Scotiabank Brasil S.A. Banco Múltiplo

Financial statements
June 30, 2023 and 2022

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

KPDS 1248008

Content

Management Report

Presentation

We present the financial statements of Scotiabank Brasil S.A. Banco Múltiplo ("Bank") for the semesters ended June 30, 2023 and 2022, together with the notes and independent auditors' report, prepared in accordance with Brazilian accounting policies applicable to the institutions authorized to operate by the Central Bank of Brazil, set up by the Brazilian Corporate Law.

Performance in the semester

The Bank closed the first half of 2023 with a net income of R$98,608 (R$68,494 in June 2022), which represents an annualized return on equity of 6.17% (6.68% in June 2022). The Conglomerate's Basel capital ratio was 21.06% (25.46% in December 2022) and minimum equity required for the amounts of risk-weighted assets (RWA) of R$1,148,142 (R$904,500 in December 2022).

Other information

The Bank is the sole controller of Scotiabank Brasil S.A. Corretora de Títulos e Valores Mobiliários ("Brokerage Firm"), which together comprise the Scotiabank Brasil Financial Conglomerate.

According to the provisions of article 8 of BACEN Circular Letter No. 3068/01, the Bank declares that it has the financial capacity and intends to hold the securities classified as "held-to-maturity" until maturity.

Management will decide, in the annual general meeting, the minimum amount of dividends related to the adjusted net income in accordance with article 202 of Brazilian Corporate Law.

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

Acknowledgment

Scotiabank Brasil thanks all its clients for their trust and support, and its employees and collaborators for their dedication, ethics, professionalism and commitment.

Executive Board

Audit Committee's Report

It is incumbent upon the Committee to ensure the quality and completeness of the financial statements of the Conglomerate's financial statements, compliance with legal and regulatory requirements, the performance, independence and quality of the internal audit works performed by external audit, and the quality and effectiveness of the internal control and risk management systems.

The Committee's evaluations are based on information received from Management, from internal audit, from external auditors, those responsible for managing risks and internal controls, and own analyses from direct note.

Internal control and risk management systems

The Audit Committee assessed, in meetings with the Risk & Compliance Board, aspects related to the management and control of credit, market, and liquidity risks.

Based on the results of the work of the Independent Audit and the Internal Audit, the Committee believes that the controls and procedures carried out by the Conglomerate are appropriate and sufficient.

Compliance with legislation, regulations and internal standards

The Audit Committee considers that the duties and responsibilities, as well as the procedures related to the assessment and monitoring of legal risks, are defined and continue to be practiced in accordance with corporate guidelines.

The Committee, based on the information received from the responsible areas, on the work of the Internal Audit, and on the reports produced by the External Audit, concludes that there are no failures in compliance with legislation, regulations, and internal rules that may put the Conglomerate's continuity as a going concern.

Internal audit

The Audit Committee monitored the audit process developed by the Internal Audit, by holding periodic meetings, approving its strategic and tactical plans, and monitoring their execution.

The Committee assesses the coverage and quality of the work carried out by the Internal Audit as appropriate. The results of this work, presented at the Committee's working sessions, did not bring to the Committee's attention the existence of residual risks that may affect the Conglomerate's solidity and continuity.

External Audit

The Committee maintains with the external auditors a regular communication channel for a broad discussion of the results of their work and relevant accounting aspects, allowing its members to base their opinion on the integrity of the financial statements.

The Committee evaluates how satisfactory the volume and quality of information provided by KPMG are, which supports its opinion on financial statements' integrity. No situations were identified that could affect external auditors' objectivity and independence.

Financial statements

The Committee analyzed the financial statements together with the notes for the first half of 2023 and reviewed them with KPMG and the Conglomerate's executives before their publication. KPMG's team found that they are in accordance with Accounting Policies adopted in Brazil applicable to the institutions authorized to operate by the Central Bank of Brazil.

Conclusion

The Audit Committee, duly considering its responsibilities and the natural limitations arising from the scope of its operations, certifies that the information contained in this report is true, meets the requirements defined in CMN Resolution 4910 and that the Conglomerate's control system is adequate to the complexity and risks of its businesses.

São Paulo, August 22, 2023.

Audit Committee

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Independent auditors' report on the financial statements

To the Shareholders and Management
Scotiabank Brasil S.A. Banco Múltiplo
São Paulo - SP

Opinion

We have audited the financial statements of Scotiabank Brasil S.A. Banco Múltiplo (the "Bank"), which comprise the balance sheet as at June 30, 2023, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six-month period then ended, and notes to the financial statements, including significant accounting policies and other explanatory information.
In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Scotiabank Brasil S.A. Banco Múltiplo as of June 30, 2023, and of its financial performance and its cash flows for the six-month period then ended in accordance with accounting policies adopted in Brazil applicable to the institutions authorized to operate by the Central Bank of Brazil.

Basis for Opinion

We conducted our audit in accordance with International and Brazilian Standards on Auditing. Our responsibilities under those standards are described in the "Auditors' Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Bank 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 six-month period. These matters were addressed in the context of our audit of the 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 allowances for impairment loss on loans	
See notes 3g, 9c and 9d to the financial statements.	
Key audit matter	**How the matter was addressed in our audit**
As shown in notes 3g, 9c and 9d, the allowance for impairment loss on loans totals R$122,747 thousand as of June 30, 2023. In order to calculate the allowance for impairment loss on loans, the Bank classifies loan transactions into nine levels of risk ("rating"), considering the factors and assumptions of clients and transactions, such as days of arrears, economic conditions, specific and global risks of the portfolio, and other factors and assumptions established by CMN Resolution 2682/99, that requires a periodic analysis of the portfolio, of which "AA" is minimum risk and "H" is maximum risk. The Bank initially applies loss percentages set by that Resolution to each risk level to calculate the allowance and supplements its estimates according to internal studies (additional reserve). Classifying loan transactions into risk levels, as well as the percentages of losses related to each risk level, involve assumptions and judgments made by the Bank based on its internal methodologies for assessing the clients' risk levels. Due to the significance of loan transactions and the amount of allowance for impairment loss on loans and the fact that the calculation of the impairment loss on loans was based on assumptions and judgments made by management, we considered this to be a key audit matter.	Our audit procedures in this area included, but are not limited to: – We evaluated the design of internal controls and the effectiveness of the procedures followed for approving, recognizing and updating loan transactions, and the internal methodologies followed for assessing the clients' risk levels ("ratings"), which support the classification of transactions, and the main assumptions used to calculate and the mathematical accuracy of the allowances for impairment loss on loans; – We evaluated samples of information that supports the definition and review of the Bank's client ratings, such as the credit proposal, financial and master file information, operational and/or financial restructuring, collateral and reorganization plan, including internal methodologies and assumptions used to measure the allowance for impairment loss on loans, including additional provisions, such as days of arrears, economic conditions, specific and global risks of the portfolio. This analysis was based on an understanding of the client's processes and a comparison of market data with credit analysis; – We analyzed the arithmetic calculation of the allowance for impairment loss on all portfolio clients, considering an assessment of compliance with the requirements established by CMN Resolution 2682/99; – We evaluated whether disclosures in the financial statements are in accordance with applicable standards and consider relevant information.

According to the evidence obtained by applying the procedures summarized above, we considered that the assumptions used for measuring the allowance for impairment loss on loans, as well as the related disclosures, are acceptable in the context of the financial statements taken as a whole for the six-month period ended June 30, 2023.

Measurement and valuation of derivative financial instruments

See notes 3e and 7 to the financial statements.

Key audit matter	How the matter was addressed in our audit
As disclosed in notes 3e and 7, derivative financial instruments total as of June 30, 2023 the amount of R$6,171,716 thousand (assets) and R$418,621 thousand (liabilities) and are accounted for at market value. The calculation of the market value of the portfolio of derivative financial instruments, such as swaps, currency terms (NDF) and futures transactions, is based on prices, rates or information collected from independent sources, such as B3 S.A. - Brasil, Bolsa, Balcão, Corretoras, BACEN, ANBIMA, among others. The market and credit risks associated with these products, as well as operational risks, are similar to those recognized for other types of financial instruments. Due to the significance of the derivative financial instrument transactions and the fact that the market value calculation was based on assumptions and judgments made by management, we considered this to be a key audit matter.	Our audit procedures in this area included, but are not limited to: – We evaluated the design, of the internal controls implemented by the Bank for approving, registering and updating transactions to measure the market value of financial instruments; – We recalculated the market value of financial instruments according to samples of the portfolio of derivative instruments, supported by our experts in financial instruments, according to observable market information, such as exchange rates, economic indexes and other rates disclosed by regulatory or market entities; and in certain cases the Bank's internal policy; – We evaluated whether disclosures in the financial statements are in accordance with applicable standards and consider relevant information.

According to the evidence we obtained by applying the procedures summarized above, we considered that the measurement and evaluation of derivative financial instruments, as well as the related disclosures, are acceptable in the context of the financial statements for the six-month period ended June 30, 2023 taken as a whole.

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

The Bank's Management is responsible for the other information. The other information comprises the Management Report.

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

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

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

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

In preparing the financial statements, management is responsible for assessing the 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 or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

– Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.

– Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

– Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, then we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Bank 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.

– Obtain sufficient appropriate audit evidence regarding the financial information of the group's entities to express an opinion on the financial statements. 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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes 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, August 23, 2023.

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

Scotiabank Brasil S.A. Banco Múltiplo

Balance Sheets as of June 30, 2023 and December 31, 2022

(in thousands of Reais)

Assets	**Note**	**Jun/2023**	**Dec/2022**
Cash and cash equivalents	4	**14,964**	**13,129**
Financial assets		**20,318,558**	**16,680,654**
Interbank funds applied	5	10,834,040	9,686,685
Securities	6	2,235,628	1,461,327
Derivative financial instruments	7b	6,171,716	3,240,012
Loan operations	9a	-	521,902
Foreign exchange transactions	10	798,431	1,186,061
Other financial assets	11a	278,743	584,667
Provisions for expected losses associated with credit risk		**(123,125)**	**(134,009)**
Securities	6	(378)	(312)
Loan operations and other receivables from credit granting	9c/d	(122,747)	(133,697)
Other assets	11b	**3,382**	**5,802**
Tax credits	20b/c	**352,095**	**279,810**
Investments		**64,633**	**64,610**
Interest in subsidiaries	12	64,627	64,604
Other investments		6	6
Property, plant and equipment for use		**10,486**	**11,279**
Property for use		2,072	1,595
Other property for use		20,464	22,704
Accumulated depreciation		(12,050)	(13,020)
Intangible assets		**3,310**	**3,546**
Intangible assets		5,442	5,254
Accumulated amortization		(2,132)	(1,708)
Total assets		**20,644,303**	**16,924,821**

Scotiabank Brasil S.A. Banco Múltiplo

Balance Sheets as of June 30, 2023 and December 31, 2022

(in thousands of Reais)

Liabilities	Note	Jun/2023	Dec/2022
Financial liabilities		**16,708,470**	**13,264,922**
Deposits	13	6,781,779	4,055,059
Money market borrowings	14	945,031	887,315
Borrowings	15	7,214,652	6,234,306
Onlendings	16, 29b	194,038	730,290
Derivative financial instruments	7b	418,621	1,120,678
Foreign Exchange operations	10	483,241	188,857
Other financial liabilities	17a	671,108	48,417
Other liabilities	17b	**60,941**	**55,315**
Deferred tax liabilities	20b	**592,933**	**431,961**
Provisions for contingencies	18d	**31,412**	**30,334**
Shareholders' equity		**3,250,547**	**3,142,289**
Capital	19a	2,437,823	2,437,823
Profit reserves		724,419	719,489
Other comprehensive income	3d	(5,373)	(15,023)
Retained earnings		93,678	-
Total liabilities		**20,644,303**	**16,924,821**

See the accompanying notes to the financial statements.

Scotiabank Brasil S.A. Banco Múltiplo

Statements of Income

Semesters ended June 30, 2023 and 2022

(In thousands of Reais)

	Note	Jun/2023	Jun/2022
Financial intermediation revenues/(expenses)		**209,794**	**141,074**
Loan operations	9f	(17,044)	(95,275)
Securities		646,332	437,454
Income from derivative financial instruments	7e	(172,254)	(212,397)
Money market repurchase agreements		(399,214)	(228,773)
Loans and onlendings		102,666	142,959
Foreign exchange revenue		49,308	97,106
Income from financial intermediation		**209,794**	**141,074**
Income/(loss) from provision for expected losses associated with credit risk		**10,862**	**30,654**
Securities		(66)	(440)
Financial guarantees provided		(22)	-
Loan operations and other receivables from credit granting	9d	10,950	31,094
Gross income/(loss) from financial intermediation		**220,656**	**171,728**
Other operating revenues/(expenses)		**(39,827)**	**(49,555)**
Revenues from rendering of services		21,235	12,991
Personnel expenses	25	(44,653)	(47,638)
Other administrative expenses	26	(18,243)	(17,610)
Tax expenses		(2,116)	(2,827)
Equity in the earnings of subsidiaries	12	(181)	2,124
Other operating revenues	27	4,131	10,955
Other operating expenses	28	-	(7,550)
Provisions for contingencies expenses		**(1,078)**	**(915)**
Labor		(23)	(53)
Tax		(1,055)	(862)
Operating income		**179,751**	**121,258**
Non-operating income		**(185)**	**7,466**
Income/(loss) before income tax and profit sharing		**179,566**	**128,724**
Income tax and social contribution	20a	**(80,958)**	**(60,211)**
Provision for income tax		(89,429)	(51,971)
Provision for social contribution		(71,543)	(41,577)
Deferred tax assets		80,014	33,337
Profit sharing		**-**	**(19)**
Net income for the semester		**98,608**	**68,494**
Net earnings per thousand shares – R$		**1,031.37**	**1,066.84**[(i)]

(i) For comparison purposes, this value was calculated considering a lot of 100,000 shares.

See the accompanying notes to the financial statements.

Scotiabank Brasil S.A. Banco Múltiplo

Statements of comprehensive income

Semesters ended June 30, 2023 and 2022

(In thousands of Reais)

	Jun/2023	Jun/2022
Net income for the semester	**98,608**	**68,494**
Items that can be reclassified to income (loss)		
Changes in the market value of financial assets available for sale	**9,650**	**(4,113)**
Securities	17,175	(7,352)
Tax impact	(7,729)	3,308
Equity valuation adjustment - Subsidiary	204	(69)
Comprehensive income for the semester	**108,258**	**64,381**

See the accompanying notes to the financial statements.

Scotiabank Brasil S.A. Banco Múltiplo

Statement of Changes in Shareholders' Equity

Semesters ended June 30, 2023 and 2022

(In thousands of Reais)

	Capital	Capital increase	Profit reserves		Other comprehensive	Retained earnings	
			Legal	Statutory	income		Total
Balances as of December 31, 2021	**796,879**	**-**	**40,751**	**446,427**	**(18,230)**	**-**	**1,265,827**
Capital increase	1,502,608	-	-	-	-	-	1,502,608
Equity valuation adjustments	-	-	-	-	(4,113)	-	(4,113)
Net income for the semester	-	-	-	-	-	68,494	68,494
Formation of legal reserve	-	-	3,425	-	-	(3,425)	-
Balances as of June 30, 2022	**2,299,487**	**-**	**44,176**	**446,427**	**(22,343)**	**65,069**	**2,832,816**
Balances as of December 31, 2022	**2,299,487**	**138,336**	**60,554**	**658,935**	**(15,023)**	**-**	**3,142,289**
Capital increase	138,336	(138,336)	-	-	-	-	-
Equity valuation adjustments	-	-	-	-	9,650	-	9,650
Net income for the semester	-	-	-	-	-	98,608	98,608
Formation of legal reserve	-	-	4,930	-	-	(4,930)	-
Balances as of June 30, 2023	**2,437,823**	**-**	**65,484**	**658,935**	**(5,373)**	**93,678**	**3,250,547**

See the accompanying notes to the financial statements.

Scotiabank Brasil S.A. Banco Múltiplo

Statements of Cash Flows

Semesters ended June 30, 2023 and 2022

(In thousands of Reais)

	Jun/2023	Jun/2022
Operating activities		
Net income for the semester	**98,608**	**68,494**
Adjustments to net income	**73,168**	**27,199**
(Reversal) of provision for expected losses associated with credit risk	(10,862)	(30,654)
Equity in income or loss of subsidiaries and associated companies	181	(2,124)
Depreciation and amortization	1,630	934
Loss on write-off of fixed assets in use	183	44
Deferred taxes	80,958	60,211
Expense/(Reversal) of provision for contingent liabilities and legal obligations	1,078	(1,212)
Changes in operating assets and liabilities	**524,177**	**(2,443,695)**
(Increase) in interbank funds applied	(454,020)	(290,518)
(Increase) in securities	(757,127)	(1,287,153)
(Increase) in derivative financial instruments	(3,633,761)	(3,894,336)
Decrease in loan operations	521,902	453,682
(Increase)/decrease in foreign exchange operations	682,014	(165,447)
(Increase)/decrease in other financial assets	305,924	(236,452)
Decrease in other assets	2,420	21,172
Increase in deposits	2,726,720	2,651,418
Increase in money market borrowings	57,716	145,754
Increase in borrowings and onlendings	444,094	887,566
Increase/(Decrease) in other current liabilities	622,691	(670,213)
Increase/(Decrease) in other liabilities	5,604	(59,168)
Net cash (invested in)/from operating activities	**695,953**	**(2,348,002)**
Investment activities		
Acquisition of fixed assets for use	(595)	(1,280)
Investments in intangible assets	(188)	(747)
Net cash (invested) in investment activities	**(783)**	**(2,027)**
Financing activities		
Capital increase	-	1,502,608
Net cash (invested in) / from financing activities	**-**	**1,502,608**
Increase/(Decrease) in cash and cash equivalents	**695,170**	**(847,421)**
Statement of changes in cash and cash equivalents		
Cash and cash equivalents at the beginning of the semester	3,651,284	2,729,535
Cash and cash equivalents at the end of the semester	4,346,454	1,882,114
Increase/(Decrease) in cash and cash equivalents	**695,170**	**(847,421)**

See the accompanying notes to the financial statements.

Notes to the financial statements

(Amounts in thousands of reais, except when indicated)

1 Operations

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

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

2 Preparation and presentation of financial statements

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

The authorization for issuance of these financial statements was given by the Executive Board as of August 22, 2023.

The financial statements include estimates and assumptions, such as the measurement of provisions for losses associated with credit risk, estimates of market value of certain financial instruments, provisions for contingencies, other provisions and the determination of the useful life of certain assets. The effective results might be different from those estimates and assumptions.

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

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

3 Description of Significant Accounting Policies

a. Statement of Income

Income and expenses are recognized on the accrual basis.

For purposes of better presentation, the Bank reclassifies the foreign exchange loss of the captions “Other operating revenues/expenses” directly to the respective captions “Revenues/expenses from financial intermediation” in the statement of income.

b. Other assets

These are stated at realizable value, net of the related unappropriated revenue, including, when applicable, income and inflation adjustments earned and adjusted by a provision through the balance sheet date, when applicable.

c. Cash and cash equivalents

These are stated at realizable value, net of the related unappropriated revenue, including, when applicable, income and inflation adjustments earned and adjusted by a provision through the balance sheet date, when applicable.

d. Securities

They are recorded at acquisition cost and presented in the balance sheet according to BACEN Circular No 3,068, and are classified according to Management's intention in the following categories: "Trading securities" refers to securities acquired for the purpose of being actively and frequently traded, classified in current assets and marked-to-market as a contra-entry to the income (loss) for the period, "Securities held to maturity" which have the financial capacity to be held until maturity, ecorded at cost of acquisition, plus income accrued in contra account to income for the period and "Securities available for sale", that are not qualified as trading or held to maturity securities, and are adjusted to market value as a contra-entry to a separate shareholders' equity account, net of 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. For private securities, such as debentures, it is based on an independent model pricing, which consists of calculating the future value of cash flows plus inflation adjustment, discounted to their present value at the fixed interest rate plus the credit spread. The Bank records the estimated provision for expected losses associated with the credit risk of the debentures, using the criteria defined in Note 3g. In case of investment in investment fund, the restated cost reflects the market value of the respective quotas.

e. Derivative financial instruments

In compliance with BACEN Circular Letter 3082, derivative financial instruments are classified on the date of their acquisition according Management's intention of using them for hedge purposes or not.

Operations that utilize derivative financial instruments carried out upon a request from clients, on the bank's own initiative, or that do not fulfill the protection criteria (especially derivatives utilized to manage global risk exposure), are recorded at market value, with realized and unrealized gains and losses, recorded directly in the statement of income.

An area independent from the operating and business areas is responsible for the evaluation and measurement of assets and liabilities existing in the Bank. The market value calculation of the portfolio of derivative financial instruments, such as swaps, terms, futures transactions, is based on prices, rates or information collected from independent sources, such as B3 S.A.- Brasil, Bolsa, Balcão, brokerage firms, BACEN, ANBIMA, among others. The market and credit risks associated with these goods, as well as the operating risks, are similar to those related to other types of financial instruments. For derivative financial instruments, procedures are established and maintained to assess the need for prudential adjustments to their values, as provided for by CMN Resolution 4277, regardless of the pricing methodology adopted and in compliance with prudence, relevance and reliability criteria. For over-the-counter derivative financial instruments, the adjustments reflect the risk attributable to the creditworthiness of the issuer or counterparty, measured using an internally approved methodology.

f. Loan operations

Recorded considering income earned recognized on a daily pro rata basis for the index change and the agreed-upon interest rate.

Revenues and charges of any nature relating to lending operations with delay equal to or higher than 60 days are recorded under unappropriated income and recognized in P&L at the time of their actual receipt.

g. Provisions for expected losses associated with credit risk

Based on the analysis of outstanding operations conducted by management to define the proper value to absorb probable losses on their realization, considering the economic scenario and specific and global risks of the portfolio, as well as the provisions of CMN Resolution 2682, which requires the regular analysis of the portfolio and its classification in nine levels, where AA corresponds to minimum risk and H to loss. The Bank initially applies loss percentages set by that Resolution to each risk level to calculate the allowance and supplements its estimates according to internal studies (additional reserve). Late operations classified as level "H" remain in this classification for six months, when they are written off against the existing provision and begin to be controlled in memorandum accounts.

h. Foreign exchange transactions

The rate used for converting financial assets and liabilities into foreign currency is that of the closing date. The effects of exchange-rate change on foreign currency transactions are distributed in the statement of income accounts according to the nature of the respective balance sheet accounts.

i. Investments and fixed assets

- Property, plant and equipment for use: corresponds to the assets and rights that refer to corporeal personal property intended for the maintenance of Bank's activities with this purpose. In compliance with CMN Resolution 4535, new property, plant, and equipment items are recognized at cost. Depreciation of property, plant and equipment is recorded based on the straight-line method, considering the rates comprising the useful and economic life of assets.

- Intangible assets: corresponds to the rights that refer to incorporeal personal property intended for the maintenance of the Bank'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.

- Investments: stated at acquisition cost, less provision for losses, when applicable. Investments in subsidiaries are valued by the equity method of accounting.

j. Asset impairment

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

Impairment losses were not identified as of June 30, 2023 and 2022.

k. Deposits, money market funding, borrowings and onlendings

Deposits and money market funding are stated at the amounts of the liabilities and consider, when applicable, the charges enforceable up to the balance sheet date, recognized on a "pro rata" daily basis.

Costs incurred in the form of funding, which qualify as transaction costs are recognized in income based on the accrual basis for the term of the originating operations.

l. Other liabilities

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

m. Income and social contribution taxes

Provision for income tax is formed at the rate of 15% on taxable income, plus a surtax of 10%, as set forth by the Law 9430. Social contribution tax is calculated at the rate of 20% of taxable result as set forth by the Law 7689.

As of June 30, 2023, the Bank has deferred tax credit assets from income tax and social contribution calculated, from temporary differences, income tax losses, and negative basis of Social Contribution on Net Income (CSLL).

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.

Based on CMN Resolution 4842, the historical taxable results and short and medium projections prepared by the Bank enable a reasonable estimate of term of realization of these assets (Note 20c).

n. PIS (Contribution to the Social Integration Program) and COFINS (Contribution for Social Security Contribution)

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

o. Contingent assets and liabilities and legal obligations (tax and social security)

The Bank follows the guidelines of CMN Resolution 3823, which approved the adoption of Technical Pronouncement CPC 25 – Procedures applicable in the recognition, measurement and disclosure of provisions, contingent liabilities and contingent assets.

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 estimate of the value of loss, based on the opinion of our legal counsel, the nature of the lawsuits and the positioning 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.

Legal obligations are lawsuits related to tax obligations, where the subject being contested is their legality or constitutionality which, regardless of the probability of success of the lawsuits in progress, have their amounts recognized in full in the financial statements.

p. 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 Bank records its expense in the income (loss) for the period against a provision in liabilities, as established by CMN Resolution 3989 which approved the adoption of Technical Pronouncement CPC 10 – Share-Based Payment (Note 22).

q. Post-employment employee benefits

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 CMN Resolution 4877, which approved the CPC 33 (R1) Technical Pronouncement – Employee Benefits.

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.

r. 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.

The nature and financial effect of events considered non-recurring are evidenced in Note 30.

s. Functional and presentation currency

The financial statements are presented in reais (R$), which is the Bank's functional currency.

4 Cash and cash equivalents

	Jun/2023	**Dec/2022**
Cash and cash equivalents	**14,964**	**13,129**
Local currency	2,258	2,603
Foreign currency	12,706	10,526
Interbank funds applied	**4,331,490**	**3,638,155**
Money market repurchase commitments - resales to be settled - own portfolio	4,094,990	3,387,494
Interbank deposit investments	236,500	250,661
Total	**4,346,454**	**3,651,284**

5 Interbank funds applied

	Jun/2023		Dec/2022
	Up to 3 months	**Total**	**Total**
Money market repurchase commitments	**10,597,540**	**10,597,540**	**9,436,024**
Own portfolio			
LTN	6,957,600	6,957,600	7,548,371
NTN-B	1,394,998	1,394,998	-
LFT	1,299,992	1,299,992	1,000,501
Financed Operations			
LTN	100,384	100,384	-
Short position			
LTN	844,566	844,566	887,152
Interbank deposit investments	**236,500**	**236,500**	**250,661**
Total	**10,834,040**	**10,834,040**	**9,686,685**

6 Securities

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

Breakdown by type and maturity

	Jun/2023						Dec/2022	
	Without maturity	**up to 3 months**	**6–12 months**	**>12 months**	**Market value/Book value**	**Restated cost**	**Market value/Book value**	**Restated cost**
Trading securities								
Own portfolio								
LTN	-	-	2,213	-	2,213	2,209	-	-
NTN	-	-	-	1,751	1,751	1,817	18,717	19,126
Shares of privately-held companies (iii)	-	-	-	-	-	-	7,568	7,568
Total	**-**	**-**	**2,213**	**1,751**	**3,964**	**4,026**	**26,285**	**26,694**
Securities available for sale								
Own portfolio								
LTN	-	649,667	3,766	17,931	671,364	671,680	199,895	199,931
LFT	-	-	149,889	-	149,889	149,891	-	-
Shares of privately-held companies (iii)	7,568	-	-	-	7,568	7,568	-	-
Subtotal	**7,568**	**649,667**	**153,655**	**17,931**	**828,821**	**829,139**	**199,895**	**199,931**
Subject to guarantees provided[(i)]								
LTN	-	-	282,480	247,803	530,283	539,841	1,124,930	1,151,839
LFT	-	-	150,453	608,211	758,664	758,558		
Quotas of investment funds	39,721	-	-	-	39,721	39,721	35,837	35,837
Subtotal	**39,721**	**-**	**432,933**	**856,014**	**1,328,668**	**1,338,120**	**1,160,767**	**1,187,676**
Total	**47,289**	**649,667**	**586,588**	**873,945**	**2,157,489**	**2,167,259**	**1,360,662**	**1,387,607**

	Jun/2023						Dec/2022	
	Without maturity	**up to 3 months**	**6–12 months**	**>12 months**	**Restated/ Accounting Cost**	**Market value**	**Restated/ Accounting Cost**	**Market value**
Securities held to maturity								
Own portfolio								
Debentures (ii)	-	1,166	1,157	71,852	74,175	74,010	74,380	81,333
Total	**-**	**1,166**	**1,157**	**71,852**	**74,175**	**74,010**	**74,380**	**81,333**
Grand Total	**47,289**	**650,833**	**589,958**	**947,548**	**2,235,628**	**2,245,295**	**1,461,327**	**1,495,634**

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

(ii) In the first half of 2023 there is an allowance for impairment loss on loans in the amount of R$378 (R$312 in December 2022).

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

Federal government bonds are held in custody by SELIC, the debentures are in another financial institution and investment fund quotas are hold in custody by B3 S.A. – Brasil, Bolsa, Balcão.

7 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 changes 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, follow the Bank’s management guidelines.

The tables below show the reference values, the respective adjustments receivable and payable and net exposures in the balance sheets for derivative financial instruments:

a. Futures contracts

	Jun/2023		Dec/2022	
	Market value		Market value	
	Reference value	**Adjustment receivable (payable)**	**Reference value**	**Adjustment receivable (payable)**
Long position	**45,741,658**	**(669,359)**	**44,226,281**	**287,333**
DI	1,554,954	826	1,434,139	303
DDI	41,742,165	(647,554)	38,987,937	309,050
Dollar	2,444,539	(22,631)	3,804,205	(22,020)
Short position	**4,116,939**	**36,657**	**4,147,472**	**22,750**
DI	275,586	(342)	443,700	(188)
DDI	3,651,099	33,755	3,703,772	22,938
Dollar	190,254	3,244	-	-

As of June 30, 2023, besides the daily adjustments of futures contracts, the amount of R$32 (R$39 in December 2022) is also recorded under the caption “Other financial liabilities” in current liabilities, in respect to commissions and brokerage fees to be settled with B3 S.A. – Brasil, Bolsa, Balcão.

b. Swap operations and forward operations

	Jun/2023			Dec/2022		
By index	**Reference value**	**Cost value**	**Market value**	**Reference value**	**Cost value**	**Market value**
Swap						
Amounts receivable	**36,522,552**	**3,647,168**	**6,170,410**	**28,505,265**	**1,669,860**	**3,235,104**
CDI x Dollar	36,322,552	3,637,425	6,156,747	28,505,265	1,669,860	3,235,104
Fixed rate x US dollar rate	200,000	9,743	13,663	-	-	-
Amounts payable	**2,797,931**	**(540,281)**	**(289,048)**	**7,417,982**	**(1,494,190)**	**(1,098,030)**
CDI x Dollar	2,797,931	(540,281)	(289,048)	7,417,982	(1,494,190)	(1,098,030)
Forward currency – NDF						
Amounts receivable	**222,879**	**3,599**	**1,306**	**297,064**	**5,530**	**4,908**
Long position - US dollar	211,291	3,469	1,102	297,064	5,530	4,908
Short position - US dollar	11,588	130	204	-	-	-
Amounts payable	**2,338,856**	**(100,478)**	**(129,573)**	**435,993**	**(25,098)**	**(22,648)**
Long position - US dollar	2.298.265	(99,870)	(129,484)	435,993	(25,098)	(22,648)
Short position - US dollar	40,591	(608)	(89)	-	-	-
Total	**41,882,218**	**3,010,008**	**5,753,095**	**36,656,304**	**156,102**	**2,119,334**

c. Breakdown by maturity

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

	Jun/2023					Dec/2022
	Up to 3 months	**3–6 months**	**6–12 months**	**>12 months**	**Total**	**Total**
Futures	14,370,071	3,969,391	5,256,441	26,262,694	49,858,597	48,373,753
Swap (ii)	1,704,379	3,577,540	4,185,429	29,853,135	39,320,483	35,923,247
Forward currency – NDF	2,042,997	207,235	258,265	53,238	2,561,735	733,057
Total	**18,117,447**	**7,754,166**	**9,700,135**	**56,169,067**	**91,740,815**	**85,030,057**

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

(ii) Counter-party: legal entity.

d. Segregation between current and non-current

Market value of financial instruments was broken down as follows:

	Jun/2023			Dec/2022		
	Current	**Non-current**	**Total**	**Current**	**Non-current**	**Total**
Assets						
Swap	1,173,796	4,996,614	6,170,410	329,476	2,905,628	3,235,104
Forward currency – NDF	1,306	-	1,306	4,899	9	4,908
Total	**1,175,102**	**4,996,614**	**6,171,716**	**334,375**	**2,905,637**	**3,240,012**
Liabilities						
Swap	(199,352)	(89,696)	(289,048)	(591,332)	(506,698)	(1,098,030)
Forward currency – NDF	(123,889)	(5,684)	(129,573)	(21,020)	(1,628)	(22,648)
Total	**(323,241)**	**(95,380)**	**(418,621)**	**(612,352)**	**(508,326)**	**(1,120,678)**

e. Results

The results involving derivative financial instruments for the semester ended June 30, 2023 and 2022 are as follows:

	Jun/2023	**Jun/2022**
Futures	(5,529,557)	(5,133,352)
Swap	5,531,466	4,717,424
Forward currency – NDF	(174,163)	203,531
Total	**(172,254)**	**(212,397)**

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

8 Risk Management

Operating risk management

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

Management of market and liquidity risks

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

Credit risk management

In line with the BACEN regulations 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 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.

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 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 Bank'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 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.

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

Fair value hierarchy

To increase the consistency and comparability of fair value measurements and corresponding disclosures, a fair value hierarchy was established, it classifies the inputs applied into three levels in valuation techniques used for fair value measurement. The fair value hierarchy provides the highest priority to quoted prices (not adjusted) in active markets for identical assets or liabilities and the lowest priority to non-observable data as set forth in CMN Resolution 4924.

Fair value is determined according to the following hierarchy:

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

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

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

Market risk

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

According to the guidelines of the Central Bank of Brazil, through Resolution 4557 and Resolution 111, operations are divided between the trading and banking portfolios.
The trading portfolio consists of all positions in financial assets held for trading or for the purpose of hedging other elements of the trading portfolio. The positions held for trading are those held intentionally for short-term resale and/or with the intention of protecting the portfolio against market movements.

The banking portfolio includes all transactions not classified into the trading portfolio. This portfolio comprises the bank's commercial portfolio transactions, such as borrowings and onlendings and its financing lines, in addition to positions of securities that are accounted for as held-to-maturity *and treasury portfolio instruments.*

In order to assess the effects on results against possible scenarios, the Bank conducts a sensitivity analysis for each market risk factor considered relevant by Management.

Sensitivity analysis 1

They are considered parallel shocks on most relevant risk factor curves. 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 portfolio

	Scenarios	
	+100 bps	**-100 bps**
Interest rates		
Exposure of fixed-rate interest	333	(333)
Foreign exchange coupon exposure	(710)	710
Total	**(377)**	**377**

Trading portfolio + banking

	Scenarios	
	+100 bps	**-100 bps**
Interest rates		
Exposure of fixed-rate interest	(4,799)	4,799
Foreign exchange coupon exposure	(6,596)	6,596
Total	**(11,395)**	**11,395**

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): Parallel shock of 10 (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 portfolio

	Scenarios		
Interest rates	**(I)**	**(II)**	**(III)**
Exposure of fixed-rate interest	(33)	(858)	(1,288)
Foreign exchange coupon exposure	(71)	(927)	(1,391)
Total	**(104)**	**(1,785)**	**(2,679)**
Foreign exchange rates	-	-	-
Total exposure to exchange rates	**(453)**	**(907)**	**(1,360)**

Trading portfolio + banking book

	Scenarios		
Interest rates	**(I)**	**(II)**	**(III)**
Exposure of fixed-rate interest	(480)	(11,636)	(17,454)
Foreign exchange coupon exposure	(660)	(8,951)	(13,426)
Total	**(1,140)**	**(20,587)**	**(30,880)**
Exposure of fixed-rate interest	-	-	-
Foreign exchange coupon exposure	**(453)**	**(907)**	**(1,360)**

In the analysis carried out, the operations of the banking portfolio underwent appreciation or devaluation because of changes in the forward interest rates practiced in the market. These fluctuations do not represent a financial impact on the Bank’s results, as the financial assets contained in this portfolio are not measured at market value and, consequently, the impact of these fluctuations are considered only in the Bank’s shareholders’ equity.

In the case of the trading portfolio, exposures represent impacts on the Bank’s results due to the marking to market of assets or due to their realization or settlement.

9 Loan operations

a. Credit portfolio composition by type of operation, activity and term

	Jun/2023					Dec/2022
	Due	Falling due				
Private sector	**Up to 6 months**	**Up to 3 months**	**3–6 months**	**6–12 months**	**Total**	**Total**
Export credit note (NCE) (note 29b)	**-**	**-**	**-**	**-**	**-**	**521,902**
Industry	-	-	-	-	-	521,902
Total NCE	**-**	**-**	**-**	**-**	**-**	**521,902**
CCL [Exchange Purchases Pending Settlement] export with ACC [Advance on Foreign Exchange Contracts] / ACE [Advance on Exchange Agreements] – (note 10)	**107,804**	**154,351**	**31,725**	**14,865**	**308,745**	**959,566**
Industry	107,804	154,351	31,725	14,865	308,745	805,867
Other services - legal entity	-	-	-	-	-	153,699
Income receivable from ACC [Advances on Foreign Exchange Contracts] / ACE [Advance on Exchange Agreements] – (note 10)	**3,399**	**3,619**	**104**	**121**	**7,243**	**11,814**
Industry	3,399	3,619	104	121	**7,243**	10,547
Other services - legal entity	-	-	-	-	-	1,267
Exchange-rate change - CCL export with ACC/ACE (i)	**11,138**	**(11,208)**	**(163)**	**(409)**	**(642)**	**24,109**
Industry	11,138	(11,208)	(163)	(409)	(642)	21,296
Other services - legal entity	-	-	-	-	-	2,813
Total ACC and ACE	**122,341**	**146,762**	**31,666**	**14,577**	**315,346**	**995,489**
Total	**122,341**	**146,762**	**31,666**	**14,577**	**315,346**	**1,517,391**

(i) Pursuant to BACEN instructions, the Bank calculates the provision for losses associated with the credit risk of the operations, based on the balance of exchange purchases pending settlement (CCL) of operations with advances on exchange contracts (ACC/ACE) added to the respective earnings, translated into reais monthly at the exchange rate (PTAX) provided by BACEN for balance sheet purposes.

As of June 30, 2023 and 2022, the Bank had no credit assignment operations with material transfer or retention of risks and rewards, pursuant to CMN Resolution 3533.

b. Concentration of loan operations

	Jun/2023	Dec/2022
Main debtor	122,341	521,902
Percentage of entire credit portfolio	38.8%	34.4%
Top 20 debtors	315,347	1,517,391
Percentage of entire credit portfolio	100,0%	100,0%

c. Provisions for expected losses associated with credit risk

		Jun/2023				Dec/2022	
Risk level	**Minimum % of provisioning required**	**Total portfolio**	**Minimum provision**	**Additional provision (i)**	**Total provision**	**Total portfolio**	**Total provision**
AA	0%	168,691	-	(282)	(282)	1,385,998	(2,304)
A	0.50%	24,314	(122)	(2)	(124)	-	-
H	100%	122,341	(122,341)	-	(122,341)	131,393	(131,393)
Total		**315,346**	**(122,463)**	**(284)**	**(122,747)**	**1,517,391**	**(133,697)**

(i) Provision additional to the percentages established by CMN Resolution 2682.

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

	Jun/2023	Dec/2022
Balances at the beginning of the semester/year	**(133,697)**	**(167,836)**
Formation of provision	-	(5,050)
Reversal of provision	10,950	39,189
Balances at the end of the semester/year	**(122,747)**	**(133,697)**

e. Renegotiated, recovered and written off as loss

As of June 30, 2023, the amount of renegotiated loans totals R$58,008 (R$276,035 in Dec/2022).

In the semester ended June 30, 2023 and 2022, there were no recoveries and credits written off to loss.

f. Income from credit operations

	Jun/2023	Jun/2022
Income from export financing	1,472	6,614
Income from loans	-	19,246
Income from interbank onlendings	4,923	-
Negative foreign exchange rate change	(23,439)	(121,135)
Total	**(17,044)**	**(95,275)**

10 Foreign exchange transactions

	Jun/2023	Dec/2022
Current assets		
Purchased foreign exchange to be settled	549,944	1,173,135
Receivables from foreign exchange sales	241,244	1,112
Income receivable from granted advances (Note 9a)	7,243	11,814
Total	**798,431**	**1,186,061**
Current liabilities		
Rights on foreign exchange sales	551,056	1,147,316
Sold foreign exchange to be settled	240,930	1,107
Advances on foreign exchange contracts – (Note 9a)	(308,745)	(959,566)
Total	**483,241**	**188,857**

11 Other assets

a. Breakdown of other financial assets

	Jun/2023	Dec/2022
Current assets		
Securities clearing accounts	38,374	333,673
Interbank onlending - (Note 29b)	194,038	208,388
Other	5	4
Subtotal	**232,417**	**542,065**
Non-current assets		
Debtors of guarantee deposits – (note 18d)	46,326	42,602
Subtotal	**46,326**	**42,602**
Total	**278,743**	**584,667**

b. Breakdown of other assets

	Jun/2023	Dec/2022
Current assets		
Salary advances and prepayments	1,208	1,222
Taxes and contributions recoverable	1,134	120
Receivables from associated companies	10	737
Other assets	929	1,474
Payments to be refunded	-	2,112
Subtotal	**3,281**	**5,665**
Non-current assets		
Taxes and contributions recoverable	92	104
Other assets	9	33
Subtotal	**101**	**137**
Total	**3,382**	**5,802**

12 Investments in subsidiaries

The Bank has a 100% interest in Scotiabank Brasil S.A. Corretora de Títulos de Valores Mobiliários, as follows:

	Jun/2023	Dec/2022
Ownership interest percentage	100%	100%
Number of quotas held	60,000,000	60,000,000
Subsidiary’s capital	60,000	60,000
Shareholders' equity of the subsidiary	64,627	64,604
Subsidiary’s income (loss) for the period	(181)	4,578
Book balance of the investment	**64,627**	**64,604**
Equity in net income of subsidiaries	**(181)**	**4,578**

13 Deposits

	Jun/2023						Dec/2022
	Without maturity	**Up to 3 months**	**3–6 months**	**6–12 months**	**> 12 months**	**Total**	**Total**
Demand deposits	358	-	-	-	-	**358**	**326**
Interbank deposits	-	135,229	-	-	-	**135,229**	**420,641**
Time Deposits	-	725,500	1,294,354	4,559,449	66,889	**6,646,192**	**3,634,092**
Total	**358**	**860,729**	**1,294,354**	**4,559,449**	**66,889**	**6,781,779**	**4,055,059**

As of June 30, 2023, the average time deposit funding percentage is 102% of the Interbank Deposit Rate - DI (102% of DI in December 2022).

14 Money market funding

As of June 30, 2023, they consist of repurchase agreements in the amount of R$945,031 (R$887,315 in December 2022). They mature by September 2023 at an annual average rate of 13.49% (13.81% per year in December 2022). Consist of obligations related to the repurchase of third-party portfolio in the amount of R$100,000 (R$0 in December 2022) and the return of securities received as collateral for reverse repurchase agreements in the amount of R$845,031 (R$887,315 in December 2022).

15 Borrowings

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 Jun/2023**
Other foreign currency liabilities (i)	From 5.05% to 5.18%	07/07/2023	7,024,980
Export financing	From 5.41% to 5.59%	01/17/2024	189,672
Total current liabilities			**7,214,652**

(i) Credit facilities allocated to meet possible liquidity needs.

BNS credit lines	**Annual interest rate**	**Maturities up to**	**Balance in Dec/2022**
Other foreign currency liabilities (i)	4.30%	01/04/2023	5,378,012
Export financing	From 4.33% to 5.51%	06/15/2023	856,294
Total current liabilities			**6,234,306**

(i) Credit facilities allocated to meet possible liquidity needs.

16 Onlendings

The foreign onlendings obligations in the amount of R$194,038 (R$730,290 in December 2022) – note 29b are represented by foreign borrowing pursuant to CMN Resolution 2921 and mature by November 2023. Operations are restated at dollar exchange-rate change plus interest rate of 5.07% per annum (0.99%-5.07% p.a. in December 2022).

17 Other liabilities

a. Breakdown of other financial liabilities

	Jun/2023	Dec/2022
Current liabilities		
Interbranch accounts	-	24,788
Securities clearing accounts	671,108	23,629
Total	**671,108**	**48,417**

b. Breakdown of other liabilities

	Jun/2023	Dec/2022
Current liabilities		
Taxes and contributions on income payable	7,350	18,695
Provision for personnel expenses	32,545	18,678
Amounts payable - related companies	1,061	1,486
Other	2,367	2,327
Subtotal	**43,323**	**41,186**
Non-current liabilities		
Provision for personnel expenses	17,618	14,129
Other		
	17,618	**14,129**
Total	**60,941**	**55,315**

18 Contingencies and legal, tax and social security obligations

a. Contingent assets

The Bank does not have any contingent asset recognized in its balance sheet and does not currently have judicial proceedings that generate expected 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 forming provisions is made under criteria described in Note 3o.

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 “Provisions for contingencies”, in non-current liabilities.

Ongoing labor lawsuits classified as possible losses amount to R$411 (R$186 in December 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 ongoing proceedings of tax-related nature classified as possible losses, in the amount of R$15,167 (R$14,533 in December 2022) and the most significant ones arise 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$5,728 (R$5,601 in December 2022) and a request for nullity of the tax assessment notice in the amount of R$8,187 (R$7,713 in December/2022) related to taxes (ISS) claimed by the Municipal Government of São Paulo, levied on services rendered by the Bank. These proceedings have judicial deposits sufficient to cover the tax risk.

c. Legal obligations

As of June 30, 2023, the main lawsuit, in the amount of R$20,885 (R$20,336 in December 2022), including its judicial deposit of an amount equivalent to the provision, refers 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.

d. Changes in balances

	Jun/2023					Dec/2022
Provision for contingencies	**Labor**	**Tax**	**Legal obligations**	**Civil**	**Total**	**Total**
Opening balance	636	3,089	26,609	-	30,334	31,432
Formation	-	-	203	1	204	295
Restatement	23	86	765	-	874	1,590
Payment	-	-	-	-	-	(2,983)
Total	**659**	**3,175**	**27,577**	**1**	**31,412**	**30,334**

	Jun/2023				Dec/2022
Judicial deposits	**Labor**	**Tax**	**Legal obligations**	**Total**	**Total**
Opening balance	96	14,988	27,518	42,602	40,040
Formation	-	2,169	203	2,372	280
Restatement	4	551	797	1,352	2,282
Total – (note 11a)	**100**	**17,708**	**28,518**	**46,326**	**42,602**

19 Shareholders' equity

a. Capital

The fully paid-up capital, in the amount of R$2,437,823, is represented by 95,608 (95,608 in December 2022) nominative common shares with no par value. Management decides on the allocation of adjusted net income each period, pursuant to article 202 of Law 6404.

On March 7, 2023 BACEN approved the resolutions agreed upon at the minutes of the Extraordinary Shareholders' Meeting held on December 15, 2022, which decided to increase capital by the amount of R$138,336.

b. 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. The statutory reserve balance refers to an undistributed portion of prior and current year income, which, as determined by the general meeting, was transferred to subsequent years.

c. Dividends and interest on own capital

Management will decide, in the annual general meeting, every year, the minimum amount for dividend payments related to the adjusted net income in accordance with Article 202 of Corporate Law.

In the semester ended June 30, 2023 and 2022 no dividends or interest on own capital were distributed.

20 Deferred income tax and social contribution

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

	Jun/2023		Jun/2022	
	Income tax	**Social contribution**	**Income tax**	**Social contribution**
Income (loss) before taxation and after profit sharing	**179,567**	**179,567**	**128,705**	**128,705**
Temporary exclusions/(additions)	**(350,793)**	**(350,793)**	**(205,013)**	**(205,013)**
Adjustment to market value – Securities and derivatives	(356,782)	(356,782)	(206,626)	(206,626)
Provision for expected losses associated with credit risk	(10,862)	(10,862)	(30,654)	(30,654)
Other	16,851	16,851	32,267	32,267
Permanent additions/(exclusions)	**335**	**338**	**5,151**	**5,153**
Taxable base	**(170,891)**	**(170,888)**	**(71,157)**	**(71,155)**
Rates	25%	20%	25%	20%
Total IRPJ and social contribution tax – Current values before tax incentives	-	-	-	-
Tax incentives	-	-	-	-
Total income tax and social contribution – current values	-	-	-	-
Tax credits	44,451	35,563	18,532	14,805
Deferred tax liabilities	(89,429)	(71,543)	(51,971)	(41,577)
Total	**(44,978)**	**(35,980)**	**(33,439)**	**(26,772)**

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

Tax credits	Balances at 12/31/2022	Formation	Realization /reversal	Balances at 06/30/2023
Reflected in income (loss)	**267,684**	**86,706**	**(6,692)**	**347,698**
Tax loss carryforwards and negative basis of social contribution	176,392	76,897	-	253,289
Provision for tax and labor risks	13,626	485	-	14,111
Non-deductible provisions	11,944	9,281	(759)	20,466
Provision for expected losses associated with credit risk	60,164	-	(4,928)	55,236
Provision for credit risks – debentures	141	41	(1)	181
Mark-to-market of securities classified as trading	184	-	(156)	28
Mark-to-market of repurchase and resale agreements	33	2	(33)	2
Other	5,200	-	(815)	4,385
Reflected in shareholders' equity	**12,126**	**-**	**(7,729)**	**4,397**
Mark-to-market of securities classified as securities available for sale	12,126	-	(7,729)	4,397
Total	**279,810**	**86,706**	**(14,421)**	**352,095**

Deferred tax liabilities	Balances at 12/31/2022	Formation	Realization/ reversal	Balances at 06/30/2023
Reflected in income (loss)				
Mark-to-market of derivative instruments	(421,446)	(160,363)	-	(581,809)
Inflation adjustment of judicial deposits	(10,515)	(609)	-	(11,124)
Total	**(431,961)**	**(160,972)**	**-**	**(592,933)**

c. Estimated realization of tax credits on temporary differences

Realization term	Timing differences	Tax loss and negative basis	Total
1st year	17,307	6,863	24,170
2nd year	9,311	54,494	63,805
3rd year	24,162	37,233	61,395
4th year	19,732	60,050	79,782
5th year	14,110	57,629	71,739
6–10th year	14,184	37,020	51,204
Total	**98,806**	**253,289**	**352,095**
Present value (i)	**69,471**	**171,407**	**240,878**

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

21 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.

a. Related party transactions

Related party transactions are represented by:

	Assets/(Liabilities)		Revenues/(Expenses)	
	Jun/2023	**Dec/2022**	**Jun/2023**	**Jun/2022**
Cash and cash equivalents	**2,035**	**1,574**	**(67)**	**9,569**
BNS (Controller)	2,035	1,574	(67)	9,569
Interbank funds applied	**-**	**-**	**8**	**9**
Scotiabank Brasil S.A. CTVM (Controlled)	-	-	8	9
Foreign exchange portfolio - asset position	**-**	**-**	**(1)**	**(71,269)**
BNS (Controller)	-	-	(1)	(71,269)
Demand deposits	**(274)**	**(246)**	**-**	**-**
Scotiabank Brasil S.A. CTVM (Controlled)	(274)	(246)	-	-
Money market borrowings	**-**	**-**	**(20)**	**(49)**
Scotiabank Brasil S.A. CTVM (Controlled)	-	-	(20)	(49)
Amounts receivable from/(payable to) related companies/service provision revenues/(expenses)	**(1.051)**	**(749)**	**7,407**	**7,661**
BNS (Controller)	(910)	(1,430)	7,440	7,927
Scotiabank Inverlat (Mexico) (Related Party)	(151)	(45)	(112)	(194)
Scotiabank Colpatria (Colombia) (related Party)	10	726	(82)	(78)
Scotiabank Peru (Related Party)	-	-	-	(144)
Scotiabank Brasil S.A. CTVM (Controlled)	-	-	161	150

	Assets/(Liabilities)		Revenues/(Expenses)	
	Jun/2023	**Dec/2022**	**Jun/2023**	**Jun/2022**
Borrowings	**(7,214,652)**	**(6,234,306)**	**85,622**	**28,438**
BNS (Controller)	(7,214,652)	(6,234,306)	85,622	28,438
Onlendings	**(194,038)**	**(730,290)**	**17,044**	**114,521**
BNS (Controller)	(194,038)	(730,290)	17,044	114,521
Foreign exchange portfolio – payable	**-**	**-**	**(12)**	**88,230**
BNS (Controller)	-	-	(12)	88,230

b. Management compensation

For the purpose of disclosing management remuneration, statutory directors were considered. Expenses with management remuneration for the semester ended June 30, 2023 total R$6,714 (R$9,725 in June 2022), comprised by R$7,578 (R$6,571 in June 2022), which represent salaries and payroll charges, profit sharing, and bonus and charges, denominated short-term benefits of R$864 (expense of R$3,154 in June 2022), that represents share-based compensation and charges. There are no post-employment benefits, other long-term benefits or work agreement termination benefits.

22 Share-based Payment

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 Bank's share-based payment expenses. The portion that calculates share price market value also varies according to the Bank's performance. These plans are settled in cash and their expenses are recognized in income (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 June 30, 2023, amount of provisioned liability for this plan is R$8,536 (R$6,546 in December/2022) and the total number of shares is 50,561 units measured at the market value of R$238.00 per share. Total expenses recorded in the period for this plan is R$1,990 (R$1,053 in June 2022).

	Balance			
	Jun/2023		**Dec/2022**	
RSU	**Qty - Shares**	**Value**	**Qty - Shares**	**Value**
Share Price	-	R$238 (i)	-	R$262.10(i)
Total quantity – due	50,561	R$12,031	48,495	R$12,710
Total quantity - provisioned	35,873	R$8,536	24,978	R$6,546
Total quantity - to be provisioned	14,688	R$3,495	23,517	R$6,164

(i) Amounts in reais

	Payable					
	Dec/2023		**Dec/2024**		**Dec/2025**	
RSU	**Qty - Shares**	**Value**	**Qty - Shares**	**Value**	**Qty - Shares**	**Value**
Share Price	-	R$238 (i)	-	R$238 (i)	-	R$238(i)
Total quantity - due	11,652	R$2,773	14,801	R$3,522	24,108	R$5,736
Total quantity - provisioned	4,948	R$1,177	11,198	R$2,665	19,727	R$4,694
Total quantity - to be provisioned	6,704	R$1,596	3,603	R$857	4,381	R$1,042

(i) Amounts in reais

b. PSU - Performance Share Unit Plan

According to 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, on which a multiplying factor is applied. As of June 30, 2023, amount of provisioned liability for this plan is R$7,410 (R$7,822 in December/2022) and the total number of shares is 31,347 units measured at market value of R$238.00 per share. In the semester ended June 30, 2023 R$411 was reversed (expense of R$1,335 in June 2022).

	Balance			
	Jun/2023		Dec/2022	
PSU	**Qty - Shares**	**Value**	**Qty - Shares**	**Value**
Share Price	-	R$238 (i)	-	R$262.10(i)
Total quantity - due	31,347	R$7,459	30,172	R$7,907
Total quantity - provisioned	31,142	R$7,410	29,848	R$7,822
Total quantity - to be provisioned	205	R$49	324	R$85

(i) Amounts in reais

	Payable					
	Dec/2023		Dec/2024		Dec/2025	
PSU	**Qty - Shares**	**Value**	**Qty - Shares**	**Value**	**Qty - Shares**	**Value**
Share Price	-	R$238 (i)	-	R$238 (i)	-	R$238 (i)
Total quantity - due	13,730	R$3,267	6,857	R$1,632	10,760	R$2,560
Total quantity - provisioned	13,730	R$3,267	6,652	R$1,583	10,760	R$2,560
Total quantity - to be provisioned	-	-	205	49	-	-

(i) Amounts in reais

23 Post-employment employee benefits

For the post-employment defined contribution plan, the Bank offers its employees the supplementary private pension benefit through monthly contributions, ceasing after the employee leaves the company. Total personnel expenses for this plan, in the six-month period ended June 30, 2023, are R$513 (R$416 in June 2022).

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

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

24 Basel Index and Operating Limits

The Bank adopts the calculation of operating and Basel limits based on the consolidated data of the Scotiabank Brasil Financial Conglomerate formed by Scotiabank Brasil S.A. Banco Múltiplo, leader of the Conglomerate, and by Corretora, in accordance with BACEN guidelines.

As of June 30, 2023, The Conglomerate's Basel capital ratio is 21.06% (25.46% in December 2022), the Referential Equity was R$3,246,726 (R$2,999,816 in December 2022) and the minimum equity required for risk-weighted assets (RWA) amounts is R$1,148,142 (R$904,500 in December 2022). Other operating limits are also required by the regulator, such as the Property, plant and equipment ratio.

25 Personnel expenses

	Jun/2023	Jun/2022
Salaries	29,967	32,968
Social charges	11,126	11,758
Benefits	3,142	2,442
Other	418	470
Total	**44,653**	**47,638**

26 Other administrative expenses

	Jun/2023	Jun/2022
Data processing	4,628	4,698
Financial system services	4,535	3,644
Rent	1,956	1,866
Third-party services	1,803	1,708
Depreciation/Amortization	1,630	934
Specialized technical services	1,237	1,793
Communications	650	830
Water, energy and gas	314	392
Other	1,490	1,745
Total	**18,243**	**17,610**

27 Other operating revenues

	Jun/2023	Jun/2022
Reversal of the provision for prudential adjustments	1,811	-
Inflation adjustments	1,357	1,018
Recovery of charges and expenses	168	124
Reversal of operational provisions (i)	577	1,132
Income received from advances on exchange contracts overdue	-	8,619
Other	218	62
Total	**4,131**	**10,955**

(i) Basically refers to the reversal of provision for bonus and administrative expenses.

28 Other operating expenses

	Jun/2023	Jun/2022
Provision for prudential adjustments	-	(6,818)
Income and social contribution taxes	-	(732)
Total	**-**	**(7,550)**

29 Other Information

a. Financial guarantees provided

Financial guarantees are recognized in memorandum accounts on behalf of beneficiaries or guaranteed in memorandum accounts, in accordance with the estimated outcomes for controlling, recording and monitoring administrative acts that may turn into liabilities due to future events. Honored and not honored financial guarantee transactions are accrued for each client using the criteria defined in note 3g (Impairment loss on loans).

Credits are granted as financial guarantees, as shown below:

	Jun/2023			Dec/2022		
	Bank guarantees	Standby letter of credit	Total	Bank guarantees	Standby letter of credit	Total
Financial guarantees provided	2,469	22,982	25,451	2,469	-	2,469
Provision for expected losses associated with credit risk	(1)	(23)	(24)	(2)	-	(2)
Total	**2,468**	**22,959**	**25,427**	**2,467**	**-**	**2,467**

b. Related credit transactions

As of June 30, 2023, the Bank has asset operations linked to CMN Resolution 2921, as shown in the following table:

	Assets/(Liabilities)		Revenues/(Expenses)	
	Jun/2023	Dec/2022	Jun/2023	Jun/2022
Loan operations				
NCE – (note 9a)	-	521,902	(7,738)	(114,521)
Interbank onlending – (note 11a)	194,038	208,388	4,923	-
ACC	-	-	-	(31,047)
Borrowings and onlendings				
Foreign onlendings - (note 16)	(194,038)	(730,290)	2,815	114,521
Foreign loans	-	-	-	31,303
Total	**-**	**-**	**-**	**256**

The remuneration of linked asset transactions is sufficient to cover the costs of funding operations.

There are no linked asset operations in default or with any legal challenges.

These operations shall not be considered in the calculation of exposure limits per client, as provided for in CMN Resolution 4677.

30 Recurring and non-recurring income (loss)

	Jun/2023	Jun/2022
Net income for the semester/year	**-**	**68,494**
Non-recurring income (loss)	**-**	**-**
CIP corporate reorganization (note 6)	-	(7,512)
Non-operating expenses	-	46
Recurring net income	**-**	**61,028**

31 Implementation Plan - CMN Resolution 4966

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

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

Executive board

Paulo André Campos Bernardo
Antonio Pianucci

Izabel Eliza Oliveira Salvucci
Jaques Mester

Accountant

Roberto Shoji Haga
CRC 1SP242224/O-6