

Individual and Consolidated Interim Financial Statements

Banco Cooperativo Sicredi S.A.

March 31, 2022
with Independent Auditor's Report

Banco Cooperativo Sicredi S.A.

Individual and consolidated interim financial statements

March 31, 2022

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A free translation from Portuguese into English of independent auditor's review report on individual and consolidated interim 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 review report on individual and consolidated interim financial statements

The Shareholders, Board of Directors and Officers
Banco Cooperativo Sicredi S.A.

Introduction

We have reviewed the accompanying individual and consolidated interim financial statements of Banco Cooperativo Sicredi S.A. (the "Bank") for the quarter ended March 31, 2022, comprising the statement of financial position as at March 31, 2022 and the related statements of profit or loss and of comprehensive income for the three-month period then ended, and of changes in equity and of cash flows for the three-month period then ended, including notes to the financial statements.

The management is responsible for the preparation of the individual and consolidated interim financial statements in accordance with the accounting practices adopted in Brazil applicable to institutions authorized to operate by the Central Bank of Brazil. Our responsibility is to express a conclusion on these individual and consolidated interim financial statements based on our review.

Scope of review

We conducted our review in accordance with the Brazilian and international standards on review engagements (NBC TR 2410 and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying individual and consolidated interim financial statements are not prepared, in all material respects, in accordance with the accounting practices adopted in Brazil applicable to institutions authorized to operate by the Central Bank of Brazil.



Emphasis of a matter

We draw attention to Note 2 to the individual and consolidated interim financial statements, which describes the basis of preparation and presentation of the individual and consolidated interim financial statements. The individual and consolidated interim financial statements were prepared with the purpose of enabling the members, officers, financial institutions and potential investors of Banco Cooperativo Sicredi to assess the Bank's individual and consolidated financial position as at March 31, 2022, and its individual and consolidated financial performance for the quarter then ended, in accordance with the Bank's corporate structure and with the accounting practices adopted in Brazil applicable to institutions authorized to operate by the Central Bank of Brazil. Consequently, the individual and consolidated interim financial statements may not be appropriate for any other purpose. Our conclusion is not qualified in respect of this matter.

Other matters

Review of corresponding figures

The Bank's individual and consolidated interim financial statements for the three-month period ended March 31, 2021, presented for comparison purposes, were not reviewed by EY or by another independent auditor.

Porto Alegre, May 13, 2022.

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


Renata Zanotta Calçada
Accountant CRC-RS062793/O-8

A free translation from Portuguese into English of individual and consolidated interim 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
March 31, 2022 and December 31, 2021
(In thousands of reais)

	Note	Individual		Consolidated	
		03/31/2022	12/31/2021	03/31/2022	12/31/2021
Assets					
Cash and cash equivalents	3	502,836	523,440	502,836	523,440
Financial instruments		108,842,592	82,203,269	109,002,725	82,396,488
Short-term interbank investments	4	11,205,567	5,767,144	11,205,567	5,767,144
Compulsory deposits in Central Bank of Brazil		3,761,570	3,784,928	3,761,570	3,784,928
Marketable securities and derivative financial instruments	5	26,906,849	8,453,102	27,066,976	8,646,318
Own portfolio		6,069,963	5,401,302	6,230,090	5,594,518
Linked to repurchase agreements		20,423,699	2,480,595	20,423,699	2,480,595
Linked to guarantees given		398,414	444,799	398,414	444,799
Derivative financial instruments	5.c	14,773	126,406	14,773	126,406
Interbank lending	6	40,784,634	38,688,782	40,784,634	38,688,782
Credit transactions	6	17,711,798	17,339,331	17,711,798	17,339,331
Other financial assets	7	8,548,547	8,241,411	8,548,553	8,241,414
Provision for expected losses associated with credit risk	6.e	(76,373)	(71,429)	(76,373)	(71,429)
Tax credits		249,242	58,328	249,591	58,987
Other assets		186,612	175,275	201,646	191,400
Investments in subsidiaries		153,711	149,788	-	-
Other investments		809	693	839	722
Property and equipment in use		7,414	6,873	60,568	60,202
Intangible assets		4	119	11	127
Total assets		109,943,220	83,117,785	110,018,216	83,231,366

	Note	Individual		Consolidated	
		03/31/2022	12/31/2021	03/31/2022	12/31/2021
Liabilities and equity					
Deposits and other financial instruments		106,667,240	80,216,928	106,662,607	80,243,248
Deposits	8	41,980,333	41,169,050	41,975,650	41,165,458
Open market funding	8	24,691,197	3,749,399	24,691,197	3,749,399
Funds from acceptance and issue of securities	9	12,374,003	9,069,682	12,374,003	9,069,682
Loan obligations	10	3,885,788	4,488,697	3,885,788	4,488,697
Local on-lending obligations - official institutions	10	14,500,626	14,329,542	14,500,626	14,329,542
Derivative financial instruments	5.c	459,881	29,404	459,881	29,404
Other financial liabilities	11	8,775,412	7,381,154	8,775,462	7,411,066
Provision for civil, tax and labor contingencies		30,125	27,636	30,906	28,426
Deferred tax obligations		13,132	55,060	13,838	55,819
Other liabilities		769,081	368,285	847,082	453,859
Equity		2,463,642	2,449,876	2,463,642	2,449,876
Capital		2,388,974	2,388,974	2,388,974	2,388,974
Legal reserve		60,681	60,681	60,681	60,681
Other comprehensive income (loss)		122	221	122	221
Noncontrolling interests		-	-	141	138
Noncontrolling interests		-	-	141	138
Total liabilities and equity		109,943,220	83,117,785	110,018,216	83,231,366

See accompanying notes.

Banco Cooperativo Sicredi S.A.

Statements of profit or loss

Three-month periods ended March 31

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

	Note	Individual		Consolidated	
		Accumulated at March 31		Accumulated at March 31	
		2022	2021	2022	2021
			(not reviewed)		(not reviewed)
Trading revenues		1,194,795	904,091	1,198,123	904,734
Loans and interbank onlendings	6.f	937,567	649,649	937,567	649,649
Revenue from marketable securities		757,490	125,360	760,818	126,003
Income from (loss on) derivative financial instruments		(563,715)	115,665	(563,715)	115,665
Compulsory investments		63,453	13,417	63,453	13,417
Trading expenses		(926,420)	(574,477)	(926,406)	(574,477)
Open market transactions		(1,361,783)	(243,460)	(1,361,769)	(243,460)
Borrowings and onlending		451,003	(352,424)	451,003	(352,424)
Foreign exchange transactions		(15,640)	21,407	(15,640)	21,407
Trading profit (loss)		268,375	329,614	271,717	330,257
Provision for expected losses associated with credit risk		(5,189)	(1,391)	(5,189)	(1,391)
Gross trading profit		263,186	328,223	266,528	328,866
Other operating income (expenses)		(234,678)	(271,778)	(235,675)	(270,898)
Service revenues	14	20,195	24,016	243,456	212,160
Personnel expenses	15	(20,831)	(18,130)	(22,350)	(19,469)
Administrative expenses	16	(316,787)	(312,562)	(506,949)	(472,333)
Tax expenses		(39,563)	(11,594)	(67,123)	(34,914)
Equity pickup in subsidiaries		3,923	2,345	-	-
Other operating income		131,924	74,688	131,038	74,202
Other operating expenses		(13,539)	(30,541)	(13,747)	(30,544)
Operating income (expenses)		28,508	56,445	30,853	57,968
Income before taxes and profit sharing		28,508	56,445	30,853	57,968
Income and social contribution taxes		(8,813)	(22,421)	(10,910)	(23,675)
Income tax		(134,789)	-	(136,139)	(698)
Social contribution tax		(106,785)	-	(107,276)	(260)
Deferred tax credits, net		232,761	(22,421)	232,505	(22,717)
Employee profit sharing		(5,830)	(5,301)	(6,075)	(5,569)
Noncontrolling interests		-	-	(3)	(1)
Net income for the period		13,865	28,723	13,865	28,723
Number of shares at end of period		2,388,973,798	1,458,973,797		
Net earnings per thousand shares at end of period - R\$		5.80	19.69		

See accompanying notes.

Banco Cooperativo Sicredi S.A.

Statements of comprehensive income
Three-month periods ended March 31
(In thousands of reais)

	Consolidated	
	Accumulated at March 31	
	2022	2021
	(not reviewed)	
Net income for the period	13,865	28,723
Noncontrolling interests	(3)	(1)
Net income for the period attributable to shareholders	13,862	28,722
Marketable securities available for sale	(180)	2,266
Taxes on adjustments to marketable securities available for sale	81	(1,020)
Total adjustments not included in net income	(99)	1,246
Comprehensive income for the period	13,763	29,968
Attributable to shareholders:		
Net income for the period attributable to controlling interests	13,766	29,969
Net income for the period attributable to noncontrolling interests	(3)	(1)

See accompanying notes.

Banco Cooperativo Sicredi S.A.

Statements of changes in equity
 Three-month periods ended March 31
 (In thousands of reais)

	Reserve		Equity adjustment s	Retained earnings	Equity of parent company	Noncontrolling interests	Total
	Subscribed capital	Legal reserve					
Balances at December 31, 2020	1,458,974	55,281	(1,066)	-	1,513,189	96	1,513,285
Capital increase	-	-	-	-	-	-	-
Adjustments to market value - marketable securities	-	-	1,246	-	1,246	-	1,246
Net income for the period	-	-	-	28,723	28,723	1	28,724
Balances at March 31, 2021	1,458,974	55,281	180	28,723	1,543,158	97	1,543,255
Balances at December 31, 2021	2,388,974	60,681	221	-	2,449,876	138	2,450,014
Capital increase	-	-	-	-	-	-	-
Adjustments to market value - marketable securities	-	-	(99)	-	(99)	-	(99)
Net income for the period	-	-	-	13,865	13,865	3	13,868
Balances at March 31, 2022	2,388,974	60,681	122	13,865	2,463,642	141	2,463,783

See accompanying notes.

Banco Cooperativo Sicredi S.A.

Statements of cash flows Three-month period ended March 31, 2022 (In thousands of reais)

	Individual		Consolidated	
	03/31/2022	03/31/2021 (not reviewed)	03/31/2022	03/31/2021 (not reviewed)
Cash flows from operating activities				
Net income before income and social contribution taxes	22,678	51,144	24,778	52,399
Adjustments to net income before taxes				
Adjustment to market value - marketable securities and derivatives	(48,639)	(34,440)	(48,639)	(34,440)
Provision for expected losses associated with credit risk	5,189	1,391	5,189	1,391
Depreciation and amortization	429	410	1,190	1,126
Loss on disposal of property and equipment	-	2	-	5
Provision for civil, tax and labor contingencies	2,489	-	2,480	-
Interest on hybrid capital instruments	5,465	1,084	5,465	1,084
Equity pickup in subsidiaries	(3,923)	(2,345)	-	-
Adjusted net income for the period	(16,312)	17,246	(9,537)	21,565
Changes in assets and liabilities				
(Increase) in short-term interbank investments	(416,008)	(30,446)	(416,008)	(30,448)
(Increase) in marketable securities and derivative financial instruments	(1,058,424)	(603,219)	(1,025,335)	(603,219)
Decrease (increase) in compulsory deposits in Central Bank of Brazil	23,358	(69,935)	23,358	(69,935)
(Increase) in interbank onlendings	(2,095,852)	(1,578,598)	(2,095,852)	(1,578,598)
(Increase) in loans	(372,467)	(377,780)	(372,467)	(377,780)
Decrease in other financial instruments	1,081,657	110,192	1,051,792	13,292
Decrease (increase) in provision for expected losses associated with credit risk	(245)	(102)	(245)	3,553
(Increase) in other assets and tax credits	(174,722)	(39,162)	(173,224)	(32,035)
Increase in deposits	811,283	872,289	810,192	877,655
Increase in open market funding	20,941,798	9,241,053	20,941,798	9,241,053
Increase in funds from acceptance and issue of securities	3,304,321	574,154	3,304,321	574,154
Increase (decrease) in borrowings and onlending	(431,825)	311,306	(431,825)	311,306
Increase (decrease) in other provisions, deferred tax obligations and other liabilities	(464,940)	125,830	(477,220)	200,847
Net cash flows from operating activities	21,131,622	8,552,828	21,129,748	8,551,410
Income and social contribution taxes paid	(140,173)	(64,760)	(137,713)	(63,225)
Net cash flows from operating activities	20,991,449	8,488,068	20,992,035	8,488,185
Cash flows from investing activities				
Acquisition of property and equipment for own use	(855)	(481)	(1,440)	(598)
Acquisition of other investments	(116)	-	(117)	-
(Increase) in available-for-sale securities	(14,342,708)	(8,013,456)	(14,342,708)	(8,013,456)
(Increase) in held-to-maturity securities	(2,573,598)	(1,805,464)	(2,573,598)	(1,805,464)
Net cash flows (used in) investing activities	(16,917,277)	(9,819,401)	(16,917,863)	(9,819,518)
Cash flows from financing activities				
Subordinated debt	937,639	(1,532)	937,639	(1,532)
Interest on equity paid	(10,000)	(10,000)	(10,000)	(10,000)
Net cash flows from financing activities	927,639	(11,532)	927,639	(11,532)
(Decrease) increase in cash and cash equivalents	5,001,811	(1,342,865)	5,001,811	(1,342,865)
Cash and cash equivalents at beginning of period	2,151,964	2,791,026	2,151,964	2,791,026
Cash and cash equivalents at end of period	7,153,775	1,448,161	7,153,775	1,448,161

See accompanying notes.

Banco Cooperativo Sicredi S.A.

Notes to individual and consolidated interim financial statements

March 31, 2022

(In thousands of reais, unless otherwise stated)

1. Operations

Banco Cooperativo Sicredi S.A. (the “Bank” or “Institution”), a private Brazilian financial institution established in accordance with the Brazilian Monetary Council (CMN) Resolution No. 2193, of August 31, 1995, was authorized to operate by the Central Bank of Brazil (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 Bank 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 cooperative, by means of agreements, to 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 March 31, 2022, the System is organized into 108 associated Credit Cooperatives, which operate a service network of 2,256 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 that are 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.

Banco Cooperativo Sicredi S.A.

Notes to individual and consolidated interim financial statements (Continued)

March 31, 2022

(In thousands of reais, unless otherwise stated)

1. Operations (Continued)

As at March 31, 2022, Rabo Partnerships B.V. and IFC hold interests of 12.10% and 1.59% respectively (12.10% and 1.59%, respectively, in December 2021) in the Bank's shares.

2. Basis of preparation and presentation of the individual and consolidated interim 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 for 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).

The individual and consolidated interim financial statements must be analyzed in conjunction with the complete set of individual and consolidated financial statements for the year ended December 31, 2021.

The accompanying notes that were presented in the individual and consolidated financial statements for the year ended December 31, 2021, which are not included or presented with the same level of detail in these individual and consolidated interim financial statements, due to the absence of significant changes for this quarter, are listed below:

- (i) Basis of preparation and presentation of financial statements;
- (ii) Summary of significant accounting practices;
- (iii) Compulsory deposits in the Central Bank of Brazil;
- (iv) Other assets;
- (v) Interests held in domestic subsidiaries;
- (vi) Property and equipment in use and intangible assets;
- (vii) Provisions for civil, tax and labor contingencies;
- (viii) Other liabilities;

Banco Cooperativo Sicredi S.A.

Notes to individual and consolidated interim financial statements (Continued)

March 31, 2022

(In thousands of reais, unless otherwise stated)

2. Basis of preparation and presentation of the individual and consolidated interim financial statements (Continued)

Presentation of individual and consolidated financial statements (Continued)

- (ix) Equity;
- (x) Income and social contribution taxes;
- (xi) Other operating income;
- (xii) Other operating expenses;
- (xiii) Capital and risk management structure;
- (xiv) Sensitivity analysis;
- (xv) Correspondent banks;
- (xvi) Insurance coverage; and
- (xvii) Other.

These individual and consolidated interim financial statements were approved by the Management on May 13, 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. The individual and consolidated interim financial information was prepared with the purpose of enabling the members, officers, financial institutions and potential investors of Banco Cooperativo Sicredi to assess the Bank's consolidated financial position as at March 31, 2022, and its consolidated financial performance for the quarter then ended, in accordance with the accounting practices adopted in Brazil applicable to institutions authorized to operate by the Central Bank of Brazil, as well as with its corporate structure. Consequently, the individual and consolidated interim financial information may not be appropriate for any other purpose.

b) Consolidated interim financial statements

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

Banco Cooperativo Sicredi S.A.

Notes to individual and consolidated interim financial statements (Continued)

March 31, 2022

(In thousands of reais, unless otherwise stated)

2. Basis of preparation and presentation of the individual and consolidated interim financial statements (Continued)

b) Consolidated interim financial statements (Continued)

Entity	Activity	03/31/2022	12/31/2021
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	100.00
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	56.32	87.52

The investment funds in which Banco Sicredi, in any manner, holds or substantially retains risks and rewards were included in the consolidated interim financial statements. On April 1, 2021, Banco Sicredi raised “seed money” to open the following investment funds: Sicredi - FIC Mult Estratégia Arrojada LP, Sicredi - FIC RF Estratégia Conservadora LP and Sicredi - FIC Mult Estratégia Moderada LP. However, after the 12-month limit period, the Bank redeemed the investments. Therefore, the Bank no longer had those investments as at March 31, 2022, thus those funds were not included in the consolidated interim 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 interim financial statements (Continued)

March 31, 2022

(In thousands of reais, unless otherwise stated)

3. Cash and cash equivalents

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

	Individual and Consolidated	
	03/31/2022	12/31/2021
Cash and cash equivalents	502,836	523,440
Short-term interbank investments	6,650,939	1,628,524
Resale to settle - Self-funding position	2,269,409	338,239
Resale to settle - Financed position	4,371,588	1,281,758
Investments in foreign currency	9,942	8,527
Total	7,153,775	2,151,964

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.

4. Short-term interbank investments

	Individual and Consolidated	
	03/31/2022	12/31/2021
Open market investments	6,640,997	1,619,997
Resale to settle - Self-funding position		
National Treasury Bills (LTN)	791	-
National Treasury Notes (NTN)	2,268,618	338,239
Resale to settle - Financed position		
National Treasury Bills (LTN)	102,209	-
National Treasury Notes (NTN)	4,269,379	1,281,758
Investments in interbank deposits	4,554,628	4,138,620
Interbank Deposit Certificates (CDI)	4,554,628	4,138,620
Investments in foreign currency	9,942	8,527
Investments in foreign currency	9,942	8,527
Total current	11,205,567	5,767,144

Banco Cooperativo Sicredi S.A.

Notes to individual and consolidated interim financial statements (Continued)

March 31, 2022

(In thousands of reais, unless otherwise stated)

5. Marketable securities and derivative financial instruments

a) Portfolio breakdown

Note	Individual				Consolidated					
	03/31/2022			12/31/2021	03/31/2022			12/31/2021		
	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	Total portfolio
Own portfolio										
Financial Treasury Bills (LFT)	-	-	942,530	942,530	5,274,080	-	-	942,530	942,530	5,274,080
National Treasury Bills (LTN)	3,998,238	-	-	3,998,238	-	3,998,238	-	-	3,998,238	-
Rural Product Bills (CPR)	48,185	-	-	48,185	77,078	48,185	-	-	48,185	77,078
Fixed-income investment funds	1,058	-	-	1,058	4,109	161,185	-	-	161,185	197,325
Subordinated Financial Notes - LFSN	-	-	1,079,952	1,079,952	46,035	-	-	1,079,952	1,079,952	46,035
Linked to repurchase agreements										
Financial Treasury Bills (LFT)	-	421,280	8,916,002	9,337,282	2,480,595	-	421,280	8,916,002	9,337,282	2,480,595
National Treasury Bills (LTN)	-	1,353,436	8,727,577	10,081,013	-	-	1,353,436	8,727,577	10,081,013	-
National Treasury Notes (NTN)	-	1,005,404	-	1,005,404	-	-	1,005,404	-	1,005,404	-
Linked to guarantees given										
Financial Treasury Bills (LFT)	-	16,415	381,999	398,414	444,799	-	16,415	381,999	398,414	444,799
Subtotal	5.b	4,047,481	2,796,536	20,048,060	26,892,076	8,326,696	4,207,608	2,796,536	20,048,060	27,052,203
Derivative financial instruments		207	434	14,132	14,773	126,406	207	434	14,132	14,773
Total - 2022		4,047,688	2,796,970	20,062,192	26,906,849		4,207,815	2,796,970	20,062,192	27,066,976
Total - 2021		36,168	47,411	8,369,523		8,453,102	229,384	47,411	8,369,523	8,646,318
Total current				6,844,658	83,579				7,004,785	276,795
Total noncurrent				20,062,192	8,369,523				20,062,192	8,369,523

Banco Cooperativo Sicredi S.A.

Notes to individual and consolidated interim financial statements (Continued)

March 31, 2022

(In thousands of reais, unless otherwise stated)

5. Marketable securities and derivative financial instruments (Continued)

b) Classification of marketable securities

	Individual		Consolidated	
	Restated cost	Market value	Restated cost	Market value
Held for trading				
No maturity	1,058	1,058	161,185	161,185
Maturing within 12 months	1,352,402	1,353,353	1,352,402	1,353,353
Subtotal	1,353,460	1,354,411	1,513,587	1,514,538
Available for sale				
Maturing within 12 months	5,008,694	5,003,642	5,008,694	5,003,642
Maturing over 12 months	10,692,887	10,666,695	10,692,887	10,666,695
Subtotal	15,701,581	15,670,337	15,701,581	15,670,337
Held to maturity				
Maturing within 12 months	486,116	485,148	486,116	485,148
Maturing over 12 months	9,381,212	9,436,321	9,381,212	9,436,321
Subtotal	9,867,328	9,921,469	9,867,328	9,921,469
Total - 2022	26,922,369	26,946,217	27,082,496	27,106,344
Total - 2021	8,326,052	8,625,468	8,519,268	8,818,684

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.

As at March 31, 2022, no marketable securities were reclassified to other categories.

As at March 31, 2022, unrealized income/(loss) from securities classified as available for sale presented net loss of R\$31,433 (R\$152 of net loss in December 2021), partially recorded net of tax effects in equity under "Equity adjustments", in the amount R\$99 (R\$1,287 in December 2021).

As at March 31, 2022, adjustment to market value of securities classified as held for trading recorded in profit or loss presented a gain of R\$1,068 (R\$948 in March 2021).

Banco Cooperativo Sicredi S.A.

Notes to individual and consolidated interim financial statements (Continued)

March 31, 2022

(In thousands of reais, unless otherwise stated)

5. Marketable securities and derivative financial instruments (Continued)

b) Classification of marketable securities (Continued)

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.

c) Derivative financial instruments

Pursuant to Memorandum Circular No. 3082/02 of January 1, 2002, derivative financial instruments are classified at the date of acquisition in accordance with management's intention as to whether to use them for hedging purposes. Transactions that use financial instruments entered into at the request of customers, on its own account, or that do not meet the hedging criteria (mainly derivatives used to manage the overall risk exposure) are accounted for at fair value, with realized and unrealized gains and losses recognized directly in the Statement of Profit or Loss. The Bank uses swap derivatives to hedge its foreign borrowings. The use of these derivative financial instruments mainly aims at hedging against risks arising from currency fluctuations, and the instruments' maturity is linked to the maturity of borrowings.

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

Fixed-income marketable securities classified as held 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.

Banco Cooperativo Sicredi S.A.

Notes to individual and consolidated interim financial statements (Continued)

March 31, 2022

(In thousands of reais, unless otherwise stated)

5. Marketable securities and derivative financial instruments (Continued)

c) Derivative financial instruments (Continued)

Hedging 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 transaction method, and matched against the respective profit or loss accounts.

Sicredi adopted hedge accounting for swap derivatives, whose hedged items are funds obtained in the foreign market, 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 profit or loss, 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 transactions in profit or loss accounts, when classified as market risk.

As at March 31, 2022 and December 31, 2021, 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 reference amounts are recorded in memorandum accounts, as follows:

Banco Cooperativo Sicredi S.A.

Notes to individual and consolidated interim financial statements (Continued)

March 31, 2022

(In thousands of reais, unless otherwise stated)

5. Marketable securities and derivative financial instruments (Continued)

c) Derivative financial instruments (Continued)

	Individual and Consolidated				12/31/2021
	03/31/2022				
	Net position of contracts to mature				
	Within 3 months	From 3 to 12 months	Over 12 months	Total	Total
<u>Clearance</u>					
Futures contracts	4,074,583	2,288,185	8,740,716	15,103,484	75,530
Swap contracts	1,076,336	84,501	1,882,546	3,043,383	2,721,377
Total - 2022	5,150,919	2,372,686	10,623,262	18,146,867	
Total - 2021	148,738	(14,400)	2,662,569		2,796,907
<u>Swap contracts</u>					
Long position	207	434	14,132	14,773	126,406
Short position	(228,154)	(13,719)	(218,008)	(459,881)	(29,404)
Total - 2022	(227,947)	(13,285)	(203,876)	(445,108)	
Total - 2021	2,382	(24)	94,644		97,002

	Individual and Consolidated			
	03/31/2022		12/31/2021	
	Notional amount	Cost – amount receivable/received (payable/paid)	Market value	Market value
<u>Futures contracts</u>	15,103,484	(13,656)	-	-
Purchase commitments	(118,230)	(308)	-	-
Future DI	(76,916)	3	-	-
Future WDO	(41,314)	(311)	-	-
Sale commitments	15,221,714	(13,348)	-	-
Future DI	15,131,219	(13,944)	-	-
Future DOL	86,902	547	-	-
Future WDO	3,593	49	-	-
<u>Swap contracts</u>	3,043,383	(335,071)	(445,108)	97,002
- Long position	167,501	14,855	14,773	126,406
Foreign currency	167,501	14,855	14,773	126,406
Short position	2,875,882	(349,926)	(459,881)	(29,404)
Foreign currency	2,875,882	(349,926)	(459,881)	(29,404)

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 March 31, 2022, the balance recorded under Securities trading and brokerage in assets is of R\$602 (R\$153 in December 2021) and in liabilities is of R\$14,258 (R\$166 in December 2021) in the individual and consolidated interim financial statements.

Banco Cooperativo Sicredi S.A.

Notes to individual and consolidated interim financial statements (Continued)

March 31, 2022

(In thousands of reais, unless otherwise stated)

5. Marketable securities and derivative financial instruments (Continued)

c) Derivative financial instruments (Continued)

As at March 31, 2022, the Bank recorded gains on derivatives amounting to R\$ R\$563,715 (losses of R\$115,665 in March 2021).

As at March 31, 2022, the equity position of government securities given in guarantee for stock exchange transactions amounted to R\$378,700 (R\$425,604 in December 2021).

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

	Individual and Consolidated			
	03/31/2022		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	1,576,121	(249,764)	(292,581)	(21,632)
Swap contracts (payable)	1,576,121	(249,764)	(292,581)	(21,632)
Hedged items	1,576,121	1,363,922	1,321,105	1,115,549
Foreign market funding	1,576,121	1,363,922	1,321,105	1,115,549
Individual and Consolidated				
Hedged position				
	Curve value	Market value	Market value	
<u>Market risk hedge – Marketable securities</u>				
Hedging instruments	13,712,685	13,712,685	-	
Futures contracts	13,712,685	13,712,685	-	
Hedged items	13,762,875	13,731,219	-	
Marketable securities available for sale	13,762,875	13,731,219	-	

As at March 31, 2022, the Bank reclassified from equity to profit or loss for the year unrealized losses of R\$31,656 (loss of R\$21,996 in March 2021) referring to MtM adjustment on securities available for sale.

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 interim financial statements (Continued)

March 31, 2022

(In thousands of reais, unless otherwise stated)

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

a) Breakdown of credit portfolio per type of transaction

	Individual and Consolidated					
	03/31/2022					12/31/2021
	Falling due					
Note	Overdue from 15 days	Within 3 months	From 3 to 12 months	Over 12 months	Total portfolio	Total portfolio
Loan transactions	435	915,493	2,772,548	14,023,322	17,711,798	17,339,331
Loans and discounted notes	-	182,312	455,664	1,601,690	2,239,666	2,181,928
Financing	435	149,297	333,223	541,093	1,024,048	1,065,826
Rural and agro-industrial financing	-	563,924	1,937,599	10,574,544	13,076,067	12,884,864
Real property financing	-	19,960	46,062	1,305,995	1,372,017	1,206,713
Interbank onlending	-	9,246,574	14,836,463	16,701,597	40,784,634	38,688,782
Interbank onlending – rural credit and other funds	-	9,246,574	14,836,463	16,701,597	40,784,634	38,688,782
Exchange transactions	-	52,611	163,241	1,184	217,036	174,023
Advances on exchange contracts	11.a	-	51,766	160,621	1,165	213,552
Income from advances on exchange contracts	-	845	2,620	19	3,484	3,585
Total - 2022	435	10,214,678	17,772,252	30,726,103	58,713,468	
Total - 2021	392	3,744,639	23,378,866	29,078,239		56,202,136
Total current					27,987,365	27,123,897
Total noncurrent					30,726,103	29,078,239

b) Ratings of loans and interbank onlendings

Pursuant to article 3 of CMN Resolution No. 2697/00, we present below the breakdown of the loans portfolio, including exchange transactions amounting to R\$217,036 (R\$174,023 in December 2021), distributed in the corresponding levels of risk, according to the rating provided for in article 1 of CMN Resolution No. 2682/99:

Banco Cooperativo Sicredi S.A.

Notes to individual and consolidated interim financial statements (Continued)

March 31, 2022

(In thousands of reais, unless otherwise stated)

6. Loan transactions, interbank onlendings and provision for expected losses associated with credit risk (Continued)

b) Ratings of loans and interbank onlendings (Continued)

Risk level	%	Individual and Consolidated			
		Portfolio		Provision for credit, exchange and other credit transactions	
		03/31/2022	12/31/2021	03/31/2022	12/31/2021
AA	0.00	45,953,388	44,256,059	-	-
A	0.50	11,896,817	11,134,083	59,484	55,670
B	1.00	493,948	469,783	4,939	4,698
C	3.00	367,905	340,983	11,037	10,229
D	10.00	311	185	31	19
E	30.00	157	204	47	61
F	50.00	154	95	77	48
G	70.00	101	132	71	92
H	100.00	687	612	687	612
Total		58,713,468	56,202,136	76,373	71,429

c) Loans and interbank onlendings broken down by industry and maturity

Private sector	Individual and Consolidated					Total portfolio	Total portfolio
	03/31/2022		12/31/2021				
	Overdue from 15 days	Within 3 months	Falling due From 3 to 12 months	Over 12 months			
Financial intermediation	-	9,251,207	14,844,573	16,765,666	40,861,446	38,763,710	
Rural	-	563,924	1,937,599	10,574,544	13,076,067	12,884,863	
Housing	-	19,960	46,062	1,305,995	1,372,017	1,206,713	
Legal entities	110	167,780	305,627	857,751	1,331,268	1,300,722	
Individuals	209	87,912	231,483	646,791	966,395	929,255	
Commerce	111	87,160	290,934	449,060	827,265	832,339	
Industry	5	36,734	115,975	126,296	279,010	284,534	
Total - 2022	435	10,214,677	17,772,253	30,726,103	58,713,468		
Total - 2021	393	3,744,639	23,378,865	29,078,239		56,202,136	

As at March 31, 2022, a portion of the financial intermediation balance refers to interbank onlending of rural credit and other funds between the Bank and the Sicredi System Cooperatives. As at March 31, 2022, these onlending transactions amounted to R\$40,784,694 (R\$38,688,782 in December 2021).

Banco Cooperativo Sicredi S.A.

Notes to individual and consolidated interim financial statements (Continued)

March 31, 2022

(In thousands of reais, unless otherwise stated)

6. Loan transactions, interbank onlendings and provision for expected losses associated with credit risk (Continued)

d) Concentration of loans and interbank onlendings

	Individual and Consolidated			
	03/31/2022	%	12/31/2021	%
10 major debtors	15,484,835	26.37	14,540,801	25.87
50 next major debtors	24,022,098	40.91	22,896,984	40.74
100 next major debtors	2,319,940	3.95	2,262,456	4.03
Other	16,886,595	28.77	16,501,895	29.36
Total	<u>58,713,468</u>	<u>100.00</u>	<u>56,202,136</u>	100.00

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

	Individual and Consolidated	
	03/31/2022	12/31/2021
Opening balance	71,429	22,015
Recognition of provision	11,149	77,204
Reversal of provision	(5,960)	(17,144)
Subtotal	<u>5,189</u>	<u>60,060</u>
Reversal of additional provision	-	(10,008)
Credits written off as loss	(245)	(638)
Closing balance	<u>76,373</u>	<u>71,429</u>

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

In the period ended March 31, 2022 and December 31, 2021, no loans were renegotiated.

Banco Cooperativo Sicredi S.A.

Notes to individual and consolidated interim financial statements (Continued)

March 31, 2022

(In thousands of reais, unless otherwise stated)

6. Loan transactions, interbank onlendings and provision for expected losses associated with credit risk (Continued)

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

	Individual and Consolidated Accumulated at March 31	
	2022	2021 (not reviewed)
Interbank onlending	613,959	373,934
Loans	76,675	66,296
Financing	24,322	37,793
Rural and agro-industrial financing	195,814	159,259
Housing financing	26,755	12,366
Subtotal	937,525	649,648
Recovery of receivables written off as loss	42	1
Total	937,567	649,649

7. Other financial assets

	Individual		Consolidated	
	03/31/2022	12/31/2021	03/31/2022	12/31/2021
Payments and receipts to be settled	9,723	-	9,723	-
Payment transactions	2,057,237	1,969,168	2,057,237	1,969,168
Instant payments	60,249	32,101	60,249	32,101
Exchange portfolio	221,783	262,567	221,783	262,567
Securities trading and brokerage	602	153	607	156
Credit card transactions	6,198,953	5,977,422	6,198,954	5,977,422
Total current	8,548,547	8,241,411	8,548,553	8,241,414

Payment transactions refer to amounts receivable from issuers on intermediation of transactions 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 transactions.

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 interim financial statements (Continued)

March 31, 2022

(In thousands of reais, unless otherwise stated)

8. Deposits and open-market funding

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

	Individual				Consolidated		
	03/31/2022			12/31/2021	03/31/2022	12/31/2021	
	No maturity and within 3 months	From 3 to 12 months	Over 12 months	Total	Total	Total	Total
Deposits	30,859,269	7,017,687	4,103,377	41,980,333	41,169,050	41,975,650	41,165,458
Demand deposits	95,787	-	-	95,787	83,671	91,104	80,079
Deposits in savings accounts	25,844,704	-	-	25,844,704	26,056,793	25,844,704	26,056,793
Interbank deposits	1,544,342	6,882,314	4,089,414	12,516,070	12,045,633	12,516,070	12,045,633
Time deposits	3,374,436	135,373	13,963	3,523,772	2,982,953	3,523,772	2,982,953
Open market funding	23,095,845	340,581	1,254,771	24,691,197	3,749,399	24,691,197	3,749,399
Own portfolio	18,724,257	340,581	1,254,771	20,319,609	2,467,641	20,319,609	2,467,641
Third-party portfolio	4,371,588	-	-	4,371,588	1,281,758	4,371,588	1,281,758
Investment funds	4,371,588	-	-	4,371,588	1,281,758	4,371,588	1,281,758
Total - 2022	53,955,114	7,358,268	5,358,148	66,671,530		66,666,847	
Total - 2021	31,723,545	9,335,876	3,859,028		44,918,449		44,914,857
Total current				61,313,382	41,059,421	61,308,699	41,055,829
Total noncurrent				5,358,148	3,859,028	5,358,148	3,859,028

9. Funds from acceptance and issue of securities

	Individual and Consolidated				
	03/31/2022				12/31/2021
	Within 3 months	From 3 to 12 months	Over 12 months	Total	Total
Funds from agribusiness credit bills	662,480	2,444,220	6,367,930	9,474,630	6,644,851
Payables for issue of financial bills	-	497,697	2,401,676	2,899,373	2,424,831
Total - 2022	662,480	2,941,917	8,769,606	12,374,003	
Total - 2021	573,111	2,225,488	6,271,083		9,069,682
Total current				3,604,397	2,798,599
Total noncurrent				8,769,606	6,271,083

Banco Cooperativo Sicredi S.A.

Notes to individual and consolidated interim financial statements (Continued)

March 31, 2022

(In thousands of reais, unless otherwise stated)

10. Loan and onlending obligations

	Individual and Consolidated				12/31/2021
	03/31/2022			Total	
	Within 3 months	From 3 to 12 months	Over 12 months		Total
Loan obligations	214,526	1,379,867	2,291,395	3,885,788	4,488,697
Domestic loans	129,536	691,315	424,064	1,244,915	1,460,252
Domestic loans – official institutions	1,082	2,496	70,773	74,351	73,235
Foreign loans	83,908	686,056	1,796,558	2,566,522	2,955,210
Local on-lending obligations - official institutions	707,524	2,308,819	11,484,283	14,500,626	14,329,542
National Treasury	10,476	64,627	40,736	115,839	78,384
Banco do Brasil	59,183	91,114	808,586	958,883	937,258
Brazilian Development Bank (BNDES) Machinery and Equipment Financing (FINAME)	177,443	661,396	2,581,216	3,420,055	3,295,043
Financing Fund for the North Region (FNO) Banco da Amazônia	4,990	5,598	11,705	22,293	27,296
Total - 2022	922,050	3,688,686	13,775,678	18,386,414	
Total - 2021	890,125	3,325,376	14,602,738		18,818,239
Total current				4,610,736	4,215,501
Total noncurrent				13,775,678	14,602,738

Domestic loans are represented by Bank Credit Note (CCB) transactions deriving from funds raised abroad and translated into domestic currency, maturing until February 2024.

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 November 2028, whose borrowing agreements, in certain cases, are subject to debt covenants. These include, among others, clauses referring to maintenance of certain financial ratios. Failure to comply with these clauses requires immediately contacting creditors and reporting of the reason why it was not possible to comply with the covenants in a given period. Persisting in non-complying with the covenants could lead to the early settlement of agreements. As at March 31, 2022, the Bank is compliant with the clauses of the 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 interim financial statements (Continued)

March 31, 2022

(In thousands of reais, unless otherwise stated)

11. Other financial liabilities

	Note	Individual		Consolidated	
		03/31/2022	12/31/2021	03/31/2022	12/31/2021
Receipts and payments to be settled		4,129	1,736	4,129	1,736
Payment transactions		5,926,678	5,511,577	5,926,678	5,511,578
Third-party funds in transit		207,980	141,134	207,980	141,134
Domestic transfers of funds		-	1,538	-	1,538
Securities trading and brokerage		14,258	166	14,308	168
Provision for interest on rural savings account		99,798	76,305	99,798	76,305
Credit card transactions		1,259,544	1,277,975	1,259,544	1,277,975
Exchange portfolio	11.a	49,569	100,705	49,569	100,705
Subordinated debt	11.c	983,750	46,111	983,750	46,111
Total current		8,545,706	7,157,247	8,545,756	7,157,250
Obligations due to consortium members' funds		-	-	-	29,909
Exchange portfolio – advances	11.a	(1,165)	(1,499)	(1,165)	(1,499)
Hybrid equity and debt instruments	11.b	230,871	225,406	230,871	225,406
Total noncurrent		229,706	223,907	229,706	253,816
Total		8,775,412	7,381,154	8,775,462	7,411,066

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	
		03/31/2022	12/31/2021
Foreign exchange payables		21,994	17,364
Exchange purchase obligations		239,962	252,280
Advances on exchange contracts	6.a	(212,387)	(168,939)
Total current		49,569	100,705
Advances on exchange contracts	6.a	(1,165)	(1,499)
Total noncurrent		(1,165)	(1,499)
Total		48,404	99,206

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Notes to individual and consolidated interim financial statements (Continued)

March 31, 2022

(In thousands of reais, unless otherwise stated)

11. Other financial liabilities (Continued)

b) Hybrid equity and debt instruments

On May 2, 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 3, 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	
	03/31/2022	12/31/2021
Central Sicredi Sul/Sudeste	142,532	139,157
Central Sicredi Paraná/São Paulo/Rio de Janeiro states	57,938	56,567
Central Sicredi Mato Grosso/Pará/Rondônia states	25,995	25,380
Central Sicredi Brasil Central	4,406	4,302
Total	230,871	225,406

c) Subordinated debt

Between October 2021 and March 2022, in accordance with CMN Resolution No. 4192/2013, the Bank issued Subordinated Financial Notes (LFSN) in the amount of R\$523,100, maturing within ten years from the date of issue. As at March 31, 2022, the restated amount of these subordinated debt instruments is R\$527,748 (R\$46,111 in December 2021).

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Notes to individual and consolidated interim financial statements (Continued)

March 31, 2022

(In thousands of reais, unless otherwise stated)

11. Other financial liabilities (Continued)

c) Subordinated debt (Continued)

On January 21, 2022, the Bank issued Subordinated Green Bonds amounting to USD100,000 to IDB Invest, a member of the Inter-American Development Bank (IDB), intended to finance renewable energy and energy efficiency projects with Sicredi associates. The amount raised in Brazilian Reais totals R\$540,780 and matures in ten years (principal), with payment of semiannual interest. As at March 31, 2022, the restated amount of this subordinated debt instrument is R\$456,002.

12. 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:

Banco Cooperativo Sicredi S.A.

Notes to individual and consolidated interim financial statements (Continued)

March 31, 2022

(In thousands of reais, unless otherwise stated)

12. Balances and transactions with related parties (Continued)

Related institutions / Sistema de Crédito Cooperativo – (Sicredi) (Continued)

	Individual	
	03/31/2022	12/31/2021
Assets	51,008,568	48,571,551
Investments in investment fund shares	1,058	4,109
Investments in interbank deposits	3,819,994	3,880,057
Interbank onlending	40,784,634	38,688,782
Loan transactions	476,106	463,953
Income receivable	6,059	19,308
Other receivables – Sundry	5,975,136	5,565,325
Provision for expected losses associated with credit risk	(54,419)	(49,983)
Liabilities	31,200,678	9,999,511
Demand deposits	48,573	30,940
Time deposits	3,277,811	2,840,667
Interbank deposits	4,382,359	4,488,186
Open market funding – own portfolio	18,722,069	961,680
Open market funding – third-party portfolio	4,371,588	1,281,758
Social and statutory obligations	92,602	101,308
Other obligations - sundry	74,805	69,566
Hybrid equity and debt instruments	230,871	225,406
	03/31/2022	03/31/2021
		(not reviewed)
Revenues	803,624	410,036
Loan transactions	489,788	350,606
Revenue from marketable securities	220,103	10,507
Service revenues	4,951	4,698
Other operating income	88,782	44,225
Expenses	835,338	367,151
Open market transactions	544,713	107,833
Other administrative expenses	235,214	257,718
Other operating expenses	329	515
Allowance for doubtful accounts	55,082	1,085

Banco Cooperativo Sicredi S.A.

Notes to individual and consolidated interim financial statements (Continued)

March 31, 2022

(In thousands of reais, unless otherwise stated)

12. Balances and transactions with related parties (Continued)

Related institutions / subsidiaries

Demand deposits

	<u>03/31/2022</u>	<u>12/31/2021</u>
Administradora de Bens Sicredi	75	22
Corretora de Seguros Sicredi	326	929
Administradora de Consórcios Sicredi	4,276	2,618
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	5
Total	<u>4,682</u>	<u>3,592</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:

Banco Cooperativo Sicredi S.A.

Notes to individual and consolidated interim financial statements (Continued)

March 31, 2022

(In thousands of reais, unless otherwise stated)

12. Balances and transactions with related parties (Continued)

Related institutions / subsidiaries (Continued)

Short-term benefits – management

	Individual		Consolidated	
	Accumulated at March 31		Accumulated at March 31	
	2022	2021	2022	2021
		(not reviewed)		(not reviewed)
Salaries	1,182	1,071	1,182	1,071
Profit sharing	1,396	1,170	1,396	1,170
Social Security Tax (INSS)	542	473	561	506
Total	3,120	2,714	3,139	2,747

Post-employment benefits

	Individual and Consolidated	
	Accumulated at March 31	
	2022	2021
		(not reviewed)
Supplementary pension plan – defined contribution	56	51
Total	56	51

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

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

The Bank manages investment funds, whose equity as at March 31, 2022 amounted to R\$63,803,959 (R\$57,968,419 in December 2021).

At March 31, 2022, revenue from investment fund management amounted to R\$4,907 (R\$4,677 in March 2021) and is presented under Service revenues (Note 14).

The investment funds are audited by other independent auditors.

Banco Cooperativo Sicredi S.A.

Notes to individual and consolidated interim financial statements (Continued)

March 31, 2022

(In thousands of reais, unless otherwise stated)

14. Service revenues

	Individual		Consolidated	
	Accumulated at March 31		Accumulated at March 31	
	2022	2021 (not reviewed)	2022	2021 (not reviewed)
Fund management	4,907	4,677	4,901	4,677
Collection	1,092	1,008	1,092	1,008
Custody	377	324	377	324
Bank services	1,302	1,230	1,302	1,230
Clearance processing	442	7,006	442	7,006
Agreements	8,108	7,056	8,108	7,056
Domicile – acquiring business	3,686	2,417	3,686	2,417
Rents	-	-	899	839
Consortium management fees	-	-	79,482	69,735
Insurance commission	-	-	142,886	117,571
Other services	281	298	281	297
Total	20,195	24,016	243,456	212,160

Clearance processing refers to revenues from clearance services.

15. Personnel expenses

	Individual		Consolidated	
	Accumulated at March 31		Accumulated at March 31	
	2022	2021 (not reviewed)	2022	2021 (not reviewed)
Salaries	12,533	11,042	13,451	11,872
Benefits	3,373	2,851	3,601	3,072
Social charges	4,645	4,117	5,016	4,405
Training	126	86	128	86
Other personnel expenses	154	34	154	34
Total	20,831	18,130	22,350	19,469

Banco Cooperativo Sicredi S.A.

Notes to individual and consolidated interim financial statements (Continued)

March 31, 2022

(In thousands of reais, unless otherwise stated)

16. Administrative expenses

	Individual		Consolidated	
	Accumulated at March 31		Accumulated at March 31	
	2022	2021	2022	2021
	(not reviewed)		(not reviewed)	
Financial System Services	236,917	261,445	296,454	312,625
Depreciation and amortization	429	410	1,190	1,126
Communication	1,383	765	1,436	927
Data processing	4,063	4,203	4,096	4,521
Third-party services	68,450	40,799	81,880	51,408
Cooperative agreements	-	-	113,839	94,723
Partners' compensation	-	-	2,661	2,027
Water, power and gas	179	142	188	149
Rents	149	137	10	10
Condominium fees	976	905	1,033	959
Advertising, publicity, promotions and public relations	2,492	2,341	2,492	2,341
Transportation	8	10	8	10
Travel	80	3	82	3
Fees	266	344	287	387
Other expenses	1,395	1,058	1,293	1,117
Total	316,787	312,562	506,949	472,333

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.

Third-party services refer primarily to the amounts paid to Visa and Mastercard for credit and debit card processing.

17. 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 Sicredi System are the capital management structure, and operational, market, liquidity, credit, information security, and social and environmental risks.

Banco Cooperativo Sicredi S.A.

Notes to individual and consolidated interim financial statements (Continued)

March 31, 2022

(In thousands of reais, unless otherwise stated)

17. Capital and risk management structure (Continued)

a) Additional information

Description of the full structure and processes 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 - Sistêmico".

The social and environmental risk management policy and the sustainability report, documents that contain details and figures of related processes, can also be accessed at www.sicredi.com.br; path: "Sobre nós > Sustentabilidade > Políticas e Relatórios".

18. Basel and fixed asset to equity ratios

Financial and other institutions authorized to operate by the Central Bank of Brazil should maintain, at all times, Regulatory Capital (RC) 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	
	03/31/2022	12/31/2021
Regulatory Capital (RC)	2.844.676	2.721.393
Tier I (TI)	2.694.513	2.675.282
Core capital (CC)	2.463.642	2.449.876
Capital	2.388.974	2.388.974
Capital reserves	60.681	60.681
Retained earnings	13.865	-
Unrealized equity valuation losses	122	221
Supplementary Capital (SC)	230.871	225.406
Financial bills and subordinated debts	230.871	225.406
Tier II (TII)	150.163	46.111
Financial bills and subordinated debts	983.750	46.111
Deduction of investment in other entities	(833.587)	-
Risk Weighted Assets (RWA)	18.825.822	17.826.570
Credit risk	16.390.259	15.382.056
Market risk	65.290	83.032
Operational risk	2.370.273	2.361.483
Interest rate risk in the banking book	139.421	242.288
Capital Margin¹	822.684	696.337
Basel Index (RC / RWA)	15,1%	15,3%
Tier I Capital (TI / RWA)	14,3%	15,0%
Core capital (CC / RWA)	13,1%	13,7%
Supplementary Capital (SC / RWA)	1,2%	1,3%
Fixed asset to equity status (FA)	90.164	87.428
Fixed asset to equity ratio (FA / RC)	3,2%	3,2%

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

Banco Cooperativo Sicredi S.A.

Notes to individual and consolidated interim financial statements (Continued)

March 31, 2022

(In thousands of reais, unless otherwise stated)

19. Commitments, guarantees and other responsibilities

a) Commitments, guarantees and other responsibilities

	<u>Individual and Consolidated</u>	
	<u>03/31/2022</u>	<u>12/31/2021</u>
Credits open to export		
Exchange to be contracted	-	3,392
Co-obligations for guarantees given		
Beneficiaries of guarantees given	110,199	105,865
Depositories of amounts in custody/guarantee	10,867,007	10,739,313
Notes under collection	38,555,300	38,563,541

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>03/31/2022</u>	<u>12/31/2021</u>
B3 guarantee margin	378,700	425,604