

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

Financial statements
December 31, 2021

*(A free translation of the original report in
Portuguese containing financial statements
prepared in accordance with accounting
practices adopted in Brazil)*

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Management report

PRESENTATION

We present the Financial Scotiabank Brasil S.A. Corretora de Títulos e Valores Mobiliários for the period from February 11, 2021, to December 31, 2021, accompanied by the notes and the report of the independent auditors, prepared in accordance with the accounting practices adopted in Brazil, applicable to institutions authorized to operate by the Central Bank of Brazil, established by the Corporation Law.

The operation license of Scotiabank Brasil S.A. Corretora de Títulos e Valores Mobiliários was published on February 11, 2021, in the Brazilian Federal Official Gazette, by the Central Bank of Brazil.

The Brokerage Firm's business plan is being fully followed, with direct monitoring by the Executive Board, and in line with the project's stages and evolution. The Brokerage Firm started its activities on November 1, 2021 as an intermediary for the variable income investments of foreign institutional clients.

The Group believes that Brokerage Firm will complement Scotiabank Brasil's business lines, enabling the offer of new products and services to customers and, with the effective start of operations, will allow the increase of Scotiabank's share in the variable-income market as well as its contribution to the promotion of this market in our country.

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

ACKNOWLEDGMENT

Scotiabank Brasil S.A. Corretora de Títulos e Valores Mobiliários thanks all its clients for their trust and support, and its employees and collaborators for their dedication, ethics, professionalism and commitment in this new phase of expansion in the Brazilian market.

Executive Board



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Independent auditor's report on financial statements

To the Management of Scotiabank Brasil S.A. Corretora de Títulos e Valores Mobiliários São Paulo – SP

Opinion

We have examined the financial statements of Scotiabank Brasil S.A. Corretora de Títulos e Valores Mobiliários (“Brokerage Firm”), comprising the balance sheet as of December 31, 2021 and the related statements of income, comprehensive income, changes in shareholders' equity and cash flows for the period from February 11, 2021 (authorization date of operations) to December 31, 2021, as well as the corresponding notes, including the summary of significant accounting policies.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Scotiabank Brasil S.A. Corretora de Títulos e Valores Mobiliários as of December 31, 2021, the performance of its operations and its cash flows, for the period from February 11, 2021 to December 31, 2021, in conformity with accounting practices adopted in Brazil, applicable to institutions authorized to operate by the Central Bank of Brazil - BACEN.

Basis for opinion

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

Other information accompanying the financial statements and auditors’ report

The Brokerage Firm’s management is responsible for such other information that comprises the Management Report.

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

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

Management's responsibility and governance for the financial statements

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance that the financial statements, taken as a whole, are free from material misstatements, regardless of whether any such misstatement is caused by fraud or error, and issue an audit report containing our opinion. Reasonable assurance is a high level of assurance, but not a guarantee that the audit conducted pursuant to Brazilian and international auditing standards will always detect any existing material misstatements.

Misstatements may be due to fraud or error and are considered material when, individually or taken as a whole, can influence, within a reasonable perspective, the economic decisions of users taken based on these financial statements. As part of the audit conducted in accordance with Brazilian and international auditing standards, we exercise professional judgment and maintain our professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of the internal controls relevant to the audit to design audit procedures suitable to the circumstances, but not with the aim of expressing an opinion on the effectiveness of the Brokerage Firm's internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the use of the going concern accounting basis by management, and based on the audit evidence obtained, whether there is significant uncertainty in relation to events or conditions that may cast significant doubt on the ability of the Brokerage Firm to continue as a going concern. If we conclude that a material uncertainty exists, then we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Brokerage Firm to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

São Paulo, March 10, 2022.

KPMG Auditores Independentes Ltda.
CRC 2SP014428/O-6
Original report in Portuguese signed by
Mark Suda Yamashita
Accountant CRC SP-271754/O-9

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

Balance sheet December 31, 2021

(In thousands of Reais)

Assets	Note	2021
Cash and cash equivalents	4	<u>198</u>
Financial assets		<u>64,557</u>
Interbank funds applied	5	4,701
Securities	6	59,856
Other assets	8	<u>84,368</u>
Securities clearing accounts		84,129
Sundry		239
Tax credits	11b	<u>109</u>
Construction in progress		<u>217</u>
Property for use		8
Other property for use		224
Accumulated depreciation		(15)
Intangible assets		<u>753</u>
Intangible assets		807
Accumulated amortizations		<u>(54)</u>
Total assets		150,202
Liabilities	Note	2021
Other liabilities	9	<u>89,976</u>
Securities clearing accounts		87,794
Sundry		2,182
Shareholders' equity		<u>60,226</u>
Capital	10	60,000
Profit reserve	10	230
Other comprehensive income	3d	<u>(4)</u>
Total liabilities		150,202

See the accompanying notes to the financial statements.

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

Statement of income

Period from February 11 to December 31, 2021 and semester ended December 31, 2021

(In thousands of Reais)

		<u>2021</u>	
	Note	2 nd semester	Year
Financial intermediation revenues		<u>1,624</u>	<u>2,289</u>
Securities		1,624	2,289
Financial intermediation expenses		<u>(14)</u>	<u>(14)</u>
Money market repurchase agreements		(14)	(14)
Gross income (loss) from financial intermediation		<u>1,610</u>	<u>2,275</u>
Other operating revenues (expenses)		<u>(1,459)</u>	<u>(1,561)</u>
Revenues from rendering of services	17a	3,417	3,417
Personnel expenses		(3,352)	(3,352)
Other administrative expenses	17b	(1,119)	(1,190)
Tax expenses		(405)	(436)
Operating income		<u>151</u>	<u>714</u>
Income (loss) before income tax and profit sharing		<u>151</u>	<u>714</u>
Income tax and social contribution	11a	<u>(159)</u>	<u>(372)</u>
Income tax		(170)	(302)
Social contribution		(90)	(176)
Deferred tax assets		101	106
Profit sharing		<u>(112)</u>	<u>(112)</u>
Net income (loss) for the period		<u><u>(120)</u></u>	<u><u>230</u></u>
Earnings (losses) per thousand shares - Reais		(2.00)	3.83

See the accompanying notes to the financial statements.

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

Statement of comprehensive income

Period from February 11 to December 31, 2021 and semester ended December 31, 2021

(In thousands of Reais)

	<u>2021</u>	
	Note	
	2 nd semester	Year
Net income (loss) for the period		
	(120)	230
Changes in the market value of financial assets available for sale		
	<u>123</u>	<u>(4)</u>
Securities		
Tax impact	11b	
	224	(7)
	<u>(101)</u>	<u>3</u>
Comprehensive income (loss) for the period		
	<u>3</u>	<u>226</u>

See the accompanying notes to the financial statements.

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

Statement of changes in shareholders' equity at

Period from February 11 to December 31, 2021 and semester ended December 31, 2021

(In thousands of Reais)

	Note	Profit reserves			Other comprehen- sive income	Retained earnings	Total
		Capital	Legal	Statutory			
Balances at December 31, 2020		-	-	-	-	-	-
Formation of capital	10	60,000	-	-	-	-	60,000
Equity valuation adjustments		-	-	-	(4)	-	(4)
Net revenue for the period		-	-	-	-	230	230
Formation of legal reserve		-	11	-	-	(11)	-
Formation of statutory reserves		-	-	219	-	(219)	-
Balances at December 31, 2021		60,000	11	219	(4)	-	60,226
Balances at June 30, 2021		60,000	18	-	(127)	332	60,223
Equity valuation adjustments		-	-	-	123	-	123
(Loss) for the period		-	-	-	-	(120)	(120)
(Reversal) of legal reserve		-	(7)	-	-	7	-
Formation of statutory reserves		-	-	219	-	(219)	-
Balances at December 31, 2021		60,000	11	219	(4)	-	60,226

See the accompanying notes to the financial statements.

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

Statement of cash flows

Period from February 11 to December 31, 2021 and semester ended December 31, 2021

(In thousands of Reais)

		<u>2021</u>	
	Note	2 nd semester	Year
Operating activities			
Net income (loss) for the period		<u>(120)</u>	<u>230</u>
Adjustments to (loss)/net income			
		<u>(32)</u>	<u>(37)</u>
Deferred taxes		(101)	(106)
Depreciation / amortization		69	69
Changes in assets and liabilities			
		<u>6,033</u>	<u>(54,255)</u>
Decrease (increase) in securities		684	(59,863)
(Increase) in other assets	8	(84,276)	(84,368)
Increase in other liabilities	9	89,625	89,976
Net cash from (invested) in operating activities			
		<u>5,881</u>	<u>(54,062)</u>
Investment activities			
Acquisition of fixed assets for use		(232)	(232)
Investments in intangible assets		<u>(807)</u>	<u>(807)</u>
Net cash (invested) in investment activities			
		<u>(1,039)</u>	<u>(1,039)</u>
Financing activities			
Paid-up capital	10	<u>-</u>	<u>60,000</u>
Net cash from financing activities			
		<u>-</u>	<u>60,000</u>
Increase in cash and cash equivalents			
		<u>4,842</u>	<u>4,899</u>
Statement of changes in cash and cash equivalents			
Cash and cash equivalents at the beginning of the period		57	-
Cash and cash equivalents at the end of the period		<u>4,899</u>	<u>4,899</u>
Increase in cash and cash equivalents			
		<u>4,842</u>	<u>4,899</u>

See the accompanying notes to the financial statements.

Notes to financial statements

(In thousands of Reais)

1 Operations

The main purpose of Scotiabank Brasil S.A. Corretora de Títulos e Valores Mobiliários (“Brokerage Firm”) located at Av. Brigadeiro Faria Lima, 2.277 – 7º andar, São Paulo - Brazil, is to complement Scotiabank’s activities in Brazil, through the intermediation of operations of shares carried out within the scope of B3 S.A.

– Brasil, Bolsa, Balcão, for foreign institutional customers that invest in the country, offering them a comprehensive and “end-to-end” structure in line with current legislation.

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

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

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

2 Preparation and presentation of financial statements

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

The authorization for issuance of these financial statements was given by the Executive Board on March 10, 2022.

Amounts realizable and payable in up to one year and after one year are segregated, respectively, into current and non-current, according to the applicable regulation. Statements of cash flow have been prepared at the indirect method.

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

3 Description of significant accounting policies

a. Functional and presentation currency

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

b. Statement of Income

Income and expenses are recognized on the accrual basis.

c. Cash and cash equivalents

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

d. Securities

They are recorded at acquisition cost and presented in the Balance Sheet according to BACEN Circular 3068, and are classified according to Management's intention in the following category: "Securities available for sale", which are adjusted to market value with the corresponding entry to a separate account in shareholders' equity, less tax effects.

To calculate the market value of the securities portfolio, federal government bonds are adjusted to reflect the observable market price, as published by ANBIMA.

e. Permanent

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

f. Asset impairment

Pursuant to CMN Resolution No. 3.566 which approved the adoption of Technical Pronouncement CPC 01 (impairment), the recoverable value of assets is tested, at least once a year, if there are indicators of loss. When the book value of the asset exceeds its recoverable value, the loss will be recognized directly in the result.

Impairment losses were not identified on December 31, 2021.

g. Income tax and social contribution

Provision for income tax is formed at the rate of 15% on taxable income, plus a surtax of 10%. Social contribution tax is calculated at the rate of 15% of taxable result as set forth by the Law 7689/1988.

Pursuant to Law 14183/2021, the social contribution tax rate was increased by 5%, from 15% to 20% from 07/01/2021 to 12/31/2021.

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

Tax Credits whose realization is expected to occur in future periods were recorded at the rate of 25% for Income Tax and 15% for Social Contribution.

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

h. PIS and COFINS

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

i. Post-employment employee benefits

Post-employment or long-term benefit plans are formal or informal arrangements under which the Brokerage Firm undertakes to provide post-employment benefits to one or more employees, pursuant to CMN Resolution 4877, which revokes the CMN Resolution 4424, which approved the Technical Pronouncement CPC 33 (R1) – Employee Benefits.

Defined contribution plans are post-employment benefit plan according to which the Brokerage Firm as 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.

j. Other assets

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

k. Other liabilities

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

l. Non-recurring income (loss)

BCB Resolution 2, in its art. 34, establishes that financial institutions must disclose recurring and non-recurring results in a segregated manner. The non-recurring result is the result that:

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

As of December 31, 2021, the result of the Brokerage Firm is fully recurring in the amount of R\$ 230.

4 Cash and cash equivalents

	2021
Cash and cash equivalents in domestic currency	198
Money market repurchase commitments - Resales pending settlement - Own portfolio - Related (Note 14)	<u>4,701</u>
Total	<u>4,899</u>

5 Interbank funds applied

	2021
Money market repurchase commitments - Resales pending settlement - Own portfolio – Related (Note 14)	<u>4,701</u>
Total	<u>4,701</u>

6 Securities

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

Securities available for sale

	2021			
	Without maturity	3–6 months	Market / book	Restated cost
Own portfolio				
LTN	<u>-</u>	<u>54,215</u>	<u>54,215</u>	<u>54,222</u>
Subtotal	<u>-</u>	<u>54,215</u>	<u>54,215</u>	<u>54,222</u>
Subject to guarantees provided⁽ⁱ⁾				
Quotas of investment funds	<u>5,641</u>	<u>-</u>	<u>5,641</u>	<u>5,641</u>
Subtotal	<u>5,641</u>	<u>-</u>	<u>5,641</u>	<u>5,641</u>
Total	<u><u>5,641</u></u>	<u><u>54,215</u></u>	<u><u>59,856</u></u>	<u><u>59,863</u></u>

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

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

7 Risk management

Operating risk management

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

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

Management of market and liquidity risks

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

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

By observing BNS's requirements, the Group was able to meet Central Bank requirements regarding implementation of the continued and integrated risk management structure (CMN Resolution 4557), more specifically regarding market and liquidity risks. In addition, the Group now is reviewing the capital requirements due to market risk exposure under criteria established in CMN Resolution 4193.

Credit risk management

In line with the rules established by the Central Bank of Brazil (CMN Resolutions 2682, 4557, 4677, 4693, among others), and the organization's risk management philosophy, the Group has credit risk management structure which includes individual credit limit analysis and establishment for the entire range of loan takers, as well as analysis and monitoring of the Group's aggregate credit risk, which takes into account all product lines offered by the Bank and all economic segments where loan takers operate.

The Scotiabank Brasil Group's risk culture is emphasized to all its areas and the description of the products offered to loan takers includes identification of credit, market and operating risks, as well the information systems that control them. Individual credit limits for borrowers are approved by using the Group's own techniques and methodologies, and are reviewed at least once a year together with their ratings which, under CMN Resolution 2682, are reviewed every six months for the operations of the same client or economic group whose amount exceeds 5% of Group's adjusted shareholders' equity.

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

Capital management

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

The principles governing the Group's capital management structure intend to meet the requirements in connection with: regulatory rules; existence of appropriate governance and supervision; capital management policies, strategies and measures focusing on relationships between risk propensity, risk profile and capital capacity; a solid risk management process; a capital adjustment evaluation process that is in accordance with governance and capital policies 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 Group's internal policies. In addition, the Executive Board operates on monitoring level and adequacy of the capital through periodic reports produced and sent by the areas that are directly involved in the capital management process.

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

Fair value hierarchy

To increase the consistency and comparability of fair value measurements and corresponding disclosures, a fair value hierarchy was established, it classifies the inputs applied into three levels in valuation techniques used for fair value measurement. The fair value hierarchy provides the highest priority to quoted prices (not adjusted) in active markets for identical assets or liabilities and the lowest priority to non-observable data as set forth in CMN Resolution 4748.

Fair value is determined according to the following hierarchy:

- Level 1 – Prices quoted (not adjusted) in active markets for identical assets and liabilities to which the entity may have access on the measurement date;
- Level 2 – Inputs that are observable for assets or liabilities, whether directly or indirectly, except for quoted prices, included in Level 1.
- Level 3 - Non-observable data for the asset or liability.

Market Risk

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

According to the guidelines of the Central Bank of Brazil, through CMN Resolution 4557 and BACEN Circular Letter 3354, operations are divided between the Trading and Banking Portfolios.

The Trading Portfolio consists of all positions in financial assets held for trading or in order to hedge other elements of the trading portfolio. Positions held for trading are those held intentionally for short-term resale and/or in order to hedge the portfolio against market movements.

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

8 Other assets

	2021
Current assets	
Securities clearing accounts (i)	84,129
Taxes and contributions recoverable	239
	84,368
Total	84,368

- (i) Represented by debtors – account pending settlements, within the regulatory term.

9 Other liabilities

	2021
Current liabilities	
Securities clearing accounts (i)	87,794
Tax and social security	1,123
Other administrative expenses	947
Social and statutory	112
	89,976
Total	89,976

- (i) Comprised of Clearinghouse transactions of R\$ 63,196 and creditors – account pending settlement of R\$ 24,598, within the regulatory period.

10 Shareholders' equity

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

a. Profit reserves

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

b. Dividends and interest on own capital

During the year, the Management decided not to resolve on the distribution of dividends and interest on own capital as the current law.

11 Income tax and social contribution

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

	2021	
	Income tax	Social contribution
Income (loss) before taxation and after profit sharing	602	602
Temporary exclusions (additions)	265	265
Other administrative expenses	265	265
Permanent additions (exclusions)	444	158
Taxable base	1,311	1,025
Rates	25%	15%
Total IRPJ and social contribution tax – Current values before tax incentives	(304)	(176)
Tax incentives	2	-
Total IRPJ and social contribution tax – Current values	(302)	(176)
Tax credits	66	40
Total	(236)	(136)

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

	Balances at the beginning of the period	Formation	Realization /Reversal	Balances at 12/31/2021
Tax credits				
Reflected in income (loss)	-	106	-	106
Non-deductible provisions	-	106	-	106
Reflected in shareholders' equity	-	3	-	3
Mark-to-market - Securities	-	3	-	3
Total	-	109	-	109

c. Estimated realization of tax credits on temporary differences

Realization term	Timing differences	Total
1st year	109	109
Total	109	109
Present value (i)	98	98

12 **Basel and Operating Limits**

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

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

13 **Contingent liabilities**

Brokerage Firm is not a party to lawsuits or legal discussions on December 31, 2021.

14 **Related parties**

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

Operations with related parties are represented by:

	2021	
	Assets / (Liabilities)	Revenues / (Expenses)
Cash and cash equivalents	97	-
Scotiabank Brasil S.A. Banco Múltiplo	97	-
Interbank funds applied (Note 5)	4,701	9
Scotiabank Brasil S.A. Banco Múltiplo	4,701	9
Amounts receivable from/(payable to) related companies/service provision revenues/(expenses)	-	(75)
Scotiabank Brasil S.A. Banco Múltiplo	-	(75)

a. **Management remuneration**

For the purpose of disclosing management remuneration, statutory directors were considered. Expenses with management remuneration for the year ended December 31, 2021 total R\$ 510, it is formed by salaries and charges, profit sharing, and bonuses and charges, denominated “short-term benefits”. There are no post-employment benefits, other long-term benefits or work agreement termination benefits.

15 Share-based payments

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

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. There was no balance receivable on December 31, 2021.

16 Post-employment employee benefits

For the post-employment defined contribution plan, the Brokerage Firm offers its employees the supplementary private pension benefit through monthly contributions, ceasing after the employee leaves the company.

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

The Brokerage Firm does not have post-employment benefit plans to its employees.

17 Other information

a. Revenues from rendering of services

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

b. Other administrative expenses

Mainly refer to expenses with data processing of R\$ 328, financial system services of R\$ 412 and specialized technical services of R\$ 293.

* * *

Executive Board

Accountant

Antonio Pianucci
Jaques Mester

Paulo André Campos Bernardo
Rodrigo Almeida Sergio

Roberto Shoji Haga
CRC 1SP242224/O-6