

Individual and Consolidated Financial Statements

Banco Cooperativo Sicredi S.A.

December 31, 2021 and 2020
with Independent Auditor's Report

Management Report

In accordance with legal and statutory requirements, we disclosed the consolidated financial statements of Banco Cooperativo Scredi S.A. for the year ended December 31, 2021, and the independent auditor's report on the financial statements. The increase in the main asset and liability accounts, as compared with the prior year, derives from the efforts made by the Shareholders' Credit Cooperatives, Board of Directors, Executive Board and the Executives in order to modernize and professionalize this business.

Operating performance

In 2021, our assets totaled R\$ 83 billion, an increase of 23% as compared with 2020 year end. The Bank's net income amounted to R\$ 108 million, 28% above the prior year and equity amounted to R\$ 2.4 billion, 62% higher as compared with December 2020.

In 2021, the credit portfolio amounted to R\$ 56 billion, which represents a 42% increase as compared with 2020. As is already traditional in our business model, we helped the agricultural area grow and prosper by releasing the Safra Plan funds. In 2021, we made a record amount of R\$ 38.2 billion available for the 2021/2022 harvest and are second place among the financial institutions focused on agricultural credit in Brazil.

Deposits increased 45.8% as compared with December 2020, i.e. a total of more than R\$ 41 billion. Revenues from services provided amounted to R\$ 99.7 million, having remained stable in relation to the same period of the prior year (R\$ 99.5 million in 2020).

We bring to the center of our financial solutions a perspective related to the social environmental impact that these solutions generate. As a result, we structured a Green Finance area, dedicated to raising funds linked to generating value to society and the environment.

In this direction, we raised funds from the International Finance Corporation (IFC), to meet the growing demand for credit for the installation of solar energy systems. The credit line of around R\$ 600 million was the first operation by a Brazilian cooperative financial institution to receive a certification issued by the Climate Bonds Initiative (CBI), an organization aimed at promoting investments in the low carbon economy.

We also raised funds aimed at financing micro, small and medium-sized Brazilian companies led by women, which generated a credit facility of R\$ 438 million. The operation included, for the first time in our business, the gender factor as one of the criteria, in addition to considering other social and environmental aspects. The partnership agreement was signed with the German Society for Investment and Development (DEG), a subsidiary of the German Development Bank (KfW) and the French development agency PROPARCO, a subsidiary of the French Development Bank (AFD), development financial institutions (DFI) that aim to provide long-term financing and capital to private companies in emerging and developing countries. Through this partnership, we also started to contribute to the 2X Challenge - Finance for Women, a global challenge launched by the G7 development financial institutions and which aims to allocate resources to the generation of entrepreneurship and leadership opportunities for women in emerging countries.

In addition, we took another important step by launching Scredi's first ESG investment portfolio, which seeks to generate value by investing associates' money in companies with proven positive social, environmental and governance impact.

Economic Projection Highlights

We guarantee highlights in rankings that show the most accurate economic projections in Brazil, conquered important positions in two categories of Broadcast Projections and were present in all editions of the Top Five Projections of the Central Bank. Along the same lines of recognition, we won first place in the Funds Guide, organized by the Center for Studies in Finance of Getúlio Vargas Foundation (FGV).

Also in 2021, Fitch revised Sicredi's rating outlook to Stable, which reflects a good assessment of the business model and ability to generate revenues, profitability and maintain good asset quality and liquidity ratios.

Acknowledgement

Even in an uncertain scenario due to the continuity of the pandemic throughout 2021, Sicredi was attentive, present and active in economic and social contributions together with associates and cooperatives. All this was built on the principles and values of cooperativism, present in all actions carried out by the institution. With the support of more than 100 cooperatives in the system, more than 30 thousand employees and more than 5 million members, we are moving towards building a more prosperous society.

We thank everyone. Together we shall continue making a difference.

MANAGEMENT

Porto Alegre, February 17, 2022.

Banco Cooperativo Sicredi S.A.

Individual and consolidated financial statements

December 31, 2021 and 2020

Contents

Independent auditor's report on individual and consolidated financial statements.....	1
Audited individual and consolidated financial statements	
Statements of financial position.....	7
Statements of profit or loss	8
Statements of comprehensive income.....	9
Statements of changes in equity.....	10
Statements of cash flows.....	11
Notes to individual and consolidated financial statements.....	12

A free translation from Portuguese into English of Independent Auditor's Report on individual and consolidated financial statements prepared in Brazilian currency in accordance with the accounting practices adopted in Brazil applicable to institutions authorized to operate by the Central Bank of Brazil

Independent auditor's report on individual and consolidated financial statements

To the
Shareholders, Board of Directors and Officers of
Banco Cooperativo Sicredi S.A.
Porto Alegre - RS

Opinion

We have audited the individual and consolidated financial statements of Banco Cooperativo Sicredi S.A. (the "Bank"), identified as Individual and Consolidated, respectively, which comprise the statement of financial position as at December 31, 2021 and the statements of profit or loss, of comprehensive income, of changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the individual and consolidated financial position of Banco Cooperativo Sicredi S.A. as at December 31, 2021, and its individual and consolidated financial performance and cash flows for the year then ended in accordance with the accounting practices adopted in Brazil applicable to institutions authorized to operate by the Central Bank of Brazil (BACEN).

Basis for opinion

We conducted our audit in accordance with Brazilian and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of individual and consolidated financial statements section of our report. We are independent of the Bank and its subsidiaries in accordance with the relevant ethical principles set forth in the Code of Professional Ethics for Accountants, the professional standards issued by Brazil's National Association of State Boards of Accountancy (CFC) and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the individual and consolidated financial statement as a whole, and in forming our opinion thereon and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter, including any commentary on the findings or outcome of our procedures, is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the individual and consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included performance of planned procedures to respond to our assessment of the risks of material misstatements of the financial statements. The results of our procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements of the Bank.

Loan transactions, interbank onlendings and provision for expected losses associated with credit risk

As disclosed in Note 8 to the individual and consolidated financial statements, as at December 31, 2021, the gross balance of loan transactions and interbank onlendings of rural credit amounts to R\$ 56,202,136 thousand, for which provisions for expected losses associated with credit risk amounting to R\$ 77,204 thousand were recorded. In the year ended December 31, 2021, expenses with expected losses associated with credit risk amounting to R\$ 50,052 thousand were recorded, on a net basis. Management uses judgment in order to determine provision for expected losses associated with credit risk pursuant to CMN Resolution No. 2682/99.

This was considered a key audit matters by function of (i) the significance of the balance of loan transactions and interbank onlendings, subject to loss assessment; (ii) the guarantees received for the loans granted, which may have an impact on the provision amount to be considered; (iii) the economic situation of Brazil and of the market in which the borrowers are inserted; (iv) management's judgment relating to attribution of ratings, which determine, on an item-by-item basis, the minimum provision amount per transaction, borrower or economic group; and (v) the process for recognizing interest income from loan transactions.

Our audit approach

Our audit procedures included obtaining an understanding of the process established by management and conducting tests of controls relating to (i) origin of the transactions; (ii) analysis and approval of loan transactions and interbank onlendings taking into consideration the hierarchy levels established; (iii) timely update of information on borrowers and onlending parties; (iv) correlation between interbank onlending transactions and the conditions and amounts of the funds raised as onlending obligations; (v) recognition of interest income from transactions in the normal course of business; and (vi) suspension of recognition of revenue from loan transactions overdue for over 59 days.

Our tests of design and operation of controls provided a base that enabled us to continue with the planned nature, timing and extent of our substantive audit procedures. Additionally, based on a sample of loan and interbank onlending transactions, we conducted tests relating to analysis of the documentation that substantiates the provision level defined for the selected items, recalculated provision for expected losses associated with credit risk based on the ratings attributed, analyzed the guarantees received, confirmed the balance in order to validate existence of the selected loan and interbank onlendings transactions, recalculated the outstanding balance at base date of the procedure, and conducted tests of addition in order to crosscheck the total data base against book records, and recalculated the total provision for expected losses associated with credit risk.

Based on the audit procedures performed on the portfolio of loan and rural credit interbank onlending transactions and provision for expected losses associated with credit risk, which are consistent with management's assessment, we believe that the criteria and assumptions adopted by management for calculating and recording these transactions, as well as respective disclosure in Note 8, are acceptable in the context of the financial statements taken as a whole.

Information technology environment

Due to their volume and complexity, the Bank's operations are highly dependent on the proper operation of its IT structure. Accordingly, IT environment was considered a key audit matter.

Our audit approach

Our audit procedures included involving specialists in IT general control tests for change management and access management processes referring to the systems considered significant for the preparation of the individual and consolidated financial statements.

We performed procedures to assess effectiveness of the automated controls considered significant, which support the significant business processes and the operations' book records.

Our tests on the design and operation of IT general controls considered significant for the audit procedures performed provided a basis that enabled us to maintain the planned nature, timing and extent of our substantive audit procedures.

Transactions with related parties

The Bank is an integral part of Sistema Cooperativo Sicredi structure and carries out transactions with related parties within the scope of its operations. Due to the large number of related parties, the transacted volume and risk inherent in these transactions, we considered transactions with related parties a key audit matter.

Our audit approach

Our audit procedures included obtaining an understanding of the Bank's policies and procedures for identifying and mapping transactions with related parties, and obtaining from management a formal representation concerning identification of all related parties of the Bank and of its subsidiaries. We tested transactions with related parties on a sample basis in order to validate the existence, valuation and accrual basis of the balances recorded, as well as elimination of respective effects, when applicable, in the Bank's consolidated financial statements. Based on the tests conducted, we confirmed that transactions with related parties follow market conditions. We also analyzed adequacy of the disclosures made by the Bank in Note 21 to the individual and consolidated financial statements.



Based on the audit procedures performed on the assessment of transactions with related parties, which are consistent with management's assessment, we believe that the policies and criteria adopted by management for identifying and recognizing transactions with related parties, are acceptable in the context of the individual and consolidated financial statements taken as a whole.

Other information accompanying the individual and consolidated financial statements and independent auditor's report

Management is responsible for such other information, which comprises the Management Report.

Our opinion on the individual and consolidated financial statements does not encompass the Management Report; accordingly, we do not express any form of audit conclusion thereon.

In connection with the audit of the individual and consolidated financial statements, we are responsible for reading the Management Report and, in so doing, considering whether such report presents significant inconsistency with the financial statements or with our knowledge obtained in the audit or otherwise seems to present material misstatements. If, based on the work performed, we conclude that the Management Report presents material misstatements, we are required to communicate such fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the individual and consolidated financial statements

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

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

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

Auditor's responsibilities for the audit of individual and consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the overall individual and consolidated financial statements are free of material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these 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:

- Identified and assessed the risks of material misstatements of the individual and consolidated financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained 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.
- Obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's and its subsidiaries' internal control.
- Evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Concluded 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 substantial doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the individual and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the individual and consolidated financial statements represent the corresponding transactions and events in a manner that achieves fair presentation.
- Obtained sufficient appropriate audit evidence regarding the financial statements of the entities or business activities within the group to express an opinion on the individual and consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.



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

From the matters communicated with those charged with governance, we determined those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We described these matters in our auditor's 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.

Porto Alegre, February 17, 2022.

ERNST & YOUNG
Auditores Independentes S.S.
CRC-2SP015199/F-7

A handwritten signature in black ink, appearing to read 'Américo F. Ferreira Neto', is written over a horizontal line.

Américo F. Ferreira Neto
Accountant CRC-1SP192685/O-9

A free translation from Portuguese into English of individual and consolidated financial statements prepared in Brazilian currency in accordance with the accounting practices adopted in Brazil applicable to institutions authorized to operate by the Central Bank of Brazil

Banco Cooperativo Sicredi S.A.

Statements of financial position
December 31, 2021 and 2020
(In thousands of reais)

	Note	Individual		Consolidated	
		12/31/2021	12/31/2020	12/31/2021	12/31/2020
Assets					
Cash and cash equivalents	4	523,440	369,462	523,440	369,462
Financial instruments		82,203,269	66,868,568	82,396,488	67,062,282
Short-term interbank investments	5	5,767,144	4,287,713	5,767,144	4,287,713
Compulsory deposits in Central Bank of Brazil	6	3,784,928	3,080,921	3,784,928	3,080,921
Marketable securities and derivative financial instruments	7	8,453,102	15,151,809	8,646,318	15,345,523
Own portfolio		5,401,302	2,795,153	5,594,518	2,988,867
Linked to repurchase agreements		2,480,595	11,850,507	2,480,595	11,850,507
Linked to guarantees given		444,799	459,953	444,799	459,953
Derivative financial instruments	7.c	126,406	46,196	126,406	46,196
Interbank onlending	8	38,688,782	24,745,879	38,688,782	24,745,879
Credit operations	8	17,339,331	14,486,086	17,339,331	14,486,086
Other financial assets	9	8,241,411	5,138,175	8,241,411	5,138,175
Provision for expected losses associated with credit risk	8.e	(71,429)	(22,015)	(71,429)	(22,015)
Tax credits	20.b	58,328	41,158	58,987	41,599
Other assets	10	175,275	123,518	191,400	136,649
Investments in subsidiaries	11	149,788	171,303	-	-
Other investments		693	642	722	672
Property and equipment in use	12	6,873	6,838	60,202	60,894
Intangible assets	12	119	578	127	589
Total assets		83,117,785	67,582,067	83,231,366	67,672,147
Liabilities and equity					
Deposits and other financial instruments		80,216,928	65,673,029	80,243,248	65,686,613
Deposits	13	41,169,050	28,229,510	41,165,458	28,219,873
Open market funding	13	3,749,399	13,472,602	3,749,399	13,472,602
Funds from acceptance and issue of securities	14	9,069,682	4,157,403	9,069,682	4,157,403
Loan obligations	15	4,488,697	2,500,900	4,488,697	2,500,900
Local on-lending obligations - official institutions	15	14,329,542	12,465,841	14,329,542	12,465,841
Derivative financial instruments	7.c	29,404	48,267	29,404	48,267
Other financial liabilities	16	7,381,154	4,798,506	7,411,066	4,821,727
Provision for civil, tax and labor contingencies	17	27,636	27,976	28,426	28,129
Deferred tax obligations	20.b	55,060	-	55,819	670
Other liabilities	18	368,285	367,873	453,859	443,450
Equity	19	2,449,876	1,513,189	2,449,876	1,513,189
Capital		2,388,974	1,458,974	2,388,974	1,458,974
Legal reserve		60,681	55,281	60,681	55,281
Other comprehensive income (loss)		221	(1,066)	221	(1,066)
Noncontrolling interests		-	-	138	96
Noncontrolling interests		-	-	138	96
Total liabilities and equity		83,117,785	67,582,067	83,231,366	67,672,147

See accompanying notes.

Banco Cooperativo Sicredi S.A.

Statements of profit or loss

Six-month period ended December 31, 2021 and years ended December 31, 2021 and 2020

(In thousands of reais, except for net earnings per thousand shares)

Note	Individual			Consolidated		
	2H 2021	12/31/2021	12/31/2020	2H 2021	12/31/2021	12/31/2020
Trading revenues	2,830,964	4,281,434	3,138,858	2,835,981	4,288,216	3,142,238
Loans and interbank onlendings	8.f 1,677,615	2,800,157	2,058,315	1,677,615	2,800,157	2,058,315
Revenue from marketable securities	785,186	1,129,447	1,079,218	790,203	1,136,229	1,082,598
Income from (loss on) derivative financial instruments	240,318	182,853	(152,439)	240,318	182,853	(152,439)
Foreign exchange transactions	41,695	47,924	83,442	41,695	47,924	83,442
Compulsory investments	86,150	121,053	70,322	86,150	121,053	70,322
Trading expenses	(2,209,213)	(3,004,856)	(2,062,994)	(2,209,198)	(3,004,841)	(2,062,989)
Open market transactions	(1,525,041)	(2,129,313)	(1,348,797)	(1,525,026)	(2,129,298)	(1,348,792)
Borrowings and onlending	(684,172)	(875,543)	(714,197)	(684,172)	(875,543)	(714,197)
Trading profit (loss)	621,751	1,276,578	1,075,864	626,783	1,283,375	1,079,249
Provision for expected losses associated with credit risk	(17,945)	(50,052)	(13,960)	(17,945)	(50,052)	(13,960)
Gross trading profit	603,806	1,226,526	1,061,904	608,838	1,233,323	1,065,289
Other operating income (expenses)	(457,318)	(1,018,907)	(901,428)	(457,940)	(1,018,060)	(899,982)
Service revenues	23 51,040	99,757	99,521	498,491	962,300	846,229
Personnel expenses	24 (45,810)	(83,479)	(83,244)	(48,968)	(89,524)	(89,027)
Other administrative expenses	25 (608,120)	(1,242,982)	(1,032,958)	(988,367)	(1,978,228)	(1,699,073)
Tax expenses	(22,925)	(61,178)	(60,521)	(78,140)	(165,520)	(123,654)
Equity pickup in subsidiaries	11 8,582	13,483	10,485	-	-	1,973
Other operating income	26 220,228	376,987	301,466	219,653	375,520	299,830
Other operating expenses	27 (60,313)	(121,495)	(136,177)	(60,609)	(122,608)	(136,260)
Operating income (expenses)	146,488	207,619	160,476	150,898	215,263	165,307
Income before taxes and profit sharing	146,488	207,619	160,476	150,898	215,263	165,307
Income and social contribution taxes	20 (54,448)	(75,882)	(55,289)	(58,159)	(82,333)	(58,996)
Income tax	21,505	(20,357)	(37,159)	18,764	(25,101)	(39,679)
Social contribution tax	14,088	(18,687)	(29,354)	12,993	(20,524)	(30,351)
Deferred tax credits, net	(90,041)	(36,838)	11,224	(89,916)	(36,708)	11,034
Employee profit sharing	(13,291)	(23,734)	(20,830)	(13,885)	(24,885)	(21,952)
Noncontrolling interests	-	-	-	(105)	(42)	(2)
Net income for the six-month period/year	78,749	108,003	84,357	78,749	108,003	84,357
Number of shares at end of six-month period/year	19 2,388,973,798	2,388,973,798	1,458,973,797			
Net earnings per thousand shares at end of six-month period/year - R\$	32,96	45,21	57,82			

See accompanying notes.

Banco Cooperativo Sicredi S.A.

Statements of comprehensive income
Six-month period ended December 31, 2021
and years ended December 31, 2021 and 2020
(In thousands of reais)

	Consolidated		
	2H 2021	12/31/2021	12/31/2020
Net income for the year	78,749	108,003	84,357
Noncontrolling interests	(105)	(42)	(2)
Net income attributed to shareholders	78,644	107,961	84,355
Marketable securities available for sale	1,213	2,340	(1,870)
Taxes on adjustments to marketable securities available for sale	(546)	(1,053)	842
Total adjustments not included in net income	667	1,287	(1,028)
Comprehensive income for the period	79,311	109,248	83,327
Attributed to shareholders:			
Net income for the period attributed to controlling interests	79,416	109,290	83,329
Net income attributed to noncontrolling interests	(105)	(42)	(2)

See accompanying notes.

Banco Cooperativo Sicredi S.A.

Statements of changes in equity
Six-month period ended December 31, 2021
and years ended December 31, 2021 and 2020
(In thousands of reais)

	Capital			Reserve	Equity adjustments	Retained earnings/(accumulated losses)	Equity of parent company	Noncontrolling interests	Total
	Subscribed capital	Unpaid capital	To be approved by the Central Bank	Legal reserve					
Balances at December 31, 2019	1,338,974	(85,000)	-	51,063	(38)	-	1,304,999	94	1,305,093
Capital increase	120,000	85,000	-	-	-	-	205,000	-	205,000
Adjustments to market value - marketable securities	-	-	-	-	(1,028)	-	(1,028)	-	(1,028)
Net income for the year	-	-	-	-	-	84,357	84,357	2	84,359
Profit allocation:									
Reserves	-	-	-	4,218	-	(4,218)	-	-	-
Payment of dividends	-	-	-	-	-	(70,139)	(70,139)	-	(70,139)
Payment of interest on equity	-	-	-	-	-	(10,000)	(10,000)	-	(10,000)
Balances at December 31, 2020	1,458,974	-	-	55,281	(1,066)	-	1,513,189	96	1,513,285
Capital increase	930,000	-	-	-	-	-	930,000	-	930,000
Adjustments to market value - marketable securities	-	-	-	-	1,287	-	1,287	-	1,287
Net income for the year	-	-	-	-	-	108,003	108,003	42	108,045
Profit allocation:									
Reserves	-	-	-	5,400	-	(5,400)	-	-	-
Payment of dividends	-	-	-	-	-	(92,603)	(92,603)	-	(92,603)
Payment of interest on equity	-	-	-	-	-	(10,000)	(10,000)	-	(10,000)
Balances at December 31, 2021	2,388,974	-	-	60,681	221	-	2,449,876	138	2,450,014
Balances at June 30, 2021	1,458,974	-	290,000	55,281	(446)	29,254	1,833,063	33	1,833,096
Capital increase	930,000	-	(290,000)	-	-	-	640,000	-	640,000
Adjustments to market value - marketable securities	-	-	-	-	667	-	667	-	667
Net income for the year	-	-	-	-	-	78,749	78,749	105	78,854
Profit allocation:									
Reserves	-	-	-	5,400	-	(5,400)	(0)	-	(0)
Payment of dividends	-	-	-	-	-	(92,603)	(92,603)	-	(92,603)
Payment of interest on equity	-	-	-	-	-	(10,000)	(10,000)	-	(10,000)
Balances at December 31, 2021	2,388,974	-	-	60,681	221	-	2,449,876	138	2,450,014

See accompanying notes.

Banco Cooperativo Sicredi S.A.

Statements of cash flows Six-month period ended December 31, 2021 and years ended December 31, 2021 and 2020 (In thousands of reais)

	Individual			Consolidated		
	2H 2021	12/31/2021	12/31/2020	2H 2021	12/31/2021	12/31/2020
Cash flows from operating activities						
Net income before income and social contribution taxes	133,197	183,885	139,646	137,013	190,378	143,355
Adjustments to net income before taxes						
Adjustment to market value - marketable securities and derivatives	(10,399)	(34,563)	3,188	(10,399)	(34,563)	3,188
Provision for expected losses associated with credit risk	17,945	50,052	13,960	17,945	50,052	13,960
Depreciation and amortization	794	1,618	1,653	2,260	4,530	4,453
Loss on disposal of property and equipment	117	138	84	136	160	317
Provision for civil, tax and labor contingencies	(401)	(340)	6,671	(355)	297	4,084
Interest on hybrid capital instruments	697	937	(311)	697	937	(311)
Equity pickup in subsidiaries	(8,582)	(13,483)	(10,485)	-	-	(1,973)
Adjusted net income for the year	133,368	188,244	154,406	147,297	211,791	167,073
Changes in assets and liabilities						
Decrease (increase) in short-term interbank investments	(2,459,201)	(2,272,471)	(444,063)	(2,459,201)	(2,272,471)	(444,063)
Decrease in marketable securities and derivative financial instruments	1,729,649	121,740	10,124,005	1,734,740	122,238	10,108,618
(Increase) in compulsory deposits in Central Bank of Brazil	(267,343)	(704,007)	(18,346)	(267,343)	(704,007)	(18,346)
(Increase) in interbank onlendings	(11,039,862)	(13,942,903)	(8,035,755)	(11,039,862)	(13,942,903)	(8,035,755)
(Increase) in loans	(2,393,285)	(2,853,245)	(2,795,541)	(2,393,285)	(2,853,245)	(2,795,541)
(Increase) in other financial instruments	(681,527)	(622,350)	(157,400)	(677,454)	(615,662)	(151,525)
(Increase) decrease in provision for expected losses associated with credit risk	(424)	(638)	1,477	(424)	(638)	1,477
(Increase) in other assets and tax credits	(43,221)	(51,757)	(29,110)	(43,302)	(54,751)	(2,659)
Increase in deposits	3,880,784	12,939,540	6,651,768	3,883,462	12,945,585	6,664,273
(Decrease) in open market funding	(3,775,479)	(9,723,203)	(2,596,743)	(3,775,479)	(9,723,203)	(2,596,743)
Increase in funds from acceptance and issue of securities	3,308,648	4,912,279	2,123,436	3,308,648	4,912,279	2,123,436
Increase in borrowings and onlending	3,135,664	3,851,498	3,430,151	3,135,664	3,851,498	3,430,151
Increase (decrease) in other provisions, deferred tax obligations and other liabilities	(138,457)	67,661	101,131	(158,647)	42,208	106,320
Net cash from (used in) operating activities	(8,610,686)	(8,089,612)	8,509,416	(8,605,186)	(8,081,281)	8,556,716
Income and social contribution taxes paid	(16,368)	(37,992)	(59,515)	(20,679)	(44,572)	(61,931)
Net cash from (used in) operating activities	(8,627,054)	(8,127,604)	8,449,901	(8,625,865)	(8,125,853)	8,494,785
Cash flow from investing activities						
Securities and receivables	105,386	106,919	7,011	105,386	106,919	7,011
Acquisition of property and equipment for own use	(630)	(1,332)	(1,576)	(2,272)	(3,536)	(5,297)
Refund of capital in subsidiaries	-	-	41,190	-	-	1,973
Acquisition of other investments	(51)	(51)	(84)	(50)	(50)	(63)
(Increase) in available-for-sale securities	8,042,266	6,334,313	(6,173,399)	8,042,266	6,334,313	(6,173,399)
(Increase) in held-to-maturity securities	878,333	259,641	(5,861,695)	878,333	259,641	(5,861,695)
Net cash from (used in) investing activities	9,025,304	6,699,490	(11,988,553)	9,023,663	6,697,287	(12,031,470)
Cash flows from financing activities						
Subordinated debt	(59,276)	(60,809)	(7,011)	(59,276)	(60,809)	(7,011)
Capital increase	640,000	930,000	205,000	640,000	930,000	205,000
Interest on equity paid	-	(10,000)	(10,000)	-	(10,000)	(10,000)
Dividends paid	-	(70,139)	(79,081)	-	(70,139)	(79,081)
Net cash from financing activities	580,724	789,052	108,908	580,724	789,052	108,908
(Decrease) increase in cash and cash equivalents	978,974	(639,062)	(3,429,744)	978,974	(639,062)	(3,429,750)
Cash and cash equivalents at beginning of year	1,172,990	2,791,026	6,220,770	1,172,990	2,791,026	6,220,776
Cash and cash equivalents at end of year	2,151,964	2,151,964	2,791,026	2,151,964	2,151,964	2,791,026
	1552008	1552008	1461948		1575191	1476567

See accompanying notes.

Banco Cooperativo Sicredi S.A.

Notes to individual and consolidated financial statements
December 31, 2021 and 2020
(In thousands of reais)

1. Operations

Banco Cooperativo Sicredi S.A. (the “Bank” or “Institution”), a private Brazilian financial institution established in accordance with Brazilian Monetary Council (CMN) Resolution No. 2193, of August 31, 1995, was authorized to operate by the Central Bank of Brasil (BACEN) on March 20, 1996, commenced its activities on June 3, 1996 and is located at Avenida Assis Brasil, 3940 in Porto Alegre, state of Rio Grande do Sul (RS). The Institution is primarily engaged in performing bank transactions of a commercial nature, including exchange transactions and operates as a multiple bank, by means of its commercial and investment portfolio. By strategic decision of Sistema de Crédito Cooperativo (“Sicredi” or “System”), the Bank operates an instrument of the Credit Cooperatives, enabling these cooperatives to, by means of agreements, operate in the various markets available and perform operations that are supplementary to their nature, thus offering their associates access to a full-fledged service portfolio.

As at December 31, 2021, the System is organized into 108 associated Credit Cooperatives, which operate a service network of 2,203 points. The structure also relies on five Regional Centrals (“Centrals”) – shareholders of Sicredi Participações S.A. – the Confederation of Sicredi Cooperatives (“Sicredi Confederation”), Sicredi Foundation and the Bank, which controls Corretora de Seguros Sicredi Ltda., Administradora de Consórcios Sicredi Ltda. and Administradora de Bens Sicredi Ltda.

Operations are conducted in the context of the companies part of Sicredi, which operate in the market in an integrated manner. The rewards from the services provided between the System’s companies and the costs of the operating and administrative structure are absorbed, together or individually, by these companies.

The Bank and Rabo Partnerships B.V., development arm of Rabobank Dutch Group, entered into an investment agreement on June 07, 2011. This partnership enables the exchange of information and technical knowledge between Sicredi System and Rabobank System, and may expand the portfolio of Sicredi products in the segments in which Rabobank has expertise. This process, formally conducted by means of an investment agreement, was approved by BACEN on January 27, 2011 and by the Brazilian federal government, through Federal Decree of May 18, 2011, published in the Federal Official Gazette on May 19, 2011.

In October 2012, the Bank and International Finance Corporation (“IFC”), a member of the World Bank and the largest global development institution turned to the private sector in developing countries, entered into an investment agreement. This partnership is aimed at maintaining the Bank’s leverage capacity at levels that enable the Bank to meet the demands of the associated Cooperatives and ensuring the strategic alignment between the System and IFC. This process, formally conducted by means of an investment agreement, was approved by the Central Bank of Brazil on May 24, 2013.

As at December 31, 2021, Rabo Partnerships B.V. and IFC hold interests of 12.10% and 1.59% respectively (19.45% and 2.55%, respectively, in December 2020) in the Bank’s shares.

2. Basis of preparation and presentation of the individual and consolidated financial statements

Presentation of the individual and consolidated financial statements

The individual and consolidated financial statements were prepared in accordance with the accounting practices adopted in Brazil, and with the accounting guidance provided by Law No. 6404/76, as amended by Laws No. 11638/07 and No. 11041/09 and in consonance with the rules established by BACEN, CMN, consubstantiated in the Chart of Accounts for Institutions of the National Financial System (COSIF) and the new pronouncements, guidance and interpretations issued by the Brazilian FASB (CPC) approved by BACEN (CPC 00 (R1), 01 (R1), 02 (R2), 03 (R2), 04 (R1), 05 (R1), 10 (R1), 23, 24, 25, 27, 33 (R1), 41 and 46.

Banco Cooperativo Sicredi S.A.

Notes to individual and consolidated financial statements (Continued)
December 31, 2021 and 2020
(In thousands of reais)

Additionally, as from January 2021, the amendments to CMN Resolution No. 4818/2020 and BACEN Resolution No. 2/20 were included in the presentation of the financial statements. These amendments are mainly aimed at bringing similarity with the reporting guidance in accordance with International Financial Reporting Standards (IFRS). The main changes implemented were that (i) the statement of financial position accounts are presented in order of liquidity and payment, no longer segregated into current and noncurrent, and segregation is only presented in the explanatory notes; (ii) the statement of financial position balances for the period are presented in comparison with the end of the immediately prior year and the other statements are compared with the same periods of the prior year; (iii) the statement of comprehensive income was included; and (iv) information on recurring and non-recurring results is presented in the explanatory notes in a segregated manner.

These individual and consolidated financial statements were approved by the Executive Board on February 17, 2022.

a) Consolidation criteria

In the consolidation process, intercompany transaction balances were eliminated and net income (loss) and equity referring to noncontrolling shareholders were separately disclosed.

b) Consolidated financial statements

The consolidated financial statements were prepared in accordance with Brazil's Corporation Law and with the consolidation principles disciplined by BACEN, and include the financial statements of the Bank and all of the following subsidiaries:

<u>Entity</u>	<u>Activity</u>	<u>12/31/2021</u>	<u>12/31/2020</u>
		<u>%</u>	<u>%</u>
Direct equity investment:			
Administradora de Consórcios Sicredi Ltda.	Consortia administrator	99.99	99.99
Administradora de Bens Sicredi Ltda.	Asset Administrator	99.98	99.98
Corretora de Seguros Sicredi Ltda.	Insurance Broker	100.00	99.75
Sicredi - FIC Mult Estratégia Arrojada LP	Investment fund	98.53	-
Sicredi - FIC RF Estratégia Conservadora LP	Investment fund	59.81	-
Sicredi - FIC Mult Estratégia Moderada LP	Investment fund	95.62	-
Sicredi - Ações Sustentáveis ESG FIC FIA	Investment fund	87.52	-

The investment funds in which Banco Sicredi, in any manner, holds or substantially retains risks and rewards were included in the consolidated financial statements.

Subsidiaries are fully consolidated as from date of acquisition, which is the date on which control is obtained by the Bank, and are excluded from the consolidated financial statements as from the date when that control ceases. The financial statements are prepared for the same reporting period as the parent company, using consistent accounting policies. All intragroup balances, revenues and expenses and unrealized gains and losses deriving from intragroup transactions are fully eliminated.

c) Functional currency

The individual and consolidated financial statements are stated in Brazilian reais, which is the functional currency of the Bank and its subsidiaries.

Banco Cooperativo Sicredi S.A.

Notes to individual and consolidated financial statements (Continued)
December 31, 2021 and 2020
(In thousands of reais)

3. Summary of significant accounting practices

Significant accounting practices adopted to prepare the individual and consolidated financial statements are shown below.

a) Determination of profit or loss

Profit or loss is computed on an accrual basis, which establishes that revenues and expenses must be included in the calculations of the periods in which these revenues and expenses occurred, always simultaneously when they correlate, irrespective of receipt or payment. Fixed rate transactions are recorded at redemption value, and income and expenses corresponding to future periods are recognized as a reduction of respective assets or liabilities.

Financial income and costs are calculated on a pro rata basis using the exponential method, except those related to discounted securities or those relating to foreign transactions, which are calculated on a straight-line basis. Floating rate transactions or transactions indexed to foreign currencies are restated up to the statement of financial position date.

b) Cash and cash equivalents

These are represented by amounts in domestic and foreign currency, and short-term interbank investments whose maturity at effective investment date is equal to or below 90 days, subject to a low risk of change in fair value.

c) Short-term interbank investments

These represent fixed-income transactions referring to purchase of securities subject to repurchase agreements and investments in interbank deposits, which are stated at redemption value, net of unrecorded yield amounts corresponding to future periods.

d) Marketable securities

As established by BACEN Memorandum Circular No. 3068/01, marketable securities are classified and subsequently measured as follows:

Trading securities – these are acquired for the purpose of being actively and frequently traded, are adjusted to market value, matched against net income for the period and classified in current assets regardless of their maturity;

Securities available for sale – these do not classify as trading or held to maturity and are adjusted to market value, matched against a specific equity account, net tax effects;

Securities held to maturity – the entity intends or has the financial capacity to hold these securities in its portfolio until maturity. They are stated at acquisition cost plus earnings and matched against P&L for the period. Financial capacity is defined using cash flow projections and discounting the possibility of sale of these securities.

Banco Cooperativo Sicredi S.A.

Notes to individual and consolidated financial statements (Continued)
December 31, 2021 and 2020
(In thousands of reais)

e) Derivative financial instruments

The Institution uses derivative financial instruments such as swaps and interest rate futures, currency swaps, exchange futures in foreign currency and interest rate options with a view to meeting the Bank's needs and are classified in accordance with management's intent, at inception date, taking into consideration whether or not these instruments are contracted for hedging purposes, under the terms of Bacen Memorandum Circular No. 3082/02 of January 30, 2002.

Operations involving derivative financial instruments are recorded at fair value, using the marked-to-market methodologies adopted by Sicredi. The method for recognition of gains and losses resulting from these operations depends on whether or not the derivative is designated as a hedging instruments, in cases of adoption of hedge accounting.

Instruments designated for hedge accounting may be classified according to their nature into the following categories:

- *Market risk hedge*: derivative financial instruments intended to offset risks arising from exposure to market value changes of the hedged item should be classified as market risk hedge. Gains and losses should be matched against P&L for the period;
- *Cash flow hedge*: derivative financial instruments intended to offset variations in the Institution's estimated cash flow should be classified as cash flow hedge, and gains and losses relating to the effective portion should be matched against a specific account in equity less any tax effects and other variations matched against P&L for the period.

Sicredi recorded no operations classified as cash flow hedge accounting for the year ended December 31, 2021, and Sicredi's operations subject to hedge accounting are classified as market risk.

Derivatives classified as hedge accounting are subject to documental identification using detailed information on the operations and risks involved, effectiveness of the strategy, by means of tests of prospective and/or retrospective effectiveness, as well as marked to market of the instruments and of the hedged items, as established by Memorandum Circular No. 3082/02.

Derivative transactions in the options and future market are held in custody on B3 S.A. – Brasil, Bolsa e Balcão ("B3"). The market value of these derivative financial instruments is calculated based on specialized exchange quotes.

f) Credit operations

These are stated at cost plus yield earned. Loan transactions are classified according to management's risk level analysis, considering the economic scenario and specific risks in connection with these transactions, the debtors and guarantors, when applicable, under the parameters established in CMN Resolutions No. 2682/99 and No. 2697/00.

Loan transactions overdue within 59 days are accrued under revenues from loans and from the 60th day onwards under unearned revenues. Operations classified as "H" remain under this classification for six months when they are charged against the existing allowance and controlled for five years in memorandum accounts, and are no longer presented in the statement of financial position.

Banco Cooperativo Sicredi S.A.

Notes to individual and consolidated financial statements (Continued)
December 31, 2021 and 2020
(In thousands of reais)

g) Provision for expected losses associated with credit risk

Provision for expected losses associated with credit and currency risk is based on the analysis of the operations and takes into consideration the economic context, past experience, specific and overall risks of the portfolios, under the accrual criteria defined by BACEN in CMN Resolutions No. 2682/99 and No. 2697/00, associated with management's assessment in determining credit risks.

h) Other current and noncurrent assets

These are stated at realizable values, including, when applicable, earnings, monetary variations (on a pro rata basis) and exchange variations, less corresponding provisions for losses or adjustment to market value and unearned income.

i) Investments

Investments are stated at cost of acquisition and investments in subsidiaries are adjusted by the equity method. Other investments are stated at cost less impairment, when applicable.

j) Property and equipment in use

These are stated at cost of acquisition. Depreciation of property and equipment in use is calculated on a straight-line basis using the annual rates mentioned in the table below, which take into account the useful life of the assets.

	Individual	Consolidated
Property and equipment	Annual depreciation rate	Annual depreciation rate
Buildings	4%	2 to 4%
Furniture, fixtures and facilities	10%	2% to 32%
IT equipment and processing systems	20%	7% to 33%
Transportation systems	20%	11% to 25%
Other	10%	8% to 20%

k) Intangible assets

Intangible assets correspond to acquired rights over these assets intended for maintaining the Institution or exercised for that purpose. They are stated at cost and comprise expenses with software acquisition and development, adjusted for accumulated amortization, calculated as from the moment when the respective rewards begin to be used, at the ratio of 10 to 20% per year, on a straight-line basis.

l) Impairment of nonfinancial assets

Property and equipment and other noncurrent assets, including intangible assets, are annually reviewed in order to identify evidence of non-recoverable losses or whenever events or changes in the circumstances indicate that the carrying amount may not be recovered.

When this is the case, the recoverable amount is calculated to identify any loss. When identified, the loss is recorded in P&L for the period for the amount in which book value exceeds the recoverable amount, which is the higher of net sale price and value in use of an asset.

Banco Cooperativo Sicredi S.A.

Notes to individual and consolidated financial statements (Continued)
December 31, 2021 and 2020
(In thousands of reais)

m) Assets and liabilities in foreign currency

Monetary assets denominated in foreign currency are translated into reais using the exchange rates of the Central Bank in effect for the transactions. Differences deriving from currency translation are recorded in P&L for the period.

n) Deposits, onlending obligations and other financial liabilities

These are stated at their respective amounts plus charges, monetary and exchange fluctuations through to the statement of financial position date, recognized on a pro rata basis.

o) Other current and noncurrent liabilities

These are stated at known or estimated amounts, including, when applicable, charges and monetary variations on a pro rata basis, less corresponding expenses.

p) Tax credits, taxes and contributions

Provisions for federal contribution taxes on gross revenue for Social Integration Program (PIS) and for Social Security Financing (COFINS) were calculated at the rates in effect, considering, for the respective bases, the prevailing legislation for each tax.

Income and social contribution tax credits are recorded on temporary differences, at the rates of 25% income tax and social contribution tax. These tax credits will be realized when the accrued provisions are realized.

q) Provision for civil, tax and labor contingencies

The accounting practices for recording, measuring and disclosing contingent assets and liabilities are consubstantiated in BACEN Resolution No. 3823/09, to wit:

Contingent assets are recorded only when subject to security interests or favorable legal decisions on which no further appeals may be filed. Contingent assets whose likelihood of a favorable outcome is rated as probable are only disclosed in an explanatory note;

Contingent liabilities are provisioned when losses thereon are assessed as probable and the amounts involved may be reliably measured. Contingent liabilities assessed as possible loss are disclosed and contingent liabilities that may not be reliably measured and those assessed as probable loss are not provisioned or disclosed;

Legal obligations are recorded as payables, irrespective of the assessment of the likelihood of a favorable outcome.

r) Accounting estimates

Accounting estimates are determined by management, considering factors and assumptions set up based on judgment, which are reviewed every six months. Significant items subject to these estimates and assumptions include provisions for adjustment of assets to probable realizable or recoverable values, provisions for losses, provisions for contingencies, marked-to-market of financial instruments, among others.

Settlement of transactions involving these estimates may result in amounts significantly different from those recorded in the financial statements due to the uncertainties inherent in their estimation process.

Banco Cooperativo Sicredi S.A.

Notes to individual and consolidated financial statements (Continued)
December 31, 2021 and 2020
(In thousands of reais)

s) Pension plan - defined contribution

The Bank and its subsidiaries are members of a pension plan managed by a private pension entity, which provides the Bank's and its subsidiaries' employees with post-employment benefits under the defined contribution system. A defined contribution plan is a pension plan under which the companies make fixed contributions to a separate entity. The companies have no legal or constructive obligation to make contributions if the fund has no sufficient assets to pay all employees the benefits related with these employees' service in the current and prior period.

For the defined contribution plan, the companies pay contributions to the private pension entity, on a compulsory, contractual or voluntary basis. Regular contributions comprise net costs for the period in which they are due and are, therefore, included in personnel expenses.

t) Earnings per share

Net earnings per share are determined based on the number of shares outstanding at the statement of financial position date.

u) Recurring and non-recurring income

Recurring income is related with the Bank's typical characteristics, which occur frequently in the present and are foreseen to occur in the future whereas non-recurring income derives from an extraordinary and/or unpredictable event that tends not to occur again in the future.

4. Cash and cash equivalents

In the statement of cash flow, the following amounts were considered cash and cash equivalents:

	Individual and Consolidated	
	12/31/2021	12/31/2020
Cash and cash equivalents	523,440	369,462
Short-term interbank investments	1,628,524	2,421,564
Resale to settle - Self-funding position	338,239	735,080
Resale to settle - Financed position	1,281,758	1,665,032
Investments in foreign currency	8,527	21,452
Total	2,151,964	2,791,026

Cash and cash equivalents and short-term investments are classified as cash and cash equivalents for purposes of presentation in the statement of cash flows, when the requirements of CPC 03 (R2) – Statement of Cash Flows are met.

Banco Cooperativo Sicredi S.A.

Notes to individual and consolidated financial statements (Continued)
December 31, 2021 and 2020
(In thousands of reais)

5. Short-term interbank investments

	Individual and Consolidated	
	12/31/2021	12/31/2020
Open market investments	<u>1,619,997</u>	<u>2,400,112</u>
Resale to settle - Self-funding position		
Financial Treasury Bills (LFT)	-	740
National Treasury Bills (LTN)	-	634,339
National Treasury Notes (NTN)	338,239	100,001
Resale to settle - Financed position		
Financial Treasury Bills (LFT)	-	399,260
National Treasury Bills (LTN)	-	1,265,772
National Treasury Notes (NTN)	1,281,758	-
Investments in interbank deposits	<u>4,138,620</u>	<u>1,866,149</u>
Interbank Deposit Certificates (CDI)	4,138,620	1,866,149
Investments in foreign currency	<u>8,527</u>	<u>21,452</u>
Investments in foreign currency	8,527	21,452
Total current	<u>5,767,144</u>	<u>4,287,713</u>

6. Compulsory deposits in Central Bank of Brazil

	Individual and Consolidated	
	12/31/2021	12/31/2020
Deposits in savings accounts	3,784,928	3,080,865
Microcredit	-	56
Total current	<u>3,784,928</u>	<u>3,080,921</u>

Deposits in savings accounts refer to amounts mandatorily deposited in Rural Savings Accounts and in the Brazilian Savings and Loan System (SBPE) in domestic currency in the Central Bank of Brazil.

Banco Cooperativo Sicredi S.A.

Notes to individual and consolidated financial statements
December 31, 2021 and 2020
(In thousands of reais)

7. Marketable securities and derivative financial instruments

a) Portfolio breakdown

	Individual					Consolidated				
	Note	12/31/2021			12/31/2020	12/31/2021			12/31/2020	
		Within 3 months	From 3 to 12 months	Over 12 months	Total portfolio	Total portfolio	Within 3 months	From 3 to 12 months	Over 12 months	Total portfolio
Own portfolio										
Financial Treasury Bills (LFT)	-	-	5,274,080	5,274,080	2,610,724	-	-	5,274,080	5,274,080	2,610,724
Rural Product Bills (CPR)	29,667	47,411	-	77,078	184,429	29,667	47,411	-	77,078	184,429
Fixed-income investment funds	4,109	-	-	4,109	-	197,325	-	-	197,325	193,714
Financial bills and subordinated debts	-	-	46,035	46,035	-	-	-	46,035	46,035	-
Linked to repurchase agreements										
Financial Treasury Bills (LFT)	-	-	2,480,595	2,480,595	8,867,428	-	-	2,480,595	2,480,595	8,867,428
National Treasury Bills (LTN)	-	-	-	-	2,983,079	-	-	-	-	2,983,079
Linked to guarantees given										
Financial Treasury Bills (LFT)	-	-	444,799	444,799	459,953	-	-	444,799	444,799	459,953
Subtotal	7.b	<u>33,776</u> #	<u>47,411</u> #	<u>8,245,509</u>	<u>8,326,696</u>	<u>226,992</u> #	<u>47,411</u> #	<u>8,245,509</u>	<u>8,519,912</u> #	<u>15,299,327</u>
Derivative financial instruments		2,392	-	124,014	126,406	46,196	2,392	-	124,014	126,406
Total - 2021		<u>36,168</u>	<u>47,411</u> #	<u>8,369,523</u>	<u>8,453,102</u>	<u>229,384</u> #	<u>47,411</u> #	<u>8,369,523</u>	<u>8,646,318</u>	
Total - 2020		<u>4,295,436</u>	<u>5,226,669</u> #	<u>5,629,704</u>	<u>15,151,809</u>	<u>4,489,150</u> #	<u>5,226,669</u> #	<u>5,629,704</u>		<u>15,345,523</u>
Total current				<u>83,579</u>	<u>9,522,105</u>			<u>276,795</u>	<u>9,715,819</u>	
Total noncurrent				<u>8,369,523</u>	<u>5,629,704</u>			<u>8,369,523</u>	<u>5,629,704</u>	

Banco Cooperativo Sicredi S.A.

Notes to individual and consolidated financial statements
December 31, 2021 and 2020
(In thousands of reais)

b) Classification of marketable securities

	Individual		Consolidated	
	Restated cost	Market value	Restated cost	Market value
Held for trading				
No maturity	4,109	4,109	197,325	197,325
Subtotal	4,109	4,109	197,325	197,325
Available for sale				
Maturing over 12 months	1,326,985	1,327,629	1,326,985	1,327,629
Subtotal	1,326,985	1,327,629	1,326,985	1,327,629
Held to maturity				
Maturing within 12 months	77,078	76,989	77,078	76,989
Maturing over 12 months	6,917,880	7,216,741	6,917,880	7,216,741
Subtotal	6,994,958	7,293,730	6,994,958	7,293,730
Total - 2021	8,326,052	8,625,468	8,519,268	8,818,684
Total - 2020	15,106,929	15,059,865	15,300,643	15,253,579

Based on the understanding of BACEN Memorandum Circular No. 3068/01, securities recorded as held to maturity are measured for the respective costs of acquisition plus yield earned whereas securities held for trading and available for sale are adjusted to market value.

In compliance with the provisions of article 8 of BACEN Memorandum Circular No. 3068/01, management represents that the Institution has the financial capacity and intent to maintain until maturity the securities classified as held to maturity.

In 2021, no marketable securities were reclassified.

As at December 31, 2021, unrealized income/(loss) from securities classified as available for sale presented net gain of R\$ 152 (ness loss of R\$ 1,672 in December 2020), recorded net of tax effects in equity under equity adjustments amounting to R\$ 1,287 (R\$ 1,029 in December 2020).

As at December 31, 2021, adjustment to market value of securities classified as for trading recorded in P&L presented gain of R\$ 223 (R\$ 6,940 in December 2020).

Market value of government securities was calculated based on the quotation obtained from the National Association of Financial and Capital Market Institutions (ANBIMA).

Market value of Rural Product Bills (CPR) is obtained based on the interest curve, using the rates negotiated in B3's DI future market for one day, and on the credit spreads obtained by means of the risk premium established for the operation counterparty. Since CPR transactions are only performed with the system's cooperative associates as long as guaranteed by the cooperative by means of a letter of guarantee, the joint guarantee and nature of Sicredi cooperative system are considered in order to define a single spread for all counterparties.

The official fund share amount is adjusted on a daily basis and sent to CVM and ANBIMA.

Banco Cooperativo Sicredi S.A.

Notes to individual and consolidated financial statements (Continued)
December 31, 2021 and 2020
(In thousands of reais)

c) Derivative financial instruments

These are classified, upon acquisition, based on management's intent of using them for hedging purposes, in accordance with BACEN Memorandum Circular No. 3082, of 01/30/2002. Transactions that use financial instruments, carried out at the request of customers, on their own account, or that do not meet the hedging criteria (mainly derivatives used for managing global risk exposure), are accounted for at fair value, and realized and unrealized gains and losses are recognized directly in the statement of profit or loss. The Bank uses swap derivatives to hedge its foreign borrowings. Use of these derivative financial instruments is mainly aimed as hedge against risks deriving from currency fluctuations, and the instruments' maturity is linked to maturity of the fund-raising transactions.

Swap derivatives as well as hedged borrowings are adjusted to market value, except when held to maturity in matched operations with the same counterparty (instrument and object). Market value of these operations is calculated using modelling techniques such as the discounted cash flow method, and approved by Bank management.

Fixed-income marketable securities classified as for trading and available for sale are operated together with derivative contracts, and future DI contracts are the instrument used to hedge against rate variations. The purpose of this instrument is to hedge against fluctuation of the rates pegged to fixed-income government securities.

Hedged government securities are adjusted to market value, except when held to maturity, under market price assumptions obtained by means of quotations for assets and liabilities with the same or similar characteristics. In case these assumptions are not available, pricing models approved by Bank management such as the discounted cash flow method are used. Financial instruments under custody of B3 are daily adjusted based on futures transactions that are recorded in asset or liability accounts, depending on the nature of the adjustment, and settled on D+1.

Difference amounts and adjustments of derivative assets and liabilities are recorded in asset and liability accounts in accordance with each operation method, and matched against respective P&L accounts.

Sicredi adopted hedge accounting for swap derivatives, whose hedged items are funds obtained in the foreign market from Citibank and Japan International Cooperation Agency (JICA), as well as future DI transactions, whose hedged items are fixed-income government securities available for sale. The variations and adjustments deriving from (de)valuation of these instruments and items are matched against P&L, irrespective of their classification pursuant to Memorandum Circular No. 3068/01, in compliance with Memorandum Circular No. 3082/02, which provides for recognition of hedge accounting operations in P&L accounts, when classified as market risk.

As at December 31, 2021 and 2020, these amounts are adjusted to market value, except specific derivative financial instruments that are only adjusted based on the curve, recorded and valued in accordance with Bacen Memorandum Circular No. 3082/02, and respective referential amounts are recorded in memorandum accounts, as follows:

Banco Cooperativo Sicredi S.A.

Notes to individual and consolidated financial statements (Continued)
December 31, 2021 and 2020
(In thousands of reais)

	Individual and Consolidated				12/31/2020
	12/31/2021				
	Net position of contracts to mature				
	Within 3 months	From 3 to 12 months	Over 12 months	Total	Total
Clearance					
Futures contracts	56,951	(14,503)	33,082	75,530	1,625,932
Swap contracts	91,787	103	2,629,487	2,721,377	974,465
Total - 2021	<u>148,738</u>	<u>(14,400)</u>	<u>2,662,569</u>	<u>2,796,907</u>	
Total - 2020	<u>(59,314)</u>	<u>1,607,176</u>	<u>1,052,535</u>		<u>2,600,397</u>
Swap contracts					
Receivables	2,392	-	124,014	126,406	46,196
Payables	(10)	(24)	(29,370)	(29,404)	(48,267)
Total - 2021	<u>2,382</u>	<u>(24)</u>	<u>94,644</u>	<u>97,002</u>	
Total - 2020	<u>(13)</u>	<u>(3)</u>	<u>(2,055)</u>		<u>(2,071)</u>

	Individual and Consolidated			
	12/31/2021			12/31/2020
	Notional amount	Cost – amount receivable/received (payable/paid)	Market value	Market value
Futures contracts	75,530	(13)	-	-
Purchase commitments	(245,341)	3	-	-
Future DI	(227,974)	7	-	-
Future DOL	(6,976)	(140)	-	-
Future WDO	(10,391)	136	-	-
Sale commitments	320,870	(16)	-	-
Future DI	303,331	(10)	-	-
Future DOL	11,234	(6)	-	-
Future WDO	6,306	-	-	-
Swap contracts	2,721,377	86,677	97,002	(2,071)
Receivables	1,884,952	98,562	126,406	46,196
Foreign currency	1,884,952	98,562	126,406	46,196
Payables	836,425	(11,885)	(29,404)	(48,267)
Foreign currency	836,425	(11,885)	(29,404)	(48,267)

Banco Cooperativo Sicredi S.A.

Notes to individual and consolidated financial statements (Continued)
December 31, 2021 and 2020
(In thousands of reais)

Daily adjustments of futures transactions are recorded in asset or liability accounts, depending on the nature of the adjustment, and settled on D+1. As at December 31, 2021, the balance recorded under Securities trading and brokerage in assets is of R\$ 153 (R\$ 545 in December 2020) and in liabilities is of R\$ 166 (R\$ 31 in December 2020) in the individual and consolidated financial statements.

As at December 31, 2021, the Bank recorded gains on derivatives amounting to R\$ 182,853 (losses of R\$ 152,439 in December 2020).

As at December 31, 2021, the equity position of government securities given in guarantee for stock exchange operations amounted to R\$ 425,604 (R\$ 196,462 in December 2020).

Notional value, hedged items and hedging instruments referring to operations subject to market risk and hedge accounting are as follows:

	Individual and Consolidated			12/31/2020
	12/31/2021			
	Net position of contracts to mature			
Notional value	Curve value	Market value	Market value	
<u>Market risk hedge – Funding</u>				
Hedging instruments	1,116,718	3,140	(21,632)	(48,253)
Swap contracts (payable)	1,116,718	3,140	(21,632)	(48,253)
Hedged items	1,116,718	1,140,321	1,115,549	713,750
Foreign market funding	1,116,718	1,140,321	1,115,549	713,750

Prospective and retrospective effectiveness tests were conducted on the hedge portfolio classified as market risk, whose results were effective and in accordance with the provisions of Bacen Memorandum Circular No. 3082/02.

Banco Cooperativo Sicredi S.A.

Notes to individual and consolidated financial statements (Continued)
December 31, 2021 and 2020
(In thousands of reais)

8. Loan transactions, interbank onlendings and provision for expected losses associated with credit risk

a) Breakdown of credit portfolio per type of operation

	Individual and Consolidated					12/31/2020	
	12/31/2021						
	Note	Overdue from 15 days	Falling due				Total portfolio
Within 3 months			From 3 to 12 months	Over 12 months	Total portfolio		
Credit operations		392	642,424	2,915,994	13,780,521	17,339,331	14,486,086
Loans and discounted notes		4	143,057	470,567	1,568,300	2,181,928	1,989,855
Financing		388	165,445	345,185	554,808	1,065,826	1,052,608
Rural and agro-industrial financing		-	317,098	2,059,593	10,508,173	12,884,864	10,850,795
Real property financing		-	16,824	40,649	1,149,240	1,206,713	592,828
Interbank onlending		-	3,063,915	20,328,680	15,296,187	38,688,782	24,745,879
Interbank onlending – rural credit and other funds		-	3,063,915	20,328,680	15,296,187	38,688,782	24,745,879
Exchange transactions		-	38,300	134,192	1,531	174,023	128,380
Advances on exchange contracts	16.a	-	37,511	131,428	1,499	170,438	125,461
Income from advances on exchange contracts		-	789	2,764	32	3,585	2,919
Other financial instruments		-	-	-	-	-	100,825
Securities and receivables		-	-	-	-	-	100,825
Total - 2021		392	3,744,639	23,378,866	29,078,239	56,202,136	
Total - 2020		252	2,536,359	16,878,016	20,046,543		39,461,170
Total current						27,123,897	19,414,627
Total noncurrent						29,078,239	20,046,543

Banco Cooperativo Sicredi S.A.

Notes to individual and consolidated financial statements (Continued)
December 31, 2021 and 2020
(In thousands of reais)

b) Breakdown of credit portfolio per risk level

Pursuant to article 3 of CMN Resolution No. 2697/00, we present below the breakdown of the credit operations' portfolio, including exchange transactions amounting to R\$ 174,023 (R\$ 128,380 in December 2020) and other receivables of a credit nature amounting to R\$ 0 (R\$ 100,825 in December 2020), distributed in the corresponding levels of risk, according to the classification provided for in article 1 of CMN Resolution No. 2682/99:

Risk level	% - Minimum	Individual and Consolidated			
		Portfolio		Provision for credit, exchange and other receivable transactions	
		12/31/2021	12/31/2020	Minimum 12/31/2021	Minimum 12/31/2020
AA	0.00	44,256,059	37,686,469	-	-
A	0.50	11,134,083	1,445,314	55,670	7,226
B	1.00	469,783	327,221	4,698	3,272
C	3.00	340,983	382	10,229	11
D	10.00	185	179	19	18
E	30.00	204	117	61	35
F	50.00	95	77	48	39
G	70.00	132	13	92	9
H	100.00	612	1,398	612	1,397
Total		<u>56,202,136</u>	<u>39,461,170</u>	<u>71,429</u>	<u>12,007</u>
Total additional ADA					<u>10,008</u>
Total ADA					<u><u>22,015</u></u>

In December 2020, provision percentages for ratings AA and B above the minimum percentages required by CMN Resolution No. 2682/99 were adopted for the Bank's credit portfolio based on the period's economic uncertainties.

In 2021, taking into consideration a new assessment of the economic scenario, the minimum provision percentages for these operations returned to the levels required by CMN Resolution 2682/99.

Banco Cooperativo Sicredi S.A.

Notes to individual and consolidated financial statements (Continued)
December 31, 2021 and 2020
(In thousands of reais)

c) Breakdown of credit operations per sector of activity and maturity brackets

Private sector	Individual and Consolidated					12/31/2020
	12/31/2021				Total portfolio	
	Overdue from 15 days	Within 3 months	Falling due From 3 to 12 months	Over 12 months		
Rural	-	317,098	2,059,593	10,508,172	12,884,863	10,875,771
Industry	6	37,166	118,347	129,015	284,534	301,081
Commerce	110	108,555	266,042	457,632	832,339	866,364
Financial intermediation	-	3,063,974	20,341,058	15,358,678	38,763,710	23,125,717
Legal entities	76	120,895	330,974	848,777	1,300,722	3,084,263
Individuals	201	80,127	222,202	626,725	929,255	615,146
Housing	-	16,824	40,649	1,149,240	1,206,713	592,828
Total - 2021	393	3,744,639	23,378,865	29,078,239	56,202,136	
Total - 2020	253	2,536,358	16,878,016	20,046,543		39,461,170

As at December 31, 2021, a portion of the balance considered trading services refers to interbank onlending of rural credit and other funds between the Bank and the Sicredi System Cooperatives. As at December 31, 2021, these onlending operations amounted to R\$ 38,688,782 (R\$ 24,745,879 in December 2020).

d) Concentration of credit operations

	Individual and Consolidated			
	12/31/2021	%	12/31/2020	%
10 major debtors	14,540,801	25.87	9,939,498	25.19
50 next major debtors	22,896,984	40.74	14,304,354	36.24
100 next major debtors	2,262,456	4.03	1,530,101	3.88
Other	16,501,895	29.36	13,687,217	34.69
Total	56,202,136	100.00	39,461,170	100.00

e) Changes in provision for expected losses associated with credit risk

	Individual and Consolidated	
	12/31/2021	12/31/2020
Opening balance	22,015	6,578
Set up of provision	77,204	6,581
Reversal of provision	(17,144)	(2,629)
Set up of additional provision	-	10,008
Reversal of additional provision	(10,008)	-
Previously renegotiated credits written off as loss	-	2,000
Credits written off as loss	(638)	(523)
Closing balance	71,429	22,015

Banco Cooperativo Sicredi S.A.

Notes to individual and consolidated financial statements (Continued)
December 31, 2021 and 2020
(In thousands of reais)

Most of these operations are subject to security interests, and are guaranteed by the Credit Cooperatives associated with Sicredi System.

In the year ended December 31, 2021, recovery of credit operations previously written off as loss, amounting to R\$ 569 (R\$ 3,728 in December 2020), was recorded as trading revenues – credit operations”.

In the year ended December 31, 2021, no credit operations were renegotiated (R\$ 2,000 in December 2020).

f) Income from (loss on) loans and interbank onlendings

	Individual and Consolidated		
	2H 2021	12/31/2021	12/31/2020
Interbank onlending	1,056,545	1,658,715	1,193,298
Loans	153,028	282,899	162,034
Financing	69,722	110,616	96,082
Rural and agro-industrial financing	360,385	683,306	567,258
Housing financing	37,393	64,052	35,915
Subtotal	1,677,073	2,799,588	2,054,587
Recovery of receivables written off as loss	542	569	3,728
Total	1,677,615	2,800,157	2,058,315

9. Other financial assets

	Individual		Consolidated	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Payment transactions	1,969,168	1,169,666	1,969,168	1,169,666
Instant payments	32,101	60,760	32,101	60,760
Exchange portfolio	262,567	170,996	262,567	170,996
Securities trading and brokerage	153	545	156	545
Securities and receivables	-	100,825	-	100,825
Credit card transactions	5,977,422	3,635,383	5,977,422	3,635,383
Total current	8,241,411	5,138,175	8,241,414	5,138,175

Payment transactions refer to amounts receivable from issuers on intermediation of operations performed with credit and debit cards.

Instant payments refer to amounts deposited in the Central Bank's instant payment account (PI account) to settle Pix operations.

Securities and receivables refer to amounts raised from IFC as subordinated debt.

Credit card transactions refer to the Cooperatives' financial agenda of issue of receivables to be transferred to accreditation agents and card associations.

Banco Cooperativo Sicredi S.A.

Notes to individual and consolidated financial statements (Continued)
December 31, 2021 and 2020
(In thousands of reais)

10. Other assets

	Note	Individual		Consolidated	
		12/31/2021	12/31/2020	12/31/2021	12/31/2020
Payables relating to agreements		4,478	711	4,478	711
Advances and salaries prepaid		3,065	3,034	3,100	3,063
Taxes and contributions to be offset		20,842	1,962	30,927	11,746
Income receivable		48,597	44,336	48,836	44,966
Amounts receivable from system companies		17,633	12,302	18,245	12,302
Prepaid expenses		16,995	3,174	17,014	3,181
Gains from credit portability		782	6,406	782	6,406
Rental of Sicredi machines receivable		11,827	8,760	11,827	8,760
Other		9,419	6,441	9,231	8,599
Total current		<u>133,638</u>	<u>87,126</u>	<u>144,440</u>	<u>99,734</u>
Prepaid expenses		12,197	9,023	12,197	9,023
Payables for guarantee deposits (Note 18.a)	17	26,270	24,199	26,409	24,316
Other sundry refunds		3,170	3,170	8,354	3,576
Total noncurrent		<u>38,467</u>	<u>33,222</u>	<u>38,606</u>	<u>33,339</u>
Total		<u>172,105</u>	<u>120,348</u>	<u>183,046</u>	<u>133,073</u>

Income receivable refers to fund management fees and spread receivable.

Amounts receivable from system companies refer to administrative and other expenses paid by the Bank and collected subsequently.

Prepaid expenses classified in noncurrent assets refer to allocation of transaction costs of foreign borrowings.

Banco Cooperativo Sicredi S.A.

Notes to individual and consolidated financial statements (Continued)

December 31, 2021 and 2020

(In thousands of reais)

11. Interests held in domestic subsidiaries

Investments assessed under the equity method in subsidiaries Sicredi Cartões Ltda. (Sicredi Cards), Corretora de Seguros Sicredi Ltda. (Insurance Broker), Administradora de Bens Sicredi Ltda. (Asset Administrator) and Administradora de Consórcios Sicredi Ltda. (Consortia Administrator) are as follows:

	Individual								Total	Total
	Sicredi Cards		Insurance Broker		Asset Administrator		Consortia administrator			
	12/31/2021	12/31/2020	12/31/2021	12/31/2020	12/31/2021	12/31/2020	12/31/2021	12/31/2020		
Number of units of interest held	-	-	400	399	49,276	49,276	22,825	22,825		
Interest percentage - %	-	-	100,00	99,75	99,98	99,98	99,99	99,99		
Capital	-	-	400	400	49,286	49,286	35,000	22,827		
Equity	-	-	26,800	35,772	52,952	52,946	70,053	82,694		
Net income (loss) for the year	-	-	6,028	1,993	7	11	7,360	6,512		
Investment amount	-	-	26,800	35,683	52,942	52,935	70,046	82,685	149,788	171,303
Equity pickup	-	1,973	6,116	1,989	7	11	7,360	6,512	13,483	10,485

On November 12, 2020, upon a strategic decision of the Executive Board of Banco Cooperativo Sicredi S.A., the controlling entity of the company, Sicredi Cartões Ltda. became extinct. The operations that were performed by this company began to be conducted internally by the System's Cooperatives and by Sicredi Confederation.

On December 16, 2021, Corretora de Seguros Sicredi Ltda. and Administradora de Consórcios Sicredi Ltda. paid their controlling members dividends amounting to R\$ 15,000 and R\$ 20,000, respectively. On the same date, Administradora de Consórcios Ltda. increased capital by R\$ 12,173. Dividend and capital increase operations were carried out using the income reserve.

Banco Cooperativo Sicredi S.A.

Notes to individual and consolidated financial statements (Continued)
December 31, 2021 and 2020
(In thousands of reais)

12. Property and equipment in use and intangible assets

	Individual			Annual depreciation/amortization rates - %
	12/31/2021	12/31/2020		
	Adjusted cost	Accumulated depreciation/amortization	Net	Net
Property and equipment in use	14,787	(7,914)	6,873	6,838
Land	151	-	151	151
Buildings	5,153	(2,382)	2,771	1,960
Furniture, fixtures and facilities	3,855	(1,814)	2,041	2,285
IT equipment and processing systems	3,583	(2,195)	1,388	1,023
Transportation systems	1,486	(1,116)	370	337
Other	559	(407)	152	201
Property and equipment in progress	-	-	-	881
Intangible assets	3,619	(3,500)	119	578
Total - 2021	18,406	(11,414)	6,992	
Total - 2020	18,956	(11,540)		7,416

	Consolidated			Annual depreciation/amortization rates - %
	12/31/2021	12/31/2020		
	Adjusted cost	Accumulated depreciation/amortization	Net	Net
Property and equipment in use	97,141	(36,939)	60,202	60,894
Land	6,618	-	6,618	6,618
Buildings	45,969	(13,685)	32,284	29,922
Furniture, fixtures and facilities	32,796	(17,258)	15,538	16,428
IT equipment and processing systems	5,717	(4,023)	1,694	1,525
Transportation systems	1,522	(1,152)	370	337
Other	1,106	(821)	285	384
Property and equipment in progress	3,413	-	3,413	5,680
Intangible assets	3,642	(3,515)	127	589
Total - 2021	100,783	(40,454)	60,329	
Total - 2020	99,828	(38,345)		61,483

Banco Cooperativo Sicredi S.A.

Notes to individual and consolidated financial statements (Continued)
December 31, 2021 and 2020
(In thousands of reais)

13. Deposits and open-market funding

Deposits and funding, per maturity bracket, are as follows:

	Individual				Consolidated		
	12/31/2021				12/31/2020	12/31/2021	12/31/2020
	No maturity and within 3 months	From 3 to 12 months	Over 12 months	Total	Total	Total	Total
Deposits	29,421,279	9,058,430	2,689,341	41,169,050	28,229,510	41,165,458	28,219,873
Demand deposits	83,671	-	-	83,671	106,503	80,079	96,866
Deposits in savings accounts	26,056,793	-	-	26,056,793	22,200,753	26,056,793	22,200,753
Interbank deposits	436,436	8,930,086	2,679,111	12,045,633	5,798,429	12,045,633	5,798,429
Time deposits	2,844,379	128,344	10,230	2,982,953	123,825	2,982,953	123,825
Open market funding	2,302,266	277,446	1,169,687	3,749,399	13,472,602	3,749,399	13,472,602
Own portfolio	1,020,508	277,446	1,169,687	2,467,641	11,807,188	2,467,641	11,807,188
Third-party portfolio	1,281,758	-	-	1,281,758	1,665,414	1,281,758	1,665,414
Investment funds	1,281,758	-	-	1,281,758	1,613,415	1,281,758	1,613,415
Financial institutions	-	-	-	-	51,999	-	51,999
Total - 2021	31,723,545	9,335,876	3,859,028	44,918,449		44,914,857	
Total - 2020	35,163,571	4,044,048	2,494,493		41,702,112		41,692,475
Total current				41,059,421	39,207,619	41,055,829	39,197,982
Total noncurrent				3,859,028	2,494,493	3,859,028	2,494,493

14. Funds from acceptance and issue of securities

	Individual and Consolidated				12/31/2020
	12/31/2021				
	Within 3 months	From 3 to 12 months	Over 12 months	Total	Total
Funds from agribusiness credit bills	479,900	1,878,940	4,286,011	6,644,851	2,649,309
Payables for issue of financial bills	93,211	346,548	1,985,072	2,424,831	1,508,094
Total - 2021	573,111	2,225,488	6,271,083	9,069,682	
Total - 2020	272,928	2,124,897	1,759,578		4,157,403
Total current				2,798,599	2,397,825
Total noncurrent				6,271,083	1,759,578

Banco Cooperativo Sicredi S.A.

Notes to individual and consolidated financial statements (Continued)
December 31, 2021 and 2020
(In thousands of reais)

15. Loan and onlending obligations

	Individual and Consolidated			Total	Total
	12/31/2021				
	Within 3 months	From 3 to 12 months	Over 12 months		
Loan obligations	434,250	893,492	3,160,955	4,488,697	2,500,900
Domestic loans	133,434	320,960	1,005,858	1,460,252	722,319
Domestic loans – official institutions	1,021	2,467	69,747	73,235	55,393
Foreign loans	299,795	570,065	2,085,350	2,955,210	1,723,188
Local on-lending obligations - official institutions	455,875	2,431,884	11,441,783	14,329,542	12,465,841
National Treasury	3,765	54,846	19,773	78,384	17,052
Banco do Brasil	31,537	109,810	795,911	937,258	424,900
Brazilian Development Bank (BNDES)	288,710	1,591,692	8,111,159	9,991,561	9,193,962
Machinery and Equipment Financing (FINAME)	126,831	665,047	2,503,165	3,295,043	2,799,378
FNO Banco da Amazônia	5,032	10,489	11,775	27,296	30,549
Total - 2021	890,125	3,325,376	14,602,738	18,818,239	
Total - 2020	705,270	2,877,496	11,383,975		14,966,741
Total current				4,215,501	3,582,766
Total noncurrent				14,602,738	11,383,975

Domestic loans are represented by Bank Credit Note (CCB) operations, deriving from funds raised abroad and translated into domestic currency, maturing until January 2025.

Domestic loans – official institutions are represented by funds raised from Caixa Econômica Federal in domestic currency, to be invested in commercial transactions relating to housing financing, maturing until December 2051.

Foreign loans are represented by funds raised in foreign currency maturing until March 2027, whose borrowing agreements, in certain cases, are subject to debt covenants. These include, among others, clauses referring to maintenance of certain financial ratios. Noncompliance with these covenants entails immediate contact with the creditors and report of the reasons why such covenants were not complied with. Persistence in noncompliance may result in advanced contract settlement. As at December 31, 2021, the Bank is compliant with the clauses of referred to agreements.

Domestic onlending obligations mostly represent funds raised from the Brazilian Development Bank (BNDES). The operations contracted, according to the characteristics of each program, have monthly, quarterly, half-yearly and annual maturity until 2035. These funds are transferred using the same periods and rates of the funding program plus onlending commission amounts.

Banco Cooperativo Sicredi S.A.

Notes to individual and consolidated financial statements (Continued)
December 31, 2021 and 2020
(In thousands of reais)

16. Other financial liabilities

	Note	Individual		Consolidated	
		12/31/2021	12/31/2020	12/31/2021	12/31/2020
Receipts and payments to be settled		1,736	162	1,736	162
Payment transactions		5,511,577	3,325,214	5,511,578	3,325,214
Third-party funds in transit		141,134	137,794	141,134	137,794
Domestic transfers of funds		1,538	2,602	1,538	2,602
Securities trading and brokerage		166	31	168	31
Accrued interest - rural savings					
accounts		76,305	15,881	76,305	15,881
Credit card transactions		1,277,975	947,292	1,277,975	947,292
Exchange portfolio	16.a	100,705	44,999	100,705	44,999
Subordinated debt	16.c	46,111	100,825	46,111	100,825
Total current		7,157,247	4,574,800	7,157,250	4,574,800
Obligations due to consortium					
members' funds		-	-	29,909	23,221
Exchange portfolio – advances	16.a	(1,499)	(763)	(1,499)	(763)
Hybrid equity and debt instruments	16.b	225,406	224,469	225,406	224,469
Total noncurrent		223,907	223,706	253,816	246,927
Total		7,381,154	4,798,506	7,411,066	4,821,727

Payment transactions refer to amounts that will be paid to accreditation agents, relating to the issue financial agenda.

Credit card transactions refer to amounts that will be paid to commercial establishments and other partners relating to the acquiring financial agenda, as well as any issue agenda balances awaiting to be settled by the card association.

a) Exchange portfolio

		Individual and Consolidated	
		12/31/2021	12/31/2020
Foreign exchange payables		17,364	6,146
Exchange purchase obligations		252,280	163,551
Advances on exchange contracts	8.a	(168,939)	(124,698)
Total current		100,705	44,999
Advances on exchange contracts	8.a	(1,499)	(763)
Total noncurrent		(1,499)	(763)
Total		99,206	44,236

Banco Cooperativo Sicredi S.A.

Notes to individual and consolidated financial statements (Continued)
December 31, 2021 and 2020
(In thousands of reais)

b) Hybrid equity and debt instruments

On May 02, 2005, pursuant to CMN Resolution No. 2837/01, the Bank raised the amount of R\$ 52,400 from the Central Cooperatives associated with Sicredi System, by issuing Bank Deposit Receipts (RDB), for purposes of eligibility as Hybrid equity and debt instruments. The operation was contracted subject to no maturity and remuneration pegged to variation of the daily average rate of Interbank Deposits, namely "DI Rate – Cetip Over Extra Grupo" expressed as a percentage per year, based on 252 days, calculated and informed on a daily basis by B3.

On January 03, 2014, in conformity with CMN Resolution No. 4192/13, the Bank raised the amount of R\$ 134,539 from the Central Cooperatives by issuing Subordinated Financial Bills, for purposes of eligibility as Hybrid equity and debt instruments, in replacement for the Bank Deposit Receipts (RDB) issued in 2005. The operation was contracted subject to no maturity and remuneration pegged to 100% of the DI rate expressed as a percentage per year, based on 252 days, calculated and informed on a daily basis by B3. The funds raised may be used for absorbing losses, if any.

Fund-raising is distributed as follows:

Central	Individual and Consolidated Adjusted amount	
	12/31/2021	12/31/2020
Central Sicredi Sul/Sudeste	139,157	138,580
Central Sicredi PR/SP/RJ	56,567	56,331
Central Sicredi MT/PA/RO	25,380	25,274
Central Sicredi Brasil Central	4,302	4,284
Total	<u>225,406</u>	<u>224,469</u>

c) Subordinated debt

On December 15, 2021, the Bank settled its subordinated debt to IFC, the financial arm of the World Bank. Settlement was planned for December 2021, as per maturity established in the contract between the parties entered into on February 07, 2013.

In October 2021, in conformity with CMN Resolution No. 4192/2013, the Bank issued Subordinated Financial Notes (LFSN) amounting to R\$ 45,000, maturing in October 2031. This operation is subject to annual interest and annual repurchase option as from the 5th year. As at December 31, 2021, the adjusted amount of the subordinated debt is of R\$ 46,111.

Banco Cooperativo Sicredi S.A.

Notes to individual and consolidated financial statements (Continued)
December 31, 2021 and 2020
(In thousands of reais)

17. Provision for civil, tax and labor contingencies

The Bank is party to legal proceedings whose likelihood of an unfavorable outcome is rated by its legal advisors as probable. Estimated amounts and respective provisions are recorded under Provision for civil, tax and labor contingencies and presented below, according to the nature of these liabilities.

Nature	Individual		Consolidated	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Labor	21,464	21,783	21,648	21,908
Civil	6,172	6,193	6,778	6,221
Total noncurrent	27,636	27,976	28,426	28,129

As at December 31, 2021, the Bank was also party to tax, civil and labor proceedings whose likelihood of an unfavorable outcome is considered possible amounting to R\$ 46,131 (R\$ 39,184 in December 2020) in the individual financial statements and to R\$ 53,255 (R\$ 40,513 in December 2020) in the consolidated financial statements.

From among the actions assessed as probable loss, we highlight the civil action for pain and suffering amounting to R\$ 39,656 filed against Banco Sicredi referring to the Brazilian federal government's Minha Casa Minha Vida Program which, allegedly, was not complied with in an appropriate manner.

Changes in provision for civil, tax and labor contingencies are as follows:

Nature	Individual			
	12/31/2020	Increase in provision	Write-off/Reversal of provision	12/31/2021
Labor	21,783	287	(606)	21,464
Civil	6,193	2	(23)	6,172
Total noncurrent	27,976	289	(629)	27,636

Nature	Consolidated			
	12/31/2020	Increase in provision	Write-off/Reversal of provision	12/31/2021
Labor	21,908	346	(606)	21,648
Civil	6,221	614	(57)	6,778
Total noncurrent	28,129	960	(663)	28,426

As at December 31, 2021, judicial deposits relating to aforementioned risks amount to R\$ 26,270 (R\$ 24,199 in December 2020) and R\$ 26,409 (R\$ 24,316 in December 2020) in the individual and consolidated financial statements, respectively, recorded under "Other assets".

Banco Cooperativo Sicredi S.A.

Notes to individual and consolidated financial statements (Continued)
December 31, 2021 and 2020
(In thousands of reais)

18. Other liabilities

	Individual		Consolidated	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Collection of taxes, charges and contributions	1,993	580	1,993	580
Dividends payable	92,602	70,139	92,602	70,139
Social and statutory obligations	8,524	8,538	8,524	8,538
Tax and social security obligations	12,730	30,145	25,622	40,868
Sundry creditors	124,818	86,590	131,928	92,903
Obligations due to official agreements	10,803	13,106	10,803	13,106
Provision for payments to be made	9,668	28,527	9,668	28,527
Accrued payroll	37,524	35,930	39,362	37,675
Accounts payable – Group companies	64,903	85,516	127,592	141,200
Other suppliers	4,720	8,802	5,765	9,914
Total current	368,285	367,873	453,859	443,450

Collection of taxes, charges and contributions refers Tax on Financial Transactions (IOF), Social Security Tax Payment Forms (GPS), Federal Tax Payment Forms (DARFs) and Simplified Tax Regime (Simples Nacional) Collection Document (DAS).

Obligations due to official agreements refer to amounts received from the Brazilian Social Security Institute for payment of monthly social security benefits.

Accounts payable – Group companies refer to compensation amounts for Bank products distributed by Sicredi cooperatives.

19. Equity

a) Capital

As at December 31, 2021, capital amounts to R\$ R\$ 2,388,974 (R\$ 1,458,974 in December 2020), represented by 1,780,876,640 common shares (1,000,995,233 in December 2020), 249,548,540 Class A registered preferred shares with no par value (249,548,540 in December 2020) and 32,782,343 Class B registered preferred shares with no par value (32,782,343 in December 2020).

In the Board of Directors meeting held on May 20, 2021, a capital increase by R\$ 290,000 was authorized by means of issue of 245,947,226 common shares. This increase was approved by the Bank's Board of Directors, taking into consideration the creation of the authorized capital limit for future capital increases, decided in a Special General Meeting of June 18, 2020. This contribution was approved by the Central Bank in July 2021.

In the Board of Directors meeting held on September 16, 2021, a capital increase by R\$ 640,000 was authorized by means of issue of 533,934,181 common shares. This contribution was approved by the Central Bank on October 13, 2021.

Class A preferred shares entitle their bearers to the following: (a) fixed and non-cumulative dividends; (b) priority upon payment of dividends over all classes of shares currently existing and to be issued by the Bank; (c) the same voting rights granted to holders of the Bank's common shares currently existing; and (d) priority upon reimbursement of capital. Dividends attributed to common shares are calculated based on profits remaining after class A preferred shares are paid.

Banco Cooperativo Sicredi S.A.

Notes to individual and consolidated financial statements (Continued)
December 31, 2021 and 2020
(In thousands of reais)

Class B preferred shares entitle their bearers to the following: (a) fixed and non-cumulative dividends; (b) priority upon payment of dividends over all classes of shares currently existing and to be issued by the Bank, except Class A preferred shares, which shall be placed pari passu with Class B preferred shares and therefore have the same priority as Class B preferred shares; and (c) priority upon reimbursement of capital, pari passu with Class A preferred shares.

Shares	12/31/2020	Changes in the	12/31/2021
	Balance	period Payment	Balance
Common shares	1,000,995,233	779,881,407	1,780,876,640
Class A preferred shares	249,548,540	-	249,548,540
Class B preferred shares	32,782,343	-	32,782,343
Total	1,283,326,116	779,881,407	2,063,207,523

a) Income reserve

Legal reserve – set up at 5% of net income for the year capped at 20% of capital under the terms of article 193 of Law No. 6404/76.

b) Dividends

Under the terms of the Bank's bylaws, net income calculated, after legal and statutory allocations, will be fully distributed to the shareholders.

At the Board meeting held on December 21, 2020, allocation of net income for 2020 amounting to R\$ 84,357 was approved, of which R\$ 80,139 were distributed to shareholders as dividends, pursuant to the Company's Articles of Incorporation and the Shareholders' Agreements, i.e. R\$ 10,000 was paid to shareholders as interest on equity and imputed to dividends, and R\$ 70,139 as dividends.

At the Executive Board meeting held on December 28, 2021, allocation of net income for 2021 amounting to R\$ 108,003 was approved, of which R\$ 10,000 were distributed to shareholders as interest on equity and imputed to dividends, and R\$ 92,603 as dividends.

20. Income and social contribution taxes

a) Reconciliation of income and social contribution taxes

Provisions for social contribution tax were recorded at the rate of 25% and provisions for income tax at the rate of 15%, and surtax of 10% on taxable profit exceeding R\$ 240 in the year, on taxable profit, as follows:

Banco Cooperativo Sicredi S.A.

Notes to individual and consolidated financial statements (Continued)
December 31, 2021 and 2020
(In thousands of reais)

	Individual		Consolidated	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Income before profit sharing, interest on equity and before income taxes	207,619	160,476	215,263	165,307
Profit sharing and interest on equity	-	(20,830)	(24,885)	(21,952)
Income after profit sharing, interest on equity and before income taxes	-	139,646	190,378	143,355
Income and social contribution taxes at 50% (2020 - 45%)	(91,943)	(62,841)	(95,189)	(64,510)
Exclusions / (Additions)				
Permanent				
Equity pickup in subsidiaries	6,741	4,718	-	-
Tax incentives	1,369	2,529	1,680	2,736
Set up of provision for profit sharing – directors	(1,412)	(1,518)	(1,412)	(1,518)
Directors' compensation	(129)	(211)	(129)	(211)
Reversal of prior year's income and social contribution taxes	-	13	-	13
Gifts, donations and sponsorship	(993)	(841)	(1,077)	(895)
Interest on equity	5,000	4,500	5,000	4,500
Effect of rate increase	-	-	3,175	2,492
Effect of change in social contribution rate	1,522	1,529	1,522	1,529
Other permanent changes	(562)	(667)	(562)	(667)
Additional income tax	24	24	55	67
Other	500	455	665	447
Subtotal	12,060	10,531	8,917	8,493
Temporary				
Reversal of provision for profit sharing – employees	(493)	15	(503)	58
(Provision) for profit sharing – directors	(164)	(48)	(164)	(48)
(Provision) for loan operations	(24,724)	(6,282)	(24,724)	(6,282)
(Provision for) reversal of provision for civil, tax and labor contingencies	179	(1,740)	(36)	(1,614)
MtM adjustment of securities	66,769	(5,450)	66,769	(5,450)
Other provisions for incentives	(228)	(2)	(228)	(2)
Reversal of securities written off as loss	-	258	-	258
Depreciation	-	-	28	21
Effect of change in social contribution rate/other	-	(500)	-	(500)
Other	(500)	(454)	(495)	(454)
Subtotal	40,839	(14,203)	40,647	(14,013)
Current income tax	(20,357)	(37,159)	(25,101)	(39,679)
Current social contribution tax	(18,687)	(29,354)	(20,524)	(30,351)
Tax credits recorded	(36,838)	11,224	(36,708)	11,034
Income and social contribution taxes recorded in P&L	(75,882)	(55,289)	(82,333)	(58,996)
Effective rates	41%	40%	43%	41%

The effect of the rate increase refers to the rate difference for the other non-financial companies, in which social contribution tax rate is of 9%.

Banco Cooperativo Sicredi S.A.

Notes to individual and consolidated financial statements (Continued)
December 31, 2021 and 2020
(In thousands of reais)

The effect of change in social contribution tax rate difference for the company - Bank, in which the social contribution rate decreased from 20% to 25% as from July 2021. The difference effect is applied on the asset and liability balances to deferred taxes in proportion to the rates for current social contribution tax.

b) Deferred tax assets and liabilities

i. Breakdown of deferred taxes

As at December 31, 2021, deferred tax credit assets and liabilities, already considering the tax rates of 25% for income tax and 25% for social contribution tax and, in the period ended December 2020, the rates considered were 25% income tax and 20% social contribution tax. These amounts were recorded under tax credits in assets and deferred tax obligations in liabilities, as follows:

	Individual		Consolidated	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Temporary differences – deferred tax assets				
Provision for civil, tax and labor contingencies	12,436	12,589	12,705	12,641
Provisions for profit sharing	10,840	10,330	11,230	10,660
Provision for losses on assets	32,385	9,564	32,385	9,564
MtM of marketable securities and derivative financial instruments	470	6,556	470	6,556
Other provisions	2,197	2,119	2,197	2,178
Total	<u>58,328</u>	<u>41,158</u>	<u>58,987</u>	<u>41,599</u>
Temporary differences – deferred tax liabilities				
MtM of marketable securities and derivative financial instruments	(55,060)	-	(55,060)	-
Depreciation and amortization	-	-	(759)	(670)
Total	<u>(55,060)</u>	<u>-</u>	<u>(55,819)</u>	<u>(670)</u>

Recognition in accounting took into consideration the probable realization of these taxes based on future results prepared based on internal assumptions and future economic scenarios which may, therefore, change.

As at December 31, 2021, present value of net tax credits, calculated at the average rate of 1.20% (2.66% in December 2020), computed based on the average rate of government securities and loan operations in portfolio, amounts to R\$ 63,333 (R\$ 39,716 in December 2020).

As at December 31, 2021 and 2020, no tax credits were recorded.

Banco Cooperativo Sicredi S.A.

Notes to individual and consolidated financial statements (Continued)
December 31, 2021 and 2020
(In thousands of reais)

ii. Estimated realization period

As at December 31, 2021 and 2020, deferred tax asset amounts are expected to be realized as follows:

Year	Individual		Consolidated	
	Credit amounts		Credit amounts	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
2021	-	24,828	-	25,269
2022	29,773	5,603	30,412	5,603
2023	11,234	8,683	11,234	8,683
2024	10,390	2,044	10,410	2,044
2025	6,931	-	6,931	-
Total	<u>58,328</u>	<u>41,158</u>	<u>58,987</u>	<u>41,599</u>

Since the taxable net profit base of income and social contribution taxes derives not only from profit that may be generated but also from whether or not there are non-taxable revenues, non-deductible expenses, tax incentives and other variables, the Institution's net income and income/(expenses) relating to income and social contribution taxes are not immediately correlated. As such, the expected use of tax credits should not be understood as the sole indication of future results of the Institution.

iii. Changes in the period

	Individual					
	Deferred assets		Deferred liabilities		Equity	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Balance at beginning of year	41,158	31,289	-	(2,944)	(872)	(30)
Deferred taxes recorded	154,979	19,680	(147,763)	2,944	5,048	(842)
Deferred taxes realized	(137,809)	(9,811)	92,703	-	(3,994)	-
Balance at end of year	<u>58,328</u>	<u>41,158</u>	<u>(55,060)</u>	<u>-</u>	<u>182</u>	<u>(872)</u>

	Consolidated					
	Deferred assets		Deferred liabilities		Equity	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Balance at beginning of year	41,599	32,881	(670)	(3,595)	(872)	(30)
Deferred taxes recorded	155,638	19,725	(148,522)	2,973	5,048	(842)
Deferred taxes realized	(138,250)	(11,007)	93,373	(48)	(3,994)	-
Balance at end of year	<u>58,987</u>	<u>41,599</u>	<u>(55,819)</u>	<u>(670)</u>	<u>182</u>	<u>(872)</u>

Banco Cooperativo Sicredi S.A.

Notes to individual and consolidated financial statements (Continued)
December 31, 2021 and 2020
(In thousands of reais)

21. Balances and transactions with related parties

Related institutions / Sistema de Crédito Cooperativo – (Sicredi)

As mentioned in the Operations section (Note 1), the Bank was created in order to fulfill the needs of Credit Cooperatives in accessing the financial market as a whole.

Major operations performed by the Bank and Sicredi System entities are as follows:

	Individual	
	12/31/2021	12/31/2020
Assets	48,571,551	30,632,424
Investments in interbank deposits	4,109	1,797,472
Interbank onlending	3,880,057	24,745,879
Credit operations	38,688,782	458,279
Income receivable	463,953	14,249
Securities and receivables	19,308	100,825
Other receivables – Sundry	5,565,325	3,528,317
Provision for expected losses associated with credit risk	(49,983)	(12,597)
Liabilities	9,999,511	14,586,509
Demand deposits	30,940	82,865
Time deposits	2,840,667	-
Interbank deposits	4,488,186	1,758,309
Open market funding – own portfolio	961,680	10,686,961
Open market funding – third-party portfolio	1,281,758	1,665,414
Social and statutory obligations	101,308	78,678
Other obligations - sundry	69,566	89,813
Hybrid equity and debt instruments	225,406	224,469
	12/31/2021	12/31/2020
Revenues	1,968,419	1,289,157
Credit operations	1,492,474	1,128,912
Revenue from marketable securities	244,982	24,990
Service revenues	19,844	21,379
Other operating income	211,119	113,876
Expenses	2,900,152	1,574,613
Open market transactions	1,671,873	726,771
Other administrative expenses	1,188,905	835,456
Other operating expenses	1,918	2,019
Allowance for doubtful accounts	37,456	10,367

Banco Cooperativo Sicredi S.A.

Notes to individual and consolidated financial statements (Continued)
December 31, 2021 and 2020
(In thousands of reais)

Related institutions / subsidiaries

Demand deposits

	<u>12/31/2021</u>	<u>12/31/2020</u>
Administradora de Bens Sicredi	22	265
Corretora de Seguros Sicredi	929	2,227
Administradora de Consórcios Sicredi	2,618	7,144
Sicredi - FIC Mult Estratégia Arrojada LP	6	-
Sicredi - FIC RF Estratégia Conservadora LP	6	-
Sicredi - FIC Mult Estratégia Moderada LP	6	-
Sicredi - FIC FIA ESG	5	-
Total	<u>3,592</u>	<u>9,636</u>

Loan transactions with related parties were performed under conditions similar to those practiced by third parties, in effect at transaction dates.

Key management personnel compensation

At the Annual General Meeting, the shareholders decide:

- The monthly compensation of the CEO, executive director and directors; and
- The CEO, executive director and directors are also be entitled to the prerogatives provided for in Sicredi Benefit Program (PBS) and Cooperative Education Program (PEC) under the term of respective regulations and under conditions equivalent to the other employees.

Concerning management compensation, the current policy establishes that 50% of variable compensation, if any, will be readily paid and 50% will be available in three successive equal annual installments, the first of which maturing in the year subsequent to payment date. This procedure is in compliance with CMN Resolution No. 3921/10, which provides for the policy for compensation of management of financial institutions.

Management compensation paid was as follows:

Short-term benefits – management

	<u>Individual</u>		<u>Consolidated</u>	
	<u>12/31/2021</u>	<u>12/31/2020</u>	<u>12/31/2021</u>	<u>12/31/2020</u>
Salaries	5,087	4,230	5,087	4,230
Profit sharing	4,796	4,999	4,796	4,999
Social Security Tax (INSS)	2,134	2,117	2,290	2,256
Total	<u>12,017</u>	<u>11,346</u>	<u>12,173</u>	<u>11,485</u>

Banco Cooperativo Sicredi S.A.

Notes to individual and consolidated financial statements (Continued)
December 31, 2021 and 2020
(In thousands of reais)

Post-employment benefits

	Individual and Consolidated	
	<u>12/31/2021</u>	<u>12/31/2020</u>
Supplementary pension plan – defined contribution	250	250
Total	<u>250</u>	<u>250</u>

The Bank and its subsidiaries provide key management personnel with no share-based payment, work agreement termination or long-term benefits.

22. Investment funds managed by Banco Cooperativo Sicredi S.A.

The Bank manages investment funds, whose equity as at December 31, 2021 amounted to R\$ 57,968,419 (R\$ 56,624,502 in December 2020).

Revenue from investment fund management in the year ended amounted to R\$ R\$ 19,722 (R\$ 21,152 in December 2020) and is presented under service revenues (Note 23).

The investment funds are audited by other independent auditors.

23. Service revenues

	Individual			Consolidated		
	<u>2H 2021</u>	<u>12/31/2021</u>	<u>12/31/2020</u>	<u>2H 2021</u>	<u>12/31/2021</u>	<u>12/31/2020</u>
Fund management	10,189	19,722	21,152	10,188	19,720	21,152
Collection	2,230	4,315	3,675	2,230	4,315	3,675
Custody	709	1,365	1,912	709	1,365	1,912
Bank services	2,954	5,539	3,936	2,954	5,539	3,936
Fund management fee	99	166	267	99	166	267
Clearance processing	12,578	26,678	25,006	12,578	26,678	25,006
Agreements	14,257	28,186	23,860	14,257	28,186	23,860
Domicile – acquiring business	7,124	12,404	11,742	7,124	12,404	11,742
Rents	-	-	-	1,757	3,435	3,573
Guarantees given	505	563	266	505	563	266
Consortium management fees	-	-	-	149,258	292,235	260,930
Insurance commission	-	-	-	296,438	566,876	482,185
Other services	395	819	7,705	394	818	7,725
Total	<u>51,040</u>	<u>99,757</u>	<u>99,521</u>	<u>498,491</u>	<u>962,300</u>	<u>846,229</u>

Clearance processing refers to revenues from clearance services.

Revenue from agreements refers to revenue from public and private agreements.

Banco Cooperativo Sicredi S.A.

Notes to individual and consolidated financial statements (Continued)
December 31, 2021 and 2020
(In thousands of reais)

24. Personnel expenses

	Individual			Consolidated		
	2H 2021	12/31/2021	12/31/2020	2H 2021	12/31/2021	12/31/2020
Salaries	27,935	50,575	52,511	29,885	54,330	56,044
Benefits	7,372	13,509	12,724	7,850	14,442	13,694
Social charges	9,738	18,213	17,334	10,469	19,567	18,593
Training	355	633	502	355	633	520
Other personnel expenses	410	549	173	409	552	176
Total	45,810	83,479	83,244	48,968	89,524	89,027

25. Other administrative expenses

	Individual			Consolidated		
	2H 2021	12/31/2021	12/31/2020	2H 2021	12/31/2021	12/31/2020
Financial System Services	457,315	984,925	846,953	566,707	1,199,421	1,048,177
Depreciation and amortization	794	1,618	1,653	2,260	4,530	4,453
Communication	2,526	4,177	3,036	2,769	4,769	3,723
Data processing	8,342	16,590	13,518	8,649	17,530	14,771
Third-party services	110,668	195,287	127,016	133,920	239,556	387,351
Cooperative agreements	-	-	-	240,851	463,149	191,942
Partners' compensation	-	-	-	4,539	8,638	7,504
Water, power and gas	249	518	619	261	542	649
Rents	276	548	607	23	42	60
Condominium fees	2,170	4,106	3,755	2,281	4,325	3,964
Advertising, publicity, promotions and public relations	22,558	29,582	31,068	22,560	29,584	31,073
Transportation	30	56	92	30	56	95
Travel	55	60	417	56	61	432
Fees	401	1,088	602	451	1,212	737
Other expenses	2,736	4,427	3,622	3,010	4,813	4,142
Total	608,120	1,242,982	1,032,958	988,367	1,978,228	1,699,073

Expenses with Financial System Services substantially comprise expenses with provision of services by Sicredi Cooperatives relating to allocation of funds from BNDES loan facilities and equalization of costs of National Family Farming Strengthening Program (PRONAF) programs.

Cooperative agreements basically refer to expenses with placement of units of interest of Administradora de Consórcios Sicredi Ltda. and insurance operations of Corretora de Seguros Sicredi Ltda. performed by Credit Cooperatives that form part of Sicredi.

Banco Cooperativo Sicredi S.A.

Notes to individual and consolidated financial statements (Continued)
December 31, 2021 and 2020
(In thousands of reais)

26. Other operating income

	Individual			Consolidated		
	2H 2021	12/31/2021	12/31/2020	2H 2021	12/31/2021	12/31/2020
Reversal of operating provisions	10,481	13,597	13,741	10,483	13,599	13,764
Reversal of provision for contingencies	460	629	940	494	663	1,361
Service refund – cards	103,740	184,088	116,191	103,740	184,088	116,191
Service refund – centralized	1,859	2,956	5,302	-	-	2,845
Recovery of charges and expenses	21,681	36,916	22,621	22,585	37,831	22,643
Clearance - RCO	34,152	73,133	67,669	34,152	73,133	67,669
Advanced receivables - PMA and Domicilio Sicredi	30,080	37,611	57,282	30,080	37,611	57,282
Promotion incentives	10,831	14,006	13,747	10,831	14,006	13,747
Pricing services	6,355	12,823	2,143	6,394	12,874	2,166
Other revenues	589	1,228	1,830	894	1,715	2,162
Total	220,228	376,987	301,466	219,653	375,520	299,830

Income from service refund – cards refers to tariff and card processing services provided by the Cooperatives.

Clearance – RCO refers to income from bank clearance tariffs paid by other financial institutions.

27. Other operating expenses

	Individual			Consolidated		
	2H 2021	12/31/2021	12/31/2020	2H 2021	12/31/2021	12/31/2020
Agreement – Social Security Institute (INSS)	1,534	2,732	2,526	1,534	2,732	2,526
Provision for contingencies	59	289	5,414	139	960	5,463
Provision for guarantees given	69	180	229	69	180	229
INSS benefit fees	10,370	13,524	3,996	10,370	13,524	3,996
RCO refund	45,223	96,632	92,018	45,223	96,632	92,018
Advanced receivables - PMA and Domicilio Sicredi	-	-	23,592	-	-	23,592
Other expenses	3,058	8,138	8,402	3,274	8,580	8,436
Total	60,313	121,495	136,177	60,609	122,608	136,260

Agreement – Social Security Institute (INSS) refers to expenses with provision of bank services such as collection of contributions and payment of social security benefits in connection with the agreement by the Cooperatives part of Sicredi System.

Refund – RCO refers to expenses with bank clearance tariffs paid to other financial institutions.

Banco Cooperativo Sicredi S.A.

Notes to individual and consolidated financial statements (Continued)
December 31, 2021 and 2020
(In thousands of reais)

28. Non-recurring income (loss)

	Individual and Consolidated		
	2H 2021	12/31/2021	12/31/2020
Non-recurring events			
Provision for expected losses associated with credit risk (additional)	10,008	10,008	(10,008)
Effect of change in social contribution rate	(1,522)	(1,522)	(1,529)
Non-recurring income (loss)	<u>8,486</u>	<u>8,486</u>	<u>(11,537)</u>

29. Capital and risk management structure

Sicredi System considers risk management a priority in conducting its activities and business, and adopts practices in absolute consonance with the precepts of Basel Accords. As such, the System has specialized areas for managing these risks, centralized in Banco Cooperativo Sicredi S.A. Major risks managed by the Institution include the capital management structure, and operational, going-concern, market, interest rate variation, liquidity, credit, social and environmental, compliance and information security risk, whose key aspects are presented as follows:

I - Capital management structure

For purposes of the legislation currently in force, capital management is defined as the continuous process of:

- Monitoring and controlling capital maintained by the Institution;
- Assessing the capital requirements to cover the risks to which the Institution is subject;
- Planning capital objectives and needs, considering the Institution's strategic objectives.

Capital management of Sicredi System institutions is centralized in Banco Cooperativo Sicredi, by means of a unified structure compatible with the nature of the operations, complexity of the products and dimension of the System's exposure to risk. The centralized structure is responsible for establishing the processes, policies and systems that support the System's entities in managing capital.

The processes and policies for capital management are defined in accordance with the minimum requirements of the regulation in force, in line with best market practices, and approved by the relevant hierarchy levels of each System institution.

The processes used by Sicredi System for managing capital include:

- Mechanisms that enable the identification, assessment and monitoring of the significant risks incurred by the Institution, including risks not covered by the minimum legal capital requirements;
- Capital objectives at levels above the minimum legal requirements and that reflect the System's risk appetite, in order to maintain capital to support the risks incurred and ensure that the business grows sustainably and efficiently;
- A capital plan for each System institution, consistent with the strategic planning and comprising a horizon of at least three years;
- Stress tests and measurement of impacts thereof on capital;
- Periodic management reports on capital adequacy for the executive board and board of directors;

Banco Cooperativo Sicredi S.A.

Notes to individual and consolidated financial statements (Continued)
December 31, 2021 and 2020
(In thousands of reais)

II - Operational risk

This risk is defined as the possibility of loss occurrence resulting from external events, or failure, deficiency or inadequacy of internal processes, people or systems. This definition also includes the legal risk associated with inadequacy or deficiency in agreements entered into by the Institution, with sanctions due to non-compliance with legal provisions or indemnities for damages to third parties deriving from the activities developed by the Institution. Operational risk is managed jointly by the Bank, Centrals and Single Cooperatives. These entities are responsible for complying with internal and external rules and regulations, using tools, methodologies and processes systemically established. These processes are comprised of a set of actions aimed at keeping the risks to which each institution is exposed in appropriate levels. The actions are as follows:

- Internally-established regulations containing rules, roles and responsibilities for managing operational risk spread to the Institution's personnel;
- Identification, assessment, treatment and monitoring of operational risks;
- Storage, monitoring and inquiry on operating losses in order to keep such losses at levels considered acceptable by the Institution;
- Structured periodic reports on significant matters relating to operational risk and internal controls provided to those in charge of governance;
- Implementation and maintenance of qualification programs on culture of risks and controls in the Institution;
- Periodic stress tests for operational risk scenarios;
- Procedures aimed at ensuring the continuity of the institution's activities and limiting losses derived from interruption of critical business processes, including impact analyses and periodic tests on continuity plans.

Additionally, a set of procedures is under implementation to assess, manage and monitor the operational risk deriving from outsourced services that are significant for Institution's regular operation.

III – Going-concern risk

Business Continuity Management (GCN) is the organization's ability to continue delivering products and/or services at a previously defined acceptable level, following interruption incidents.

Sicredi has a structure to respond adequately to recovery, restoration and the agreed levels of availability for the most critical processes of the System's centralizing entities, upon occurrence of events that cause the interruption of its services, thus preserving the interests of all parties involved.

Through a Business Impact Analysis (BIA), the main business processes of the institution are identified as well as the IT services that support these processes and, thus, the adopted business continuity strategies are defined.

Sicredi's Integrated Risk Management Policy and Business Continuity Rule provide the basic principles and necessary structure to guarantee the adequate response to recovery, restoration and the agreed levels of availability for the most critical processes of the entities.

Sicredi's Business Continuity Management system comprises:

- Going-concern Management Rule;
- Business impact analysis (BIAs);
- IT and business disaster recovery strategies;
- IT and operating continuity plans.

Banco Cooperativo Sicredi S.A.

Notes to individual and consolidated financial statements (Continued)
December 31, 2021 and 2020
(In thousands of reais)

Finally, Sicredi provides all its branches with a guide for these branches' activity continuity, which allows preparation of a customized document, in order to meet the main activity interruption scenarios.

IV – Market risk

This is the possibility of loss occurrence due to fluctuation in market values of positions held by a financial institution. Operations subject to currency, interest rate, share price and commodity price risks are included in this definition.

Market risk management of Sicredi System institutions is centralized in Banco Cooperativo Sicredi, by means of a unified structure compatible with the nature of the operations, complexity of the products and dimension of the System's exposure to risk. The centralized structure is responsible for establishing the processes, policies and systems that support the System's entities in managing market risk.

The processes and policies for market risk management are defined in accordance with the minimum requirements of the regulation in force, in line with best market practices, and approved by the relevant hierarchy levels of each System institution.

The processes for managing Sicredi System's market risk include:

- Clear rules for classifying the trading portfolios, which ensure the correct treatment of the operations;
- Procedures for measuring, monitoring and maintaining market risk exposure at levels considered acceptable by the Institution;
- Processes to monitor and report compliance with the Institution's market risk appetite in relation to its capital;
- Definition of market risk methodologies to be applied;
- Systems to calculate and measure risks, considering the complexity of the products and dimension of market risk exposure of the System's institutions.

V – Interest rate risk for instruments classified in the bank portfolio (IRRBB)

This is the current or prospective risk of impacts from adverse variations in interest rates on P&L or the institution's economic value, resulting from instruments classified in the bank portfolio.

IRRBB risk management of Sicredi System institutions is centralized in Banco Cooperativo Sicredi, by means of a unified structure compatible with the nature of the operations, complexity of the products and dimension of the System's exposure to risk. The centralized structure is responsible for establishing the processes, policies and systems that support the System's institutions in managing IRRBB risk.

For measuring and controlling this risk in Sicredi, the economic value (EVE) and financial brokerage income (NII) approaches are used. Sicredi System defines the rules for calculating the risk of variation in interest rates to which its operations are subject in line with market practices and the requirements of current regulations.

Banco Cooperativo Sicredi S.A.

Notes to individual and consolidated financial statements (Continued)
December 31, 2021 and 2020
(In thousands of reais)

The processes for managing Sicredi System's IRRBB risk include:

- Procedures for measuring, monitoring and maintaining IRRBB risk exposure at levels considered acceptable by the Institution;
- Processes to monitor and report compliance with the Institution's IRRBB risk appetite in relation to its capital;
- Definition of IRRBB risk methodologies to be applied;
- Systems to calculate and measure risks, considering the complexity of the products and dimension of IRRBB risk exposure of the System's institutions.

VI - Liquidity risk

Understanding liquidity risk is essential for sustainability of the institutions that operate in the financial and capital markets, and is associated with the entity's ability to fund the commitments acquired at reasonable market prices and conduct its business plans using stable funding sources. For this effect, liquidity risk is defined as:

- The possibility that the institution will not be able to efficiently honor its expected and unexpected, current and future obligations, including obligations deriving from guarantees given, without affecting the institution's daily operations or incurring in significant losses; and
- The possibility that the institution will not be able to trade a certain position at market price, due to its large size in relation to the volume usually transacted or by reason of market discontinuity.

Market risk management of Sicredi System institutions is centralized in Banco Cooperativo Sicredi, by means of a structure compatible with the nature of the operations, complexity of the products and dimension of the System's exposure to risk. The centralized structure is responsible for establishing the processes, policies and systems that support the System's entities in managing liquidity risk.

The processes and policies for liquidity risk management are defined in accordance with the requirements of the regulation in force, in line with best market practices, and approved by the relevant hierarchy levels of each System institution.

The processes used by Sicredi System for managing liquidity risk include:

- Definition of processes for identifying, assessing, monitoring and controlling exposure to liquidity risk in different time horizons;
- Establishment of processes for tracking and reporting on compliance with liquidity risk appetite and at levels considered acceptable by the Institution;
- Definition of funding strategies that allow for appropriate dispersion of funding sources and maturity periods;
- Definition of a liquidity contingency plan, regularly updated, which establishes responsibilities and procedures to face liquidity stress situations;
- Stress tests periodically conducted in short and long-term scenarios.

VII - Credit risk

This consists in identifying, measuring, controlling and mitigating risks derived from loan transactions performed by the financial institutions.

Sicredi manages credit risk by means of a centralized structure and by the local areas and collegiate committees.

Banco Cooperativo Sicredi S.A.

Notes to individual and consolidated financial statements (Continued)
December 31, 2021 and 2020
(In thousands of reais)

Banco Cooperativo Sicredi is responsible for the set of policies, strategies and methodologies to control and manage exposure to credit risk of the System entities, to wit: responding for the corporate credit risk management policies; developing and proposing credit risk classification methods, including by means of quantitative models; checking and controlling the capital requirements for covering the credit risk assumed; and constantly monitoring exposure to credit risk of all Sicredi companies.

The local areas and collegiate committees are in charge of managing credit risk, in compliance with the policies and limits systemically pre-established.

VIII – Social environmental risk

This is defined as the possibility of losses incurred by the financial institutions deriving social, environmental and climate damages. In addition, this risk is indirectly involved in a series of other risks and may generate financial, legal and reputation impacts. Sicredi manages this risk by means of a centralized structure and by the local areas and collegiate committees. The processes and policies for social environmental risk management are defined in accordance with the requirements of the regulation in force, in line with best market practices, and approved by the relevant hierarchy levels of each System institution.

The processes for managing Sicredi System's social environmental risk include:

- Internally-established regulations containing rules, methods and responsibilities for managing this risk;
- Monitoring of limitations and prohibitions of exposures subject to social environmental risk, adhering to the risk appetite of the system;
- Collection and use of data to measure, classify and assess social, environmental and climate risks in operations;
- Periodic stress tests for social environmental risk scenarios;
- Communicating with and reporting to environmental entities, federations, business partners and governance forums;
- Constant evolution of the strategy on the matter, aiming at alignment with market techniques and technologies, as well as stakeholders' expectations.

IX – Compliance risk

This is defined as the possibility of sanctions, financial losses, reputational and other damages arising from noncompliance or failure to comply with external rules (laws and regulations), recommendations from regulatory entities, self-regulatory codes applicable as well as official internal regulations.

Compliance risk management, within the scope of Sicredi, is under the responsibility of the Compliance Superintendence, a structure that forms part of Banco Cooperativo Sicredi S.A. which, for systemic monitoring, offers support and information, both to the areas of the Administrative Center companies and to the Central and Single Cooperatives, regarding the compliance process and compliance risk management.

The compliance function is performed in the development and execution of the Compliance Program, structured on the following pillars: (i) Prevention; (ii) Detection; and (iii) Correction.

Banco Cooperativo Sicredi S.A.

Notes to individual and consolidated financial statements (Continued)
December 31, 2021 and 2020
(In thousands of reais)

The processes for managing compliance risk include:

- Identification of the institution's compliance risks;
- Communication, qualification and training of all levels of the Entity for appropriately managing compliance risks and meeting legal and self(regulation) requirements;
- Monitoring significant processes referring to the measures adopted for mitigating compliance risks and correcting deficiencies in order to promote conformity;
- Reporting relevant adjustments and new measures to mitigate risks, as well as identified non-conformities;
- Identifying actions and/or processes associated with the main risks, which need to be reviewed, updated or implemented, seeking effectiveness of the Compliance Program as a whole;
- Treating identified non-compliance and developing awareness-raising actions, seeking to avoid recurrence.

X - Information security risk

This is defined as the risk relating to the probability that a weakness will be explored, considering all related threats, and the respective impact on confidentiality, completeness or availability of the information. Cyber security risk are included in the context of information security risk.

In Sicredi, information security risk is managed in a jointly manner by the Bank, Centrals and Cooperatives, which are responsible for complying with internal and external regulations, using systemic tools and methodologies that may be supplemented by local actions. The processes and actions relating to information security are aimed at maintaining the risks at acceptable levels, including use of appropriate and effective controls, in compliance with the business costs, technology and objectives.

XI – Additional Information

Description of the full structure and process for management of risks and capital may be accessed at www.sicredi.com.br, path: Sobre nós > Relatórios > Gestão de Riscos > Publicações Sistêmicas > Gerenciamento de Riscos Pilar 3 - Sistemico.

Social and Environmental Risk Management Policy and Sustainability Report, as well as documents containing detailed information on the related processes may also be accessed at www.sicredi.com.br, path: Sobre nós > Sustentabilidade > Políticas e Relatórios.

30. Sensitivity analysis

In compliance with the requirements of article 35 of Bacen Resolution No. 2/20, we present three scenarios for sensitivity analysis purposes. To define these scenarios, we used assumptions considering the current economic situation, which has impacts on the following financial position items:

- Income(loss) from financial intermediation: considering a decrease in fund application by the Bank's Cooperatives, decrease in funding availability and decrease in the search for credit by the Associates and Cooperatives;
- Credit portfolio – increase in provision for expected losses associated with credit risk: increase considering the Cooperatives' size migration and credit portfolio quality;
- Provision for civil, tax and labor contingencies: potential increase due to market and economic uncertainties;
- Tax credits: increase resulting from changes in the items and scenarios described above.

Banco Cooperativo Sicredi S.A.

Notes to individual and consolidated financial statements (Continued)
December 31, 2021 and 2020
(In thousands of reais)

The indicators used in each scenario and their impact on P&L are as follows:

Scenarios	Scenario 1	Scenario 2	Scenario 3
Item analyzed	Trading profit (loss)		
Assumption	Decrease of 5%	Decrease of 10%	Decrease of 15%
Impact on P&L	(63,829)	(127,658)	(191,487)
Item analyzed	Credit portfolio - increase in provision for expected losses associated with credit risk		
Assumption	Decrease of 20%	Decrease of 30%	Decrease of 40%
Impact on P&L	(14,286)	(21,429)	(28,572)
Item analyzed	Provision for civil, tax and labor contingencies		
Assumption	Decrease of 10%	Decrease of 20%	Decrease of 30%
Impact on P&L	(2,764)	(5,527)	(8,291)
Item analyzed	Impact on tax credits		
Assumption	Increase of 10%	Increase of 20%	Increase of 30%
Impact on P&L	5,833	11,666	17,498

31. Property and equipment and Basel Indices

Financial and other institutions authorized to operate by the Central Bank of Brazil should maintain, at all times, Reference Assets (RA) computed under the terms of CMN Resolutions No. 3444/07 and No. 3490/07 until September 2013 and of CMN Resolution No. 4192/13 as from October 2013, commensurate with the risks inherent in their activities, calculated as follows:

Operating limits	Individual and Consolidated	
	12/31/2021	12/31/2020
Reference Assets (RA)	2,721,274	1,737,080
Level I (LI)	2,675,163	1,737,080
Principal capital (PC)	2,449,757	1,512,611
Capital	2,388,974	1,458,974
Capital reserves	60,681	55,281
Retained earnings/(accumulated losses)	221	(1,066)
Unrealized equity valuation losses	(119)	(578)
Supplementary Capital (SC)	225,406	224,469
Financial bills and subordinated debts	225,406	224,469
Level II (LII)	46,111	-
Financial bills and subordinated debts	46,111	-
Risk Weighted Assets (RWA)	17,826,570	12,487,241
Credit risk	15,382,056	10,469,187
Market risk	83,032	59,233
Operational risk	2,361,483	1,958,821
Interest rate of bank portfolio	242,288	86,054
Capital Margin¹	696,337	495,964
Basel Index (RA / RWA)	15.3%	13.9%
Capital Level I (LI / RWA)	15.0%	13.9%
Principal capital (PC / RWA)	13.7%	12.1%
Supplementary Capital (SC / RWA)	1.3%	1.8%
Property and equipment situation (P&E)	87,428	96,230
Property and equipment rate (P&E / RA)	3.2%	5.5%

¹ Capital margin consists in the institution's capital in excess of the minimum regulatory requirements and of additional principal capital.

Banco Cooperativo Sicredi S.A.

Notes to individual and consolidated financial statements (Continued)
December 31, 2021 and 2020
(In thousands of reais)

32. Correspondent banks

As allowed by CMN Resolution No. 3263/05, the Bank entered into agreement referring to clearance and settlement of obligations in the sphere of Brazil's National Financial System (SFN). Amounts receivable and payable are recorded in the statement of financial position in the respective headings relating to the products, in assets and liabilities, respectively, with no offset.

33. Commitments, guarantees and other responsibilities

a) Commitments, guarantees and other responsibilities

	<u>Individual and Consolidated</u>	
	<u>12/31/2021</u>	<u>12/31/2020</u>
Credits open to export		
Exchange to be contracted	3,392	1,350
Co-obligations for guarantees given		
Beneficiaries of guarantees given	105,865	119,885
Depositories of amounts in custody/guarantee	10,739,313	6,004,567
Notes under collection	38,563,541	26,662,125

Beneficiaries of guarantees given correspond basically to the amount of guarantees given, collateral and pledges granted to third parties in domestic currency.

Depositories of amounts in custody/guarantee refer to amounts of third-party notes under custody of B3 and SELIC.

Notes under collection represent third-party notes being collected directly in Brazil.

b) Other guarantees

	<u>Individual and Consolidated</u>	
	<u>12/31/2021</u>	<u>12/31/2020</u>
B3 guarantee margin	425,604	196,462

34. Insurance coverage

The Bank and its subsidiaries take out insurance for their assets subject to risks and operations, for amounts considered sufficient to cover any losses. Insurance coverage was deemed sufficient by Bank management to cover any risks. The risk assumptions adopted, given their nature, are not within the scope of an audit of financial statements; accordingly, such assumptions were not audited by our independent auditors.

Banco Cooperativo Sicredi S.A.

Notes to individual and consolidated financial statements (Continued)
December 31, 2021 and 2020
(In thousands of reais)

35. Other matters

a) Covid-19 Pandemic

In 2021, we continue complying with the sanitary measures and recommendations of the Brazilian Ministry of Health and other relevant authorities to fight the novel coronavirus pandemic (COVID 19) in Brazil. Banco Cooperativo Sicredi remained active and supported, in all Brazilian regions, the operation of the System's cooperatives, which worked hard to prevent the spread of this disease.

Based on our operating model and aiming to adapt to the new market reality, we implemented two new work models, i.e. a hybrid model that includes physical presence in our Administrative Center only twice a week and a remote model, allowing home office for technology area professionals. As such, in order to continue caring for our employees, which has always been a key assumption for Sicredi, in September, we carried out the first wave of employees' return to hybrid work at Sicredi Administrative Center (CAS). Until December, 43% of CAS employees had been included in the hybrid model.

This movement was performed based on a periodic survey of the employees, using criteria such as: full vaccination schedule for over 15 days, not belonging to and not residing with individuals that belong to risk groups, and not depending on public transportation. Despite that, the vast majority of Banco Cooperativo Sicredi employees continued working from home and were able to perform their duties with a view to ensuring everyone's safety and health. These controlled employee groups returned in compliance with all recommended security protocols.

36. Events after the reporting period

On January 21, 2022, for the first time, Banco Sicredi issued Subordinated Green Bonds amounting USD 100 million from BID Invest, a member of the Interamerican Development Bank (BID). The amount raised by Sicredi will be fully allocated to funding renewable energy and energetic efficiency projects for its associates.