is a non-statutory permanent Committee of the Bank, which is in line with all terms, conditions, rules, policies and global procedures of BNS, as well as all relevant Brazilian rules and legislation.

Risk Committee
Its purpose is to advise Scotiabank's Executive Board in their assignments related to risk and capital management. The duties of this committee must be in line with regulations and legislation, as well as the applicable internal corporate Policies and Rules.

This committee evaluates and discusses relevant information about capital management, financial, operational, reputational, business and strategic risks. Furthermore, the Bank analyses risk appetite levels set in the RAS and strategies for managing them.

Audit Committee

Its purpose is complying with the duties that may be required by the Banking Law, as well as the derived regulations and guidelines of the Central Bank of Brazil and other applicable regulators. The Committee also supports the ExCo in identifying known weaknesses and risk exposures, including improving the efficiency and effectiveness of risk management, internal controls, systems and processes. The committee meets at least quarterly and has as permanent members the Bank's CEO (Chief Executive Officer), CFO (Chief Financial Officer) and CRO (Chief Risk Officer).

New Products/Initiatives Committee

The NPI Committee is a non-statutory Committee of a permanent nature, whose purpose is to support the Bank's business areas in the thorough analysis of all possible impacts on the Bank of the entry of a new business or product, always in line with the strategies defined in the Business Plan and the demands of our clients.

The committee has as permanent members the CEO, CFO and CRO (chairman) and will meet whenever there is demand for new products or initiatives and, thus, without defined periodicity. The chairman may call extraordinary meetings when deemed necessary.

Management Remuneration Committee

The Management Remuneration Committee is a non-statutory and permanent Committee, which is in line with all Bank of Nova Scotia (BNS) global terms, conditions, rules, policies and procedures, as well as all relevant Brazilian rules and laws.

Risk Management

The Bank, in compliance with current regulations and aligned with its global policies, implemented its Continuous and Integrated Risk Management Framework ("Framework"), through clearly documented risk management policies and strategies, establishing limits and procedures intended to maintain its risk exposure in line with the levels provided for in its Risk Appetite Statement ("RAS").

Particularly, effective processes for tracking and timely reporting of exceptions to risk management policies, risk appetite limits and levels established in the RAS are foreseen and implemented daily by the Risk Management area, a specific unit segregated from the business units and carrying out the internal audit activity, being responsible for performing the risk management activity.

The framework described is compatible with the business model, the nature of the operations and the complexity of the Bank's products, services, activities and processes; is proportionate to the size and relevance of exposure to risks; is adequate to the Bank's risk profile and systemic importance; is able to assess the risks arising from macroeconomic conditions and the markets in which it operates; and adopts a forward-looking approach to risk management.

It is also worth highlighting, as part of the implemented Framework, the adequacy of systems, routines and procedures, including the periodic assessment regarding their adequacy for risk management; clearly documented roles and responsibilities; a stress testing program; business continuity management; issue of timely management reports to the Executive Board; the evaluation of new products and services, relevant changes in existing products or services, significant changes in processes, systems, operations and the Bank's business model, hedging strategies and risk-taking initiatives, among other items, regarding proper risk management.

Capital Management

The Bank is dedicated to maintaining a robust capital basis to support risks associated to its businesses. The Bank's continued capital management framework, which encompasses internal policies, actions and procedures that refer to capital management, is in line with BNS's global policy and was created in compliance with current standards.

The principles governing the Bank's capital management framework 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 and; 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 Bank's internal policies. In addition, the Executive Board operates on monitoring level and adequacy of the Bank's capital through periodic reports produced and sent by the areas that are directly involved in the capital management process.

Risk Management Framework

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

The Bank'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 Bank'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 the Bank'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 Bank's loan portfolio.

Maximum exposure to credit risk

The table below presents the maximum exposure to credit risk:

	2023	2022
Financial assets measured at fair value through profit or loss	**4,497,152**	**3,308,636**
Securities	73,648	68,624
Derivative financial instruments	4,423,504	3,240,012
Financial assets measured at fair value in other comprehensive income (FVTOCI).	**1,909,989**	**1,385,739**
Securities	1,909,989	1,385,739
Financial assets measured at amortized cost	**6,174,925**	**7,591,220**
Interbank funds applied	5,784,477	6,048,530
Securities	74,020	74,380
Loan operations	316,428	1,468,310
Provisions for expected losses associated with credit risk	**(23,733)**	**(590)**
Items not recorded in the statement of financial position	**25,608**	**2,469**

The Bank's loan operations are concentrated on clients with very low risk. The credit risk of the counterparties is distributed in the following ratings published by Moody's: 40% - Baa1, 45% - Baa3 and 15% between Ba3 and Ba2. The other exposures refer to Brazilian National Treasury Bills.

Market and Liquidity Risk Management

As determined by the head office and following the best practices of management of risks worldwide adopted, the Bank has a risk management and control framework 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 Bank was able to meet the requirements of current standards regarding implementation of the continued and integrated risk management framework, more specifically regarding market and liquidity risks.

Following a conservative appetite for liquidity risk, the institution establishes that the minimum cash held (sum of cash and equivalent highly liquid assets) must be sufficient to cover the net outflows that the bank may suffer under a severe stress scenario in 30 days. Furthermore, the daily cash flow report projects available liquidity for the 90-day period, considering base and stress scenario assumptions. The results of the stress scenarios are used to trigger the various levels of the liquidity contingency plan. These processes aim to use best practices and measure adverse impacts on the Institution's liquidity to avoid cash shortages and difficulties in honoring amounts payable.

The table below details the consolidated financial liabilities based on the period remaining from the reporting date to the contractual maturity date.

Liabilities	**≤3 months**	**3-12 months**	**>12 months**	**Total**
Financial liabilities measured at fair value through profit or loss	**39,444**	**173,685**	**94,819**	**307,948**
Derivative financial instruments	39,444	173,685	94,819	307,948
Financial liabilities measured at amortized cost	**9,519,125**	**2,871,316**	**-**	**12,390,441**
Deposits	1,823,204	2,775,439	-	4,598,643
Money market borrowings	886,740	-	-	886,740
Borrowings	6,809,181	95,877	-	6,905,058

Current market risk rules determine that operations must be classified between 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 fair value, according to criteria defined by the regulations in force.

All operations not classified under the trading portfolio are in the Banking Book.

This portfolio includes the Bank's business portfolio operations, such as loan operations, onlendings and their financing lines, as well as securities positions that are accounted for as amortized cost and the instruments in the Treasury portfolio.

To assess the effects on the result in face of possible scenarios, the Bank performs sensitivity analysis for each market risk factor considered relevant by Management.

a. Sensitivity analysis 1

They are considered parallel shocks on the most relevant risk factor curves, such as exposure to fixed interest rates and the exchange coupon. Two scenarios are considered for this simulation, in which each risk factor analyzed undergoes an increase or a reduction of 100 basis points. This analysis examines the effects on the organization's results of possible fluctuations in interest rates practiced by the market.

Trading book

	Scenarios	
	+100 bps	**-100 bps**
Interest rate		
Exposure of fixed-rate interest	1,315	(1,315)
Foreign exchange coupon exposure	(2,205)	2,205
Total	**(890)**	**890**

Trading book + banking book

	Scenarios	
	+100 bps	**-100 bps**
Interest rates		
Exposure of fixed-rate interest	(484)	484
Foreign exchange coupon exposure	(11,814)	11,814
Total	**(12,298)**	**12,298**

b. Sensitivity analysis 2

Three scenarios are considered, reflecting the changes in market interest curves and foreign currency exchange rates on the exposures contained in the Bank's portfolios. For each scenario, the negative impacts on each risk factor are always considered, and the effects of correlation between these factors and the tax impacts are disregarded.

- **Scenario (I):** 10% parallel shock (increase or decrease) at all vertices of interest rate curves. For foreign currencies, 10% shock (increase or decrease) on current exchange rates.

- **Scenario (II):** 20% parallel shock (increase or decrease) at all vertices of interest rate curves. For foreign currencies, 20% shock (increase or decrease) on current exchange rates.

- **Scenario (III):** 30% parallel shock (increase or decrease) at all vertices of interest rate curves. For foreign currencies, 30% shock (increase or decrease) on current exchange rates.

Scenarios (II) and (III) involve events related to strong stress situations.

Trading book

	Scenarios		
Interest rate	**(I)**	**(II)**	**(III)**
Exposure of fixed-rate interest	(132)	(2,837)	(4,256)
Foreign exchange coupon exposure	(221)	(3,241)	(4,861)
Total	**(353)**	**(6,078)**	**(9,117)**
Foreign exchange rates			
Total exposure to exchange rates	**(2,021)**	**(4,042)**	**(6,063)**

Trading book + banking book

	Scenarios		
Interest rate	**(I)**	**(II)**	**(III)**
Exposure of fixed-rate interest	(48)	(1,072)	(1,608)
Foreign exchange coupon exposure	(1,181)	(16,569)	(24,853)
Total	**(1,229)**	**(17,641)**	**(26,461)**
Foreign exchange rates			
Total exposure to exchange rates	**(2,021)**	**(4,042)**	**(6,063)**

c. *Stress Test Program*

The Bank's Stress Testing Program ("Program") provides the main items to be followed that are related to the stress tests carried out at the Bank, as well as the definition of the best practices and methodologies used in the market to strengthen the test's usefulness of stress during the Executive Board's decision-making processes. The Program is detailed in a specific document approved by the Bank's Executive Board, containing the stress testing activities carried out by the Bank, including, among others, the impacts on regulatory capital and, mainly, market, credit, liquidity and interest rate risks.

Operational Risk Management

The Bank has an operating risk management framework responsible for identifying, evaluating, monitoring, controlling, reducing and reporting its risks, which is widely spread within the Bank. 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 Bank.

The Bank's operating risk framework 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 area 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 Bank of Nova Scotia ("BNS").

ESG and Climate Risk Management

RSACs are managed in conjunction with the other types of risks. They are considered during due diligence, credit granting and approval processes. Furthermore, such risks form an integral part of operational risk management and enable the institution to integrate and coordinate efforts to identify and manage risk, which in turn improves the understanding, control and oversight of operational risks.

Risk Appetite Framework

The Risk Appetite Framework (RAF) regulates the risk activities performed by the Bank articulating the amount and type of risk that the Bank is willing to accept to achieve its strategic and financial objectives. Key elements of the RAF include identifying risk-taking capacity, the Risk Appetite Statement (RAS), risk appetite metrics, and describing the roles and responsibilities of those involved in implementing and monitoring the RAF. The RAS is detailed in a specific document approved by the Bank's Executive Board, containing the types and levels of risks which the Bank is willing to assume, considering the risk management capacity, the Institution's strategic objectives and the regulatory environment in which the institution operates.

Channels for disclosing the Bank's risk culture

The main channels for disclosing the risk culture at the Bank are through the Compliance, Anti-Money Laundering and Combating the Financing of Terrorism, Code of Conduct, followed by training to disseminate policies, manuals and communications from the Executive Board.

In partnership with the human resources area, the Bank maintains a training program for all employees, where everyone must undergo mandatory training related to the Bank's risk appetite, information security, privacy, operational risk management, AML/CFT, cyber security, code of ethics and conduct, global sanctions, among others.

Scope and main characteristics of the risk measurement process

The Bank is committed to conducting its business in compliance with the applicable Brazilian laws and rules issued by the regulatory bodies, as well as in line with the best market practices.

The Bank ensures the maintenance and strict compliance with its internal guidelines and procedures, which are duly documented through regulations and manuals (the "Policies") designed to comply with regulatory requirements, and which include internal control procedures and risk management implemented at the Bank.

The Support Areas, jointly and/or individually, are responsible for supporting, maintaining and improving internal risk control systems directly related to the Bank's activities within the limits of their competences.

The Policies are prepared following the specific needs identified by the areas involved in the risk management processes, the requirements of the regulatory bodies and any requirements received from BNS.

Risk identification and assessment
The Bank's evaluation and risk management process corresponds to an integrated set of processes using platforms of local and global systems, which are responsible for the determination, analysis and report of market, credit, liquidity, operating risks and capital management. This structure aims to ensure a proper understanding of the nature and magnitude of the risks related to the activities performed, thus enabling the proper implementation of the strategy and the fulfillment of the Bank's objectives. Particularly, risk limits are determined and approved by the local Executive Board and BNS, and monitored on a preventive basis.

Risk identification and measurement processes seek to cover all actual and potential risks that may affect or impact the Bank's activities, aiming to ensure the consistency of existing data in the daily and periodic reconciliation processes between the Business Areas and the Support Areas. In this context, the market and liquidity risk management is performed on a daily basis using own models and instruments such as Value at Risk (VaR), Stress Test, backtesting, sensitivity analysis of interest, exchange and volatility, projections of cash flow under normal conditions and under stress scenarios, among others.

With each new operation or product, new risk measurement adjustments are discussed and established in the meetings of the New Products Evaluation Committee and formalized in the New Product Implementation (NPI) document, following a thorough evaluation process of each of the risks associated with any new initiative (NIRA).

The Support Areas are also concerned with continuously reviewing and monitoring their processes to avoid deficiencies, always aiming at managing the main risks to which the Bank is exposed, whether related to credit, market, liquidity, non-compliance, operational, information systems, strategy or reputation.

The Bank fully complies with the requirements of the Central Bank of Brazil (BACEN) regarding the implementation of the market, liquidity, operational and capital management risk framework. Moreover, since July 2008, the Bank has determined the minimum Reference Equity (PR) requirements for the several risks to which it is exposed.

Process for reporting risks to the Audit Committee and the Executive Board
The Risk Management (RM) area is responsible for identifying, measuring, calculating and monitoring risks based on the Policies and processes adopted. Another concern is the quality of information regarding risks and results that is provided to the Executive Board, regulatory bodies and BNS. The existence of daily and monthly reconciliation processes allows to verify any differences between the values accounted for in the local statement of financial position with information and management reports. The risk limits are determined and approved by the Executive Board and BNS and monitored on a preventive basis.

d. Credit Risk
The Bank has a credit risk management framework which includes individual credit limit analysis and establishment, as well as analysis and monitoring of the Bank's aggregate credit risk.

The main reports related to credit risk management, periodically developed by the Bank, are as follows:

- Consultation of credit limits for treasury products;
- Limit availability calculation for each new operation;
- Monthly risk exposure report by client, prepared by the Credit Risk Management (CRM) area and distributed to the Executive Board.

e. Market Risk

According to the Bank's global policies and in compliance with the current regulations governing the matter, operations are divided into Trading and Banking Portfolios.

Banking Portfolio risk is monitored using an interest rate mismatch map and stress testing. The methodology used by the Bank to measure the interest rate risk of operations classified in the Banking portfolio is Delta EVE and Delta NII.

The main reports and information related to market risk management, periodically prepared by the MRM area, are as follows:

- Daily Interest Rate Sensitivity Reports (Dv01);
- Daily Executive Reports on Risks and Limits;
- Weekly Stress Scenario Test Report;;
- Weekly Backtesting Report;
- Any on demand reports.

f. Liquidity Risk

The responsibility for monitoring the Bank's liquidity risk lies with the Market, Liquidity and Operational Risk Management (MRM), following the parameters and assignments defined by BNS.

The Bank's liquidity risk management processes cover current regulations and local and global policies.

The main reports and information related to liquidity risk, periodically developed by the Market, Liquidity and Operational Risk Management (MRM) unit are as follows:

- Daily liquidity risk management reports;
- Monthly Minimum Cash Management Report;
- Monthly Regulatory Report sent to BACEN (DRL).

g. Operational risk

The Bank defines operational risk as the loss resulting from internal processes, systems, human failures, external events or outsourced services.

Exposure to potential losses is monitored through:

- Historical record of losses;
- Analysis and estimate of potential losses;
- Monitoring of corrective measures;
- Key Risk Indicators (KRI's);
- Risk Control Self-Assessment (RCSA).

Based on such controls, managerial operational risk monitoring reports are prepared for the Bank's Executive Board and its headquarters monthly.

h. ESG and Climate Risk

The Bank's operations are directly exposed to social, environmental and climate risks (RSAC) due to:

- relationships and obligations with individuals and groups, including employees, clients, community members, business partners, investors, regulators and governmental bodies;
- energy consumption and waste generated in the corporate office;
- purchase of products and services from third-party vendors;
- occupation of property that may be affected by environmental or social incidents;
- acquisition of properties that may be contaminated.

Furthermore, the institution is also exposed to RSAC related to its commercial activities; that is, due to the offer of financial products and services, mainly loans and investment activities. RSAC's can generate or increase other major risks, such as credit, operational, compliance and reputational risks.

Qualitative information on the stress testing program

The stress testing carried out at the Bank help to identify corrective actions that should or should not be taken by those involved in the process when there are crisis, aiming to guarantee the financial viability of the institution.

(i) Stress Testing Program Steps

The main stages of the Stress Testing Program will be presented throughout this item to guarantee the capture of the Bank's main material risks and be understood by those involved in the process.

Market Risk
The Market Risk Policy describes the main characteristics of the stress testing carried out to measure the impacts arising from losses due to severe changes in risk factors in the trading book, including their frequency, impacted variables and the stress scenarios used.

The stress tests carried out are:

- Value at Risk (VaR) and Stress Test
- Stress Value at Risk (SVaR)
- Regulatory Value at Risk
- Structural Risk Analysis
- IRRBB
- Comprehensive/Integrated Stress Testing

Liquidity Risk
Stress testing carried out to measure impacts on the Bank's net cash flows arising from shocks to relevant variables. Moreover, the Liquidity Contingency Plan presents the main alerts, indicators and contingency actions in times of stress.

The stress tests carried out are:

- Market Risk *Stress* Scenarios
- Credit *Stress* Scenario
- Market + Credit Stress Scenarios
- Minimum cash
- Reverse Stress – change in the dollar exchange rate combined with redemption of deposits
- Comprehensive/Integrated Stress Testing

Credit Risk
Stress tests carried out to measure the impacts of any deterioration in the credit risk of the Bank's clients on expected results and on the capital structure.

The stress tests carried out are:

- Credit Risk Stress Test
- Comprehensive/Integrated Stress

Capital Management
It includes a description of the main characteristics of the stress tests carried out to measure the impacts of eventual losses in severe scenarios and their impacts on the Bank's capital structure.

The stress tests carried out are:

- Capital Management Stress Test
- Comprehensive/Integrated Stress Testing

Integrated Stress Test (includes all other risks)
Integrated stress tests are used to measure impacts arising from shocks to several risk factors relevant to the Bank's liquidity, P&L and capital structure.

Basel Index and Operating Limits
The Bank adopts the calculation of Basel operating limits based on consolidated data from the Prudential Bank ("Bank"), in accordance with current regulations.

As of December 31, 2023, the Bank's Basel ratio is 25.08% (25.46% in 2022). Other operating limits are also required by the regulator, such as the Property, Plant and Equipment Ratio.

Basel III	**2023**	**2022**
Referential Equity (PR)	**3,256,187**	**2,999,816**
Risk-weighted asset (RWA)	**11,912,006**	**11,306,251**
Credit risk (RWACPAD)	7,667,639	8,283,792
Market risk (RWAMPAD)	3,357,076	2,429,391
Operating risk (RWAOPAD)	887,291	593,068
Surplus of minimum core capital required for RWA	**297,800**	**282,656**
Rban	**112,593**	**49,960**
Minimum ref. equity for RWA	**952,960**	**904,500**
Regulatory Capital Margin - without RBAN	**2,303,227**	**2,095,316**
IB - Basel Index	**25.08%**	**25.46%**
Addition to Conservation of Principal Capital	**358,794**	**282,656**
Margin - Reference Shareholders' Equity - Broad	**2,190,634**	**2,045,356**

24 Other information
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").

25 Subsequent events
The resolutions of the Minutes of the Extraordinary General Meeting (EGM) held on December 12, 2023 were approved by the Central Bank of Brazil on March 8, 2024.

Board		**Accountant**
Paulo André Campos Bernardo	**Jaques Mester**	**Roberto Shoji Haga**
Antonio Pianucci	**Rodrigo Almeida Sergio**	**CRC 1SP242224/O-6**
Izabel Eliza de Oliveira Salvucci	**Victor de Souza Rosa**	