



Individual and Consolidated Financial Statements

Banco Cooperativo Sicredi S.A.

June 30, 2022
with Independent Auditor's Report

Management Report

Sicredi, as a Cooperative financial institution, commits to the growth of its associates and the development of the regions in which this institution operates. We remain firmly committed to contributing to the communities' economic activity, considering their different realities and needs, constantly seeking to create opportunities for connection between members and the newest technology trends, stimulating income generation and local economic and social development, with the purpose of having an increasingly prosperous, inclusive and sustainable society.

A close relationship is essential for us to continue cooperating with our communities, even more so in a period of economic recovery, offering financial solutions for micro and small companies, small rural producers, self-employed professionals and other associates. All this was done without forgetting to look at the social and environmental impact of our financial solutions.

Macroeconomic scenario

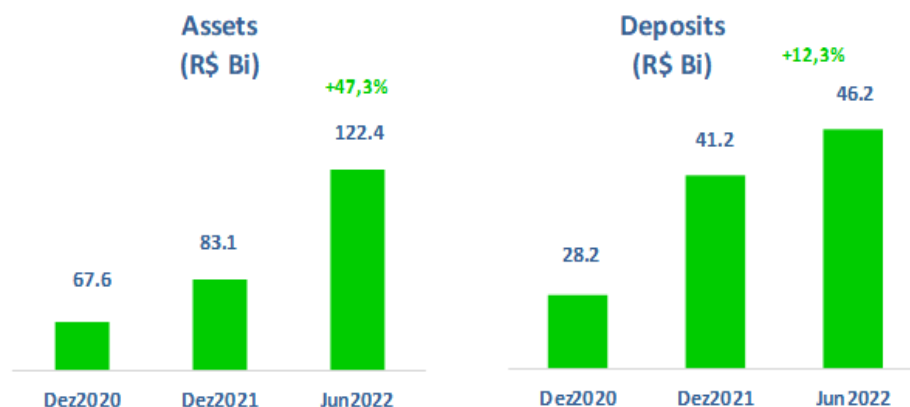
In the past two years, inflation has re-emerged as a global problem. The combination of (monetary and tax) demand stimuli with the supply bottlenecks generated by the pandemic created a scenario of rapid commodity appreciation and high consumer inflation. The conflict between Ukraine and Russia, which broke out in February/March this year, worsened this situation, as it further raised the prices of several commodities, since these two countries are important producers of items such as wheat, corn, oil and gas. natural resources, in addition to jeopardizing the supply of these products. Thus, persistent and high inflation continued as the main feature of the global economic scenario in the first half of this year.



In Brazil, the first semester represented continuity in the economic recovery, driven by the reopening of the economy. The success of vaccination allowed Brazil to go through the Omicron variant wave without the need for major containment measures. As a result, the economic sectors most linked to the movement of people and provision of face-to-face services were able to significantly recover the activity level that these sectors presented before the pandemic.

Operating performance

Despite the challenges still faced in the 2022 scenario, our assets totaled R\$ 122 billion in the first half of 2022, an increase of 47% as compared with 2021 year end. The Bank's net income amounted to R\$ 99 million in 1H22, a significant increase as compared with the same period of the prior year, and equity amounted to R\$ 3.2 billion, 31% higher as compared with December 2021.



Operating performance



Positive Impact



With a view to supporting and contributing to the implementation of strategies focused on the environment, and reinforcing the Bank's role as an instrument of access to the financial market for Credit Cooperatives, on June 22, we issued our first Sustainable Public Financial Bill in Brazil, having raised R\$ 780 million. The funds will be converted into credit available to associates to finance projects aligned with sustainability, generating environmental and/or social benefits. In the same direction, another financial solution implemented in the first half of 2022 that had a social and environmental impact was the first issue of Green Bonds (debt securities issued specifically to fund projects with environmental benefits) amounting to approximately R\$ 550 million, whose resources were 100% allocated to the financing of new photovoltaic energy and energy efficiency projects. In partnership with BID Invest, a member of the Inter-American Development Bank (IDB), we carried out the first issue of subordinated Green Bonds by a Brazilian issuer.



In order to support the growing female entrepreneurship in Brazil, in May we raised approximately R\$ 500 million to be allocated to micro, small and medium-sized companies led by women. This is our second fund-raising aimed at increasing the women entrepreneur line.

Additionally, in this first semester, R\$ 1.2 billion in credit were released for solar energy projects in Brazil, which is 19% higher as compared with the same period in 2021. Out of the total resources released in credit for the segment, 53% were granted to companies, 30% to individuals and 17% to agribusiness.

Highlights

Having our roots in the countryside, and a long partnership with agribusiness, we were recognized by the Central Bank as the 2nd largest financial institution in the granting of credit for agribusiness. In the first half of 2022, we ranked 4th among the best financial institutions in Brazil in the 2022 World's Best Banks ranking, carried out by Forbes in partnership with Statista.

Our associates rely on a solid Cooperative Financial Institution evaluated by the main risk rating agencies in the world, having an AA (bra) rating from Fitch and a "Strong" rating for its Asset, also granted by this agency. We are also rated by Moody's (Aa2) and Standard & Poor's (AAA).

Acknowledgement

Even in an uncertain scenario due to the global economic crisis, we remain present and active in contributing economically and socially to the communities in which we operate. We thank our associates, employees and partners for their dedication and continuous work.

Together we will continue to build a more prosperous society.

MANAGEMENT

Porto Alegre, August 24, 2022.

Banco Cooperativo Sicredi S.A.

Individual and consolidated financial statements

June 30, 2022

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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 of June 30, 2022 and the statements of profit or loss, of comprehensive income, of changes in equity and cash flows for the six-month period then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying individual and consolidated financial statements present fairly, in all material respects, the individual and consolidated financial position of Banco Cooperativo Sicredi S.A. as of June 30, 2022, and its individual and consolidated financial performance and cash flows for the six-month period 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 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 onleading's and provision for expected losses associated with credit risk

As disclosed in Note 8 to the individual and consolidated financial statements, as of June 30, 2022, the gross balance of loan transactions and interbank onlendings of rural credit amounts to R\$ 60,020,111 thousand, for which provisions for expected losses associated with credit risk amounting to R\$ 37,713 thousand were recorded. 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.

How our audit addressed the matter

Our audit procedures included, among others, 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 over 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 consubstantiates 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 to the individual and consolidated financial statements, are acceptable in the context of the individual and consolidated financial statements taken as a whole.

Information technology environment

Because of their volume and complexity, the Bank's operations are highly dependent on the proper functioning of IT structures and systems. As such, IT environment was considered a key audit matter.

How our audit addressed the matter

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 financial statements.

In the course of our audit, we involved our IT specialists to assist us in conducting tests to assess the design and operating efficiency of IT general controls for the systems considered significant in the context of the audit, with emphasis on change management and user access grant processes. 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 over 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 other institutions included in referred to structure, considered 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.



How our audit addressed the matter

Our audit procedures included, among others, 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 in the individual and consolidated financial statements, as well as elimination of respective effects, when applicable. 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 matters

Presentation of consolidated financial statements

We draw attention to Note 2 to the individual and consolidated financial statements, which describes the basis of preparation and presentation of these individual and consolidated financial statements. The consolidated financial statements were prepared in order to enable shareholders, directors, financial institutions and potential investors of Banco Cooperativo Sicredi S.A. to assess the Bank's consolidated financial position as of June 30, 2022, its consolidated performance for the six-month period then ended, in accordance with the accounting practices adopted in Brazil applicable to institutions authorized to operate by the Central Bank of Brazil. As such, our report on these consolidated financial statements may not be appropriate for other purposes.

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

The Bank's executive board 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 the executive board and those charged with governance for the individual and consolidated financial statements

The executive board 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 individual and consolidated financial statements that are free of material misstatement, whether due to fraud or error.

In preparing the individual and consolidated financial statements, the executive board 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 the executive board 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 individual and consolidated financial statements.

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

- 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 internal control.

- Evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the executive board.
- Concluded on the appropriateness of the executive board'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 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 individual and consolidated financial statements of the current period 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, August 24, 2022.

ERNST & YOUNG
Auditores Independentes S.S.
CRC SP-015199/F



Renata Zanotta Calçada
Accountant CRC-RS062793/O-8

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
June 30, 2022 and December 31, 2021
(In thousands of reais)

	Note	Individual		Consolidated	
		06/30/2022	12/31/2021	06/30/2022	12/31/2021
Assets					
Cash and cash equivalents	4	484,218	523,440	484,218	523,440
Financial instruments		121,402,131	82,203,269	121,563,953	82,396,488
Short-term interbank investments	5	24,574,305	5,767,144	24,574,305	5,767,144
Compulsory deposits in Central Bank of Brazil	6	3,945,009	3,784,928	3,945,009	3,784,928
Marketable securities and derivative financial instruments	7	23,644,740	8,453,102	23,806,548	8,646,318
Own portfolio		17,425,267	5,401,302	17,587,075	5,594,518
Linked to repurchase agreements		4,948,094	2,480,595	4,948,094	2,480,595
Linked to the Central Bank of Brazil		658,721	-	658,721	-
Linked to guarantees given		581,123	444,799	581,123	444,799
Derivative financial instruments	7.c	31,535	126,406	31,535	126,406
Interbank onlending	8	41,791,143	38,688,782	41,791,143	38,688,782
Credit operations	8	17,930,638	17,339,331	17,930,638	17,339,331
Other financial assets	9	9,554,009	8,241,411	9,554,023	8,241,414
Provision for expected losses associated with credit risk	8.e	(37,713)	(71,429)	(37,713)	(71,429)
Tax credits	20.b	156,337	58,328	157,261	58,987
Other assets	10	236,728	175,275	253,535	191,400
Investments in subsidiaries	11	157,740	149,788	-	-
Other		887	693	916	722
Property and equipment in use	12	7,330	6,873	60,053	60,202
Intangible assets	12	3	119	10	127
TOTAL ASSETS		122,445,374	83,117,785	122,519,946	83,231,366
Liabilities and equity					
Liabilities and equity					
Deposits and other financial instruments		118,548,211	80,216,928	118,538,319	80,243,248
Deposits	13	46,226,142	41,169,050	46,216,236	41,165,458
Open market funding	13	24,429,652	3,749,399	24,429,652	3,749,399
Funds from acceptance and issue of securities	14	17,932,660	9,069,682	17,932,660	9,069,682
Loan obligations	15	5,499,677	4,488,697	5,499,677	4,488,697
Local on-lending obligations - official institutions	15	14,546,314	14,329,542	14,546,314	14,329,542
Derivative financial instruments	7.c	315,746	29,404	315,746	29,404
Other financial liabilities	16	9,598,020	7,381,154	9,598,034	7,411,066
Provisions for civil, tax and labor contingencies	17	30,711	27,636	32,908	28,426
Deferred tax obligations	20.b	43,973	55,060	44,686	55,819
Other liabilities	18	622,101	368,285	703,912	453,859
Equity	19	3,200,378	2,449,876	3,200,378	2,449,876
Capital		3,038,974	2,388,974	3,038,974	2,388,974
Legal reserve		60,681	60,681	60,681	60,681
Other comprehensive income		1,398	221	1,398	221
Retained earnings (accumulated losses)		99,325	-	99,325	-
Noncontrolling interests		-	-	(257)	138
Noncontrolling interests		-	-	(257)	138
TOTAL LIABILITIES AND EQUITY		122,445,374	83,117,785	122,519,946	83,231,366

See accompanying notes.

Banco Cooperativo Sicredi S.A.

Statements of profit or loss

Six-month periods ended June 30, 2022 and 2021

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

	Note	Individual		Consolidated	
		06/30/2022	06/30/2021	06/30/2022	06/30/2021
Trading revenues		4,028,416	1,450,470	4,035,355	1,452,235
Loans and interbank onlendings	8.f	2,318,583	1,128,277	2,318,583	1,128,277
Revenue from marketable securities		1,848,712	344,261	1,855,651	346,026
Income from (loss on) derivative financial instruments	7.c	(298,282)	(57,465)	(298,282)	(57,465)
Foreign exchange transactions		21,760	494	21,760	494
Compulsory investments		137,643	34,903	137,643	34,903
Trading expenses		(3,410,091)	(795,643)	(3,410,060)	(795,643)
Open market transactions		(3,285,302)	(604,272)	(3,285,271)	(604,272)
Borrowings and onlending		(124,789)	(191,371)	(124,789)	(191,371)
Trading profit (loss)		618,325	654,827	625,295	656,592
Provision for expected losses associated with credit risk	8.e	33,165	(32,107)	33,165	(32,107)
Gross trading profit		651,490	622,720	658,460	624,485
Other operating income (expenses)		(463,340)	(561,589)	(465,739)	(560,120)
Service revenues	23	41,204	48,717	502,352	463,809
Personnel expenses	24	(42,845)	(37,669)	(45,748)	(40,556)
Administrative expenses	25	(665,175)	(634,862)	(1,057,241)	(989,861)
Tax expenses		(55,411)	(38,253)	(112,474)	(87,380)
Equity pickup in subsidiaries	11	7,952	4,901	-	-
Other operating income	26	280,054	156,759	278,180	155,867
Other operating expenses	27	(29,119)	(61,182)	(30,808)	(61,999)
Operating income (expenses)		188,150	61,131	192,721	64,365
Income before taxes and profit sharing		188,150	61,131	192,721	64,365
Income and social contribution taxes	20	(76,891)	(21,434)	(81,342)	(24,174)
Income tax		(104,414)	(41,862)	(107,906)	(43,865)
Social contribution tax		(82,537)	(32,775)	(83,807)	(33,517)
Deferred tax credits, net		110,060	53,203	110,371	53,208
Employee profit sharing		(11,934)	(10,443)	(12,449)	(11,000)
Noncontrolling interests		-	-	395	63
Net income for the six-month period		99,325	29,254	99,325	29,254
Number of shares at end of six-month period	19	3,038,973,799	1,748,973,797		
Net earnings per thousand shares at end of six-month period - R\$		32.68	16.73		

See accompanying notes.

Banco Cooperativo Sicredi S.A.

Statements of comprehensive income
Six-month periods ended June 30, 2022 and 2021
(In thousands of reais)

	Consolidated	
	06/30/2022	06/30/2021
Net income for the six-month period	99,325	29,254
Noncontrolling interests	395	63
Net income for the six-month period attributed to shareholders	99,720	29,317
Marketable securities available for sale	2,140	1,127
Taxes on adjustments to marketable securities available for sale	(963)	(507)
Total adjustments not included in net income for the six-month period	1,177	620
Comprehensive income for the six-month period	100,897	29,937
Attributed to shareholders		
Net income for the period attributed to controlling interests	100,502	29,874

See accompanying notes.

Banco Cooperativo Sicredi S.A.

Statements of changes in equity
Six-month periods ended June 30, 2022 and 2021
(In thousands of reais)

	Capital		Reserves		Retained earnings (accumulated losses)	Equity of parent company	Noncontrolling interests	Total
	Subscribed capital	To be approved by the Central Bank	Legal reserve	Equity adjustments				
Balances at December 31, 2020	1,458,974	-	55,281	(1,066)	-	1,513,189	96	1,513,285
Capital increase	-	290,000	-	-	-	290,000	-	290,000
Adjustments to market value - marketable securities	-	-	-	620	-	620	-	620
Net income for the six-month period	-	-	-	-	29,254	29,254	(63)	29,191
Balances at June 30, 2021	1,458,974	290,000	55,281	(446)	29,254	1,833,063	33	1,833,096
Balances at December 31, 2021	2,388,974	-	60,681	221	-	2,449,876	138	2,450,014
Capital increase	-	650,000	-	-	-	650,000	-	650,000
Adjustments to market value - marketable securities	-	-	-	1,177	-	1,177	-	1,177
Net income for the six-month period	-	-	-	-	99,325	99,325	(395)	98,930
Balances at June 30, 2022	2,388,974	650,000	60,681	1,398	99,325	3,200,378	(257)	3,200,121

See accompanying notes.

Banco Cooperativo Sicredi S.A.

Statements of cash flows
Six-month periods ended June 30, 2022 and 2021
(In thousands of reais)

	Individual		Consolidated	
	06/30/2022	06/30/2021	06/30/2022	06/30/2021
Cash flows from operating activities				
Net income before income and social contribution taxes	176,216	50,688	180,272	53,365
Adjustments to net income before taxes				
Adjustment to market value - marketable securities and derivatives	(219,026)	(24,164)	(219,026)	(24,164)
Provision for expected losses associated with credit risk	(33,165)	32,107	(33,165)	32,107
Depreciation and amortization	748	824	2,285	2,270
Loss on disposal of property and equipment	12	21	258	24
Provision for civil, tax and labor contingencies	3,075	61	4,482	652
Interest on hybrid capital instruments	246	240	246	240
Equity pickup in subsidiaries	(7,952)	(4,901)	-	-
Adjusted net income in the six-month period	(79,846)	54,876	(64,648)	64,494
Changes in assets and liabilities				
Decrease (increase) in short-term interbank investments	(920,328)	186,730	(920,328)	186,730
(Increase) in marketable securities and derivative financial instruments	(314,860)	(1,607,909)	(283,452)	(1,612,502)
(Increase) in compulsory deposits in Central Bank of Brazil	(160,081)	(436,664)	(160,081)	(436,664)
(Increase) in interbank onlendings	(3,102,361)	(2,903,041)	(3,102,361)	(2,903,041)
(Increase) in loans	(591,307)	(459,960)	(591,307)	(459,960)
Decrease in other financial instruments	904,022	59,177	874,113	61,792
(Increase) in Provision for expected losses associated with credit risk	(551)	(214)	(551)	(214)
(Increase) in other assets and tax credits	(61,453)	(8,536)	(62,135)	(11,449)
Increase in deposits	5,057,092	9,058,756	5,050,778	9,062,123
Increase (decrease) in open market funding	20,680,253	(5,947,724)	20,680,253	(5,947,724)
Increase in funds from acceptance and issue of securities	8,862,978	1,603,631	8,862,978	1,603,631
Increase in borrowings and onlending obligations	1,227,752	715,834	1,227,752	715,834
Increase (decrease) in other provisions and other liabilities	(772,594)	206,119	(776,357)	200,855
Net cash from operating activities	30,728,716	521,075	30,734,654	523,905
Income and social contribution taxes paid	(185,987)	(21,624)	(190,749)	(23,893)
Net cash from operating activities	30,542,729	499,451	30,543,905	500,012
Cash flow from investing activities				
Securities and receivables	-	1,533	-	1,533
Acquisition of property and equipment for own use	(1,101)	(702)	(2,277)	(1,264)
Refund of capital in subsidiaries	-	(1)	-	-
Acquisition of other investments	(194)	-	(194)	-
(Increase) in available-for-sale securities	(11,412,856)	(1,707,953)	(11,412,856)	(1,707,953)
(Increase) in held-to-maturity securities	(2,957,377)	(618,692)	(2,957,377)	(618,692)
Net cash (used in) investing activities	(14,371,528)	(2,325,815)	(14,372,704)	(2,326,376)
Cash flows from financing activities				
Subordinated debt	1,036,410	(1,533)	1,036,410	(1,533)
Capital increase	650,000	290,000	650,000	290,000
Interest on equity paid	(10,000)	(10,000)	(10,000)	(10,000)
Dividends paid	-	(70,139)	-	(70,139)
Net cash from financing activities	1,676,410	208,328	1,676,410	208,328
Increase (decrease) in cash and cash equivalents	17,847,611	(1,618,036)	17,847,611	(1,618,036)
Cash and cash equivalents at beginning of six-month period	2,151,964	2,791,026	2,151,964	2,791,026
Cash and cash equivalents at end of six-month period	19,999,575	1,172,990	19,999,575	1,172,990

See accompanying notes.

Banco Cooperativo Sicredi S.A.

Notes to individual and consolidated financial statements

June 30, 2022 and 2021

(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. 2788, of November 30, 2000, 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 June 30, 2022, the System is organized into 108 associated Credit Cooperatives, which operate a service network of 2,321 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 June 30, 2022, Rabo Partnerships B.V. and IFC hold interests of 9.56% and 1.26% 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 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 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)

June 30, 2022 and 2021

(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 August 24, 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 consolidated financial statements were prepared in order to enable shareholders, directors, financial institutions and potential investors of Banco Cooperativo Sicredi S.A. to assess the Bank's consolidated financial position as at June 30, 2022, its consolidated performance for the six-month period 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 the Bank's corporate structure. As such, the consolidated financial statements may not be appropriate for other purposes.

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>06/30/2022</u>	<u>12/31/2021</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	100.00
Sicredi - FIC Multimercado Estratégia Arrojada Longo Prazo	Account investment fund	-	98.53
Sicredi - FIC Renda Fixa Estratégia Conservadora Longo Prazo	Account investment fund	-	59.81
Sicredi - FIC Multimercado Estratégia Moderada Longo Prazo	Account investment fund	-	95.62
Sicredi - FIC Ações Sustentáveis ESG	Account investment fund	51.83	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.

On April 01, 2021, Banco Sicredi conducted a seed money process to fund the start-up of the following investment funds: Sicredi - FIC Multimercado Estratégia Arrojada Longo Prazo, Sicredi - FIC Renda Fixa Estratégia Conservadora Longo Prazo and Sicredi - FIC Multimercado Estratégia Moderada Longo Prazo. However, after the period of 12 months, the Bank redeemed the investments. As such, the Bank has no such investments at June 30, 2022 and the funds mentioned are no longer included in the consolidated financial statements.

See accompanying notes.

Banco Cooperativo Sicredi S.A.

Notes to individual and consolidated financial statements (Continued)

June 30, 2022 and 2021

(In thousands of reais)

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.

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 maturing in the short term i.e. within three months as from acquisition date, and 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;

See accompanying notes.

Banco Cooperativo Sicredi S.A.

Notes to individual and consolidated financial statements (Continued)

June 30, 2022 and 2021

(In thousands of reais)

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.

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 its needs to manage the Bank's global exposure, 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. They 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.

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 June 30, 2022, 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.

See accompanying notes.

Banco Cooperativo Sicredi S.A.

Notes to individual and consolidated financial statements (Continued)

June 30, 2022 and 2021

(In thousands of reais)

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.

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 50%
IT equipment and processing systems	20%	7% to 38%
Transportation systems	20%	11% to 25%
Other	10%	8% to 20%

See accompanying notes.

Banco Cooperativo Sicredi S.A.

Notes to individual and consolidated financial statements (Continued)

June 30, 2022 and 2021

(In thousands of reais)

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.

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 20% social contribution tax. These tax credits will be realized when the accrued provisions are realized.

See accompanying notes.

Banco Cooperativo Sicredi S.A.

Notes to individual and consolidated financial statements (Continued)

June 30, 2022 and 2021

(In thousands of reais)

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.

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 (loss)

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.

See accompanying notes.

Banco Cooperativo Sicredi S.A.

Notes to individual and consolidated financial statements (Continued)
June 30, 2022 and 2021
(In thousands of reais)

4. Cash and cash equivalents

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

	Individual and Consolidated	
	06/30/2022	12/31/2021
Cash and cash equivalents	484,218	523,440
Short-term interbank investments	<u>19,515,357</u>	1,628,524
Resale to settle - Self-funding position	-	338,239
Resale to settle - Financed position	19,498,000	1,281,758
Investments in foreign currency	17,357	8,527
Total	<u><u>19,999,575</u></u>	<u><u>2,151,964</u></u>

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.

5. Short-term interbank investments

	Individual and Consolidated	
	06/30/2022	12/31/2021
Open market investments	<u>19,498,000</u>	1,619,997
Resale to settle - Self-funding position		
National Treasury Notes (NTN)	-	338,239
Resale to settle - Financed position		
National Treasury Bills (LTN)	168,000	-
National Treasury Notes (NTN)	19,330,000	1,281,758
Investments in interbank deposits	<u>5,058,948</u>	4,138,620
Interbank Deposit Certificates (CDI)	5,058,948	4,138,620
Investments in foreign currency	<u>17,357</u>	8,527
Investments in foreign currency	17,357	8,527
Total - current	<u><u>24,574,305</u></u>	<u><u>5,767,144</u></u>

6. Compulsory deposits in Central Bank of Brazil

	Individual and Consolidated	
	06/30/2022	12/31/2021
Compulsory reserves – deposits in savings accounts	<u>3,945,009</u>	3,784,928
Total - current	<u><u>3,945,009</u></u>	<u><u>3,784,928</u></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.

See accompanying notes.

Banco Cooperativo Sicredi S.A.

Notes to individual and consolidated financial statements (Continued)
June 30, 2022 and 2021
(In thousands of reais)

7. Marketable securities and derivative financial instruments

a) Portfolio breakdown

Note	Individual					Consolidated					
	06/30/2022				12/31/2021	06/30/2022				12/31/2021	
	Up to 3 months	From 3 to 12 months	Over 12 months	Total portfolio	Total portfolio	Up to 3 months	From 3 to 12 months	Over 12 months	Total portfolio	Total portfolio	
Own portfolio											
Financial Treasury Bills (LFT)	-	-	9,179,713	9,179,713	5,274,080	-	-	9,179,713	9,179,713	5,274,080	
National Treasury Bills (LTN)	49,975	-	6,940,814	6,990,789	-	49,975	-	6,940,814	6,990,789	-	
Rural Product Bills (CPR)	-	-	-	-	77,078	-	-	-	-	77,078	
Fixed-income investment funds	858	-	-	858	4,109	162,666	-	-	162,666	197,325	
National Treasury Notes (NTN)	-	-	44,799	44,799	-	-	-	44,799	44,799	-	
Financial bills and subordinated debts	-	-	1,209,108	1,209,108	46,035	-	-	1,209,108	1,209,108	46,035	
Linked to the Central Bank of Brazil											
Financial Treasury Bills (LFT)	-	-	658,721	658,721	-	-	-	658,721	658,721	-	
Linked to repurchase agreements											
Financial Treasury Bills (LFT)	59,182	1,905,803	1,720,257	3,685,242	2,480,595	59,182	1,905,803	1,720,257	3,685,242	2,480,595	
National Treasury Bills (LTN)	-	580,457	229,738	810,195	-	-	580,457	229,738	810,195	-	
National Treasury Notes (NTN)	40,297	412,360	-	452,657	-	40,297	412,360	-	452,657	-	
Linked to guarantees given											
Financial Treasury Bills (LFT)	-	16,991	564,132	581,123	444,799	-	16,991	564,132	581,123	444,799	
Subtotal	7.b	150,312	# 2,915,611	20,547,282	23,613,205	8,326,696	312,120	2,915,611	20,547,282	23,775,013	8,519,912
Derivative financial instruments		319	3,494	27,722	31,535	126,406	319	3,494	27,722	31,535	126,406
Total - 2022		150,631	2,919,105	20,575,004	23,644,740		312,439	2,919,105	20,575,004	23,806,548	
Total - 2021		36,168	47,411	8,369,523		8,453,102	229,384	47,411	8,369,523		8,646,318
Total - current				3,069,736		83,579			3,231,544		276,795
Total - noncurrent				20,575,004		8,369,523			20,575,004		8,369,523

Banco Cooperativo Sicredi S.A.

Notas explicativas às Individual and Consolidated Financial Statements
30 de junho de 2022 e 2021
(Em milhares de reais)

In accordance with Bacen Memorandum Circular No. 3068/01, marketable securities classified as held for trading are presented in current assets, regardless of maturity.

b) Classification of marketable securities

	Individual		Consolidated	
	Restated cost	Market value	Restated cost	Market value
Held for trading				
No maturity	858	858	162,666	162,666
Maturing within 12 months	621,576	620,755	621,576	620,755
Subtotal	<u>622,434</u>	<u>621,613</u>	<u>784,242</u>	<u>783,421</u>
Available for sale				
Maturing within 12 months	1,996,750	1,993,766	1,996,750	1,993,766
Maturing over 12 months	10,848,732	10,746,719	10,848,732	10,746,719
Subtotal	<u>12,845,482</u>	<u>12,740,485</u>	<u>12,845,482</u>	<u>12,740,485</u>
Held to maturity				
Maturing within 12 months	450,765	450,467	450,765	450,467
Maturing over 12 months	9,800,342	9,863,910	9,800,342	9,863,910
Subtotal	<u>10,251,107</u>	<u>10,314,377</u>	<u>10,251,107</u>	<u>10,314,377</u>
Total - 2022	<u><u>23,719,023</u></u>	<u><u>23,676,475</u></u>	<u><u>23,880,831</u></u>	<u><u>23,838,283</u></u>
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.

Until June 30, 2022, no marketable securities were reclassified.

As at June 30, 2022, unrealized income/(loss) from securities classified as available for sale presented net gain of R\$ 105,135 (net gain of R\$ 152 in December 2021), partially recorded net of tax effects in equity under equity adjustments amounting to R\$ 1,177 (R\$ 1,287 in December 2021).

In the six-month period ended June 30, 2022, adjustment to market value of securities classified as for trading recorded in P&L presented gain of R\$ 755 (gain of R\$ 8,738 in June 2021).

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

The official fund share amount is adjusted on a daily basis and sent to the Brazilian SEC (CVM) and ANBIMA.

Banco Cooperativo Sicredi S.A.

Notes to individual and consolidated financial statements (Continued)

June 30, 2022 and 2021

(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, as well as future DI transactions, whose hedged items are fixed-income government securities available for sale or fixed-income private securities. 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 June 30, 2022 and December 31, 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:

See accompanying notes.

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	Individual and Consolidated				12/31/2021
	06/30/2022				
	Net position of contracts to mature				
	Up to 3 months	From 3 to 12 months	Over 12 months	Total	Total
Offset					
Futures contracts	(439,580)	329,520	6,211,370	6,101,310	75,530
Swap contracts	-	950,406	3,133,878	4,084,284	2,721,377
Forward contracts	6,861	-	-	6,861	-
Total - 2022	(432,719)	1,279,926	9,345,248	10,192,455	
Total - 2021	148,738	(14,400)	2,662,569		2,796,907
Swap contracts					
Receivables	-	3,494	27,722	31,216	126,406
Payables	-	(32,950)	(282,577)	(315,526)	(29,404)
Forward contracts					
Receivables	319	-	-	319	-
Payables	(220)	-	-	(220)	-
Total - 2022	99	(29,456)	(254,855)	(284,211)	
Total - 2021	2,382	(24)	94,644		97,002

	Individual and Consolidated			
	06/30/2022			
	Notional amount	Cost – amount receivable/received (payable/paid)	Market value	Market value
Futures contracts	6,101,310	(18,120)	-	-
Purchase commitments	(1,299,044)	831	-	-
Future DI	(1,154,983)	25	-	-
Future DOL	(123,093)	778	-	-
Future WDO	(20,968)	28	-	-
Sale commitments	7,400,354	(18,951)	-	-
Future DI	7,011,678	(17,318)	-	-
Future DOL	276,583	(925)	-	-
Future WDO	112,093	(708)	-	-
Swap contracts	4,084,284	(148,811)	(284,310)	97,002
Receivables	418,845	49,842	31,216	126,406
Interbank onlending	-	-	-	-
Foreign currency	418,845	49,842	31,216	126,406
Payables	3,665,439	(198,653)	(315,526)	(29,404)
Interbank onlending	-	-	-	-
Foreign currency	3,665,439	(198,653)	(315,526)	(29,404)
Forward contracts	6,861	142	99	-
Receivables	6,349	336	319	-
Foreign currency	6,349	336	319	-
Payables	512	(194)	(220)	-
Foreign currency	512	(194)	(220)	-

See accompanying notes.

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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 June 30, 2022, the balance recorded under Securities trading and brokerage in assets is of R\$ 871 (R\$ 153 in December 2021) and in liabilities is of R\$ 18,991 (R\$ 166 in December 2021) in the individual and consolidated financial statements.

In the six-month period ended June 30, 2022, the Bank recorded losses on derivatives amounting to R\$ 298,282 (losses of R\$ 57,465 in June 2021).

As at June 30, 2022, the equity position of government securities given in guarantee for stock exchange operations amounted to R\$ 395,733 (R\$ 425,604 in December 2021).

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

	Individual and Consolidated			
	06/30/2022			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	2,072,781	(104,786)	(240,145)	(21,632)
Swap contracts (payable)	2,072,781	(104,786)	(240,145)	(21,632)
Hedged items	2,072,781	2,022,813	1,887,454	1,115,549
Foreign market funding	2,072,781	2,022,813	1,887,454	1,115,549

	Individual and Consolidated		
	06/30/2022		12/31/2021
	Hedged position		
	Curve value	Market value	Market value
<u>Market risk hedge – Marketable securities</u>			
Hedging instruments	6,665,776	6,665,776	-
Futures contracts	6,665,776	6,665,776	-
Hedged items	6,836,416	6,740,103	-
Government securities	6,761,314	6,666,321	-
Private securities	75,102	73,782	-

As at June 30, 2022, the Bank reclassified from equity to P&L for the period unrealized losses of R\$ 94,993 (losses of R\$ 25,710 in June 2021) referring to MtM adjustment on securities available for sale.

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.

See accompanying notes.

Banco Cooperativo Sicredi S.A.

Notes to individual and consolidated financial statements (Continued)

June 30, 2022 and 2021

(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

	Note	Individual and Consolidated				Total portfolio	Total portfolio	
		06/30/2022						12/31/2021
		Overdue from 15 days	Falling due					Total portfolio
		Up to 3 months	From 3 to 12 months	Over 12 months				
Credit operations		599	1,539,042	2,310,519	14,080,478	17,930,638	17,339,331	
Loans and discounted notes		-	164,671	542,282	1,647,144	2,354,097	2,181,928	
Financing		599	179,601	362,534	556,180	1,098,914	1,065,826	
Rural and agro-industrial financing		-	1,173,105	1,355,625	10,452,950	12,981,680	12,884,864	
Real property financing		-	21,665	50,078	1,424,204	1,495,947	1,206,713	
Interbank onlending		-	6,918,912	17,765,887	17,106,344	41,791,143	38,688,782	
Interbank onlending – rural credit and other funds		-	6,918,912	17,765,887	17,106,344	41,791,143	38,688,782	
Exchange transactions		-	79,225	217,909	1,196	298,330	174,023	
Advances on exchange contracts	16.a	-	77,926	214,337	1,176	293,439	170,438	
Income from advances on exchange contracts			1,299	3,572	20	4,891	3,585	
Total - 2022		599	8,537,179	20,294,315	31,188,018	60,020,111		
Total - 2021		392	3,744,639	23,378,866	29,078,239		56,202,136	
Total - current						28,832,093	27,123,897	
Total - noncurrent						31,188,018	29,078,239	

See accompanying notes.

Banco Cooperativo Sicredi S.A.

Notes to individual and consolidated financial statements (Continued)

June 30, 2022 and 2021

(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\$ 298,330 (R\$ 174,023 in December 2021), 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	% Additional	Individual and Consolidated					
			Portfolio		Provision for expected losses associated with credit and currency risk			
			06/30/2022	12/31/2021	Minimum	Total additional	Minimum	
			06/30/2022	12/31/2021	06/30/2022	06/30/2022	12/31/2021	
		0.05 and						
AA	0.00	0.13	59,838,584	44,256,059	-	35,101	-	
A	0.50	0.36	161,305	11,134,083	807	142	55,670	
B	1.00	0.00	3,411	469,783	34	-	4,698	
C	3.00	0.92	15,004	340,983	450	128	10,229	
D	10.00	0.00	525	185	53	-	19	
E	30.00	0.00	217	204	65	-	61	
F	50.00	0.00	179	95	90	-	48	
G	70.00	0.00	142	132	99	-	92	
H	100.00	0.00	744	612	744	-	612	
Total			60,020,111	56,202,136	2,342	35,371	71,429	

In June 2022, the criteria for classifying credit risk of the Cooperatives part of Sicredi, for the purpose of calculating provision for credit operations as a counterparty of the Bank, were improved and, due to this improvement, the ratings also improved. Additionally, management decided to adopt, under a conservative approach, percentages above those minimally established by CMN Resolution No. 2682/99, taking into consideration the current economic scenario.

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

Private sector	Individual and Consolidated					
	06/30/2022				12/31/2021	
	Overdue from 15 days	Up to 3 months	Falling due From 3 to 12 months	Over 12 months	Total portfolio	Total portfolio
Financial intermediation	-	6,918,969	17,782,472	17,157,713	41,859,154	38,763,710
Rural	-	1,173,105	1,355,625	10,452,950	12,981,680	12,884,863
Housing	-	21,665	50,078	1,424,204	1,495,947	1,206,713
Legal entities	148	171,809	382,885	852,686	1,407,528	1,300,722
Individuals	303	95,752	247,514	684,171	1,027,740	929,255
Commerce	137	105,696	345,852	480,179	931,864	832,339
Industry	10	50,184	129,889	136,115	316,198	284,534
Total - 2022	598	8,537,180	20,294,315	31,188,018	60,020,111	
Total - 2021	393	3,744,639	23,378,865	29,078,239		56,202,136

As at June 30, 2022, a portion of the balance considered financial intermediation refers to interbank onlending of rural credit and other funds between the Bank and the Sicredi System Cooperatives. As at June 30, 2021, these onlending operations amounted to R\$ 41,791,143 (R\$ 38,688,782 in December 2021).

See accompanying notes.

Banco Cooperativo Sicredi S.A.

Notes to individual and consolidated financial statements (Continued)

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(In thousands of reais)

d) Concentration of credit operations

	Individual and Consolidated			
	06/30/2022	%	12/31/2021	%
10 major debtors	16,397,487	27.32	14,540,801	25.87
50 next major debtors	24,197,352	40.32	22,896,984	40.74
100 next major debtors	2,262,814	3.77	2,262,456	4.03
Other	17,162,458	28.59	16,501,895	29.36
Total	60,020,111	100.00	56,202,136	100.00

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

	Individual and Consolidated	
	06/30/2022	06/30/2021
Opening balance	71,429	22,015
Set up of provision	2,342	42,710
Reversal of provision	(70,878)	(595)
Set up of additional provision	35,371	-
Reversal of additional provision	-	(10,008)
Subtotal	(33,165)	32,107
Credits written off as loss	(551)	(214)
Closing balance	37,713	53,908

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

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

	Individual and Consolidated	
	06/30/2022	06/30/2021
Interbank onlending	1,617,776	602,170
Loans	167,028	129,871
Financing	78,859	46,629
Rural and agro-industrial financing	396,646	322,921
Housing financing	57,639	26,659
Subtotal	2,317,948	1,128,250
Recovery of receivables written off as loss	635	27
Total	2,318,583	1,128,277

In the six-month period ended June 30, 2022, recovery of credit operations previously written off as loss amounted to R\$ 635 (R\$ 27 in June 2021) and was recorded as trading revenues – credit operations.

In the six-month periods ended June 30, 2022 and 2021, no credit operations were renegotiated.

See accompanying notes.

Banco Cooperativo Sicredi S.A.

Notes to individual and consolidated financial statements (Continued)

June 30, 2022 and 2021

(In thousands of reais)

9. Other financial assets

	Individual		Consolidated	
	06/30/2022	12/31/2021	06/30/2022	12/31/2021
Payments and receipts to be settled	14,128	-	14,128	-
Payment transactions	2,236,712	1,969,168	2,236,712	1,969,168
Instant payments	67,089	32,101	67,089	32,101
Other foreign exchange transactions	368,561	262,567	368,561	262,567
Securities trading and brokerage	871	153	885	156
Card transactions	6,866,648	5,977,422	6,866,648	5,977,422
Total - current	9,554,009	8,241,411	9,554,023	8,241,414

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.

Other foreign exchange transactions refer to purchases in foreign currency, sale exchange transactions, amounts in domestic currency and advance of funds on account of sale exchange operations.

Card transactions refer to balances receivable from Cooperatives, both from the issue financial agenda, which comprise purchase transactions and amounts withdrawn by our Associates and provisioned for payment to credit card companies, and from amounts from the acceptance product, which refer to balances receivable in the process of paying the costs of accreditation agents such as card association tariffs, processing costs and card machine rentals.

10. Other assets

	Note	Individual		Consolidated	
		06/30/2022	12/31/2021	06/30/2022	12/31/2021
Payables relating to agreements		5,163	4,478	5,163	4,478
Advances and salaries prepaid		1,567	3,065	1,701	3,100
Taxes and contributions to be offset		21,836	20,842	35,261	30,927
Income receivable		86,172	48,597	86,182	48,836
Amounts receivable from system companies		24,598	17,633	24,922	18,245
Prepaid expenses		10,493	16,995	10,526	17,014
Gains from credit portability		991	782	991	782
Rental of Sicredi machines receivable		13,924	11,827	13,924	11,827
Other sundry refunds		-	-	2,662	-
Other		15,737	9,419	15,792	9,231
Total - current		180,481	133,638	197,124	144,440
Prepaid expenses		25,653	12,197	25,653	12,197
Payables for guarantee deposits	17	27,915	26,270	28,079	26,409
Other sundry refunds		2,679	3,170	2,679	8,354
Total - noncurrent		56,247	41,637	56,411	46,960
Total		236,728	175,275	253,535	191,400

Income receivable refers to fund management fees and spread receivable.

See accompanying notes.

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Notes to individual and consolidated financial statements (Continued)
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Amounts receivable from system companies refer to administrative and other sundry expenses paid by the Bank and collected subsequently.

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

See accompanying notes.

Banco Cooperativo Sicredi S.A.

Notes to individual and consolidated financial statements (Continued)
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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							
	Insurance Broker		Asset Administrator		Consortia administrator		Total	Total
	06/30/2022	12/31/2021	06/30/2022	12/31/2021	06/30/2022	12/31/2021	06/30/2022	12/31/2021
Number of units of interest held	400	400	49,276	49,276	34,997	34,997		
Interest percentage - %	100.00	100.00	99.98	99.98	99.99	99.99		
Capital	400	400	49,286	49,286	35,000	35,000		
Equity	26,800	26,800	52,952	52,952	70,054	70,054		
Net income (loss) for the six-month period/year	4,094	6,028	(27)	7	3,885	7,360		
Investment amount	30,893	26,800	52,915	52,942	73,932	70,046	157,740	149,788
	06/30/2022	31/06/2021	06/30/2022	31/06/2021	06/30/2022	31/06/2021	06/30/2022	31/06/2021
Equity pickup	4,094	2,185	(27)	(44)	3,885	2,760	7,952	4,901

See accompanying notes.

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12. Property and equipment in use and intangible assets

	Annual depreciation/amortization rates - %	Individual			12/31/2021
		06/30/2022		Net	
		Adjusted cost	Accumulated depreciation/amortization		
Property and equipment in use		15,865	(8,535)	7,330	6,873
Land	-	151	-	151	151
Buildings	4	5,153	(2,422)	2,731	2,771
Furniture, fixtures and facilities	10	3,852	(1,990)	1,862	2,041
IT equipment and processing systems	20	4,195	(2,491)	1,704	1,388
Transportation systems	20	1,952	(1,205)	747	370
Other	10	562	(427)	135	152
Intangible assets	20	3,619	(3,616)	3	119
Total - 2022		19,484	(12,151)	7,333	
Total - 2021		18,406	(11,414)		6,992
Consolidated					
	Annual depreciation/amortization rates - %	06/30/2022			12/31/2021
		Adjusted cost	Accumulated depreciation/amortization	Net	
Property and equipment in use		99,144	(39,091)	60,053	60,202
Land	-	6,618	-	6,618	6,618
Buildings	2 to 4	47,076	(14,064)	33,012	32,284
Furniture, fixtures and facilities	2 to 50	32,944	(18,465)	14,479	15,538
IT equipment and processing systems	7 to 38	6,714	(4,448)	2,266	1,694
Transportation systems	11 to 25	1,988	(1,241)	747	370
Other	8 to 20	1,951	(873)	1,078	285
Property and equipment in progress	-	1,853	-	1,853	3,413
Intangible assets	10 to 20	3,642	(3,632)	10	127
Total - 2022		102,786	(42,723)	60,063	
Total - 2021		100,783	(40,454)		60,329

See accompanying notes.

Banco Cooperativo Sicredi S.A.

Notes to individual and consolidated financial statements (Continued)
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13. Deposits and open-market funding

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

	Individual				Consolidated			
	06/30/2022			12/31/2021	06/30/2022			12/31/2021
	No maturity and within 3 months	From 3 to 12 months	Over 12 months	Total	Total	Total	Total	
Deposits	37,713,498	2,142,128	6,370,516	46,226,142	41,169,050	46,216,236	41,165,458	
Demand deposits	89,192	-	-	89,192	83,671	79,286	80,079	
Deposits in savings accounts	26,373,901	-	-	26,373,901	26,056,793	26,373,901	26,056,793	
Interbank deposits	5,656,321	2,008,835	5,321,635	12,986,791	12,045,633	12,986,791	12,045,633	
Time deposits	5,594,084	133,293	1,048,881	6,776,258	2,982,953	6,776,258	2,982,953	
Open market funding	22,721,481	369,789	1,338,382	24,429,652	3,749,399	24,429,652	3,749,399	
Own portfolio	3,223,482	369,789	1,338,382	4,931,653	2,467,641	4,931,653	2,467,641	
Third-party portfolio	19,497,999	-	-	19,497,999	1,281,758	19,497,999	1,281,758	
Investment funds	19,497,999	-	-	19,497,999	1,281,758	19,497,999	1,281,758	
Total - 2022	60,434,979	2,511,917	7,708,898	70,655,794		70,645,888		
Total - 2021	31,723,545	9,335,876	3,859,028		44,918,449		44,914,857	
Total - current				62,946,896	41,059,421	62,936,990	41,055,829	
Total - noncurrent				7,708,898	3,859,028	7,708,898	3,859,028	

14. Funds from acceptance and issue of securities

	Individual and Consolidated				12/31/2021
	06/30/2022			Total	
	Up to 3 months	From 3 to 12 months	Over 12 months		
Funds from agribusiness credit bills	985,596	2,974,034	9,697,991	13,657,621	6,644,851
Payables for issue of financial bills	143,351	370,093	3,761,595	4,275,039	2,424,831
Total - 2022	1,128,947	3,344,127	13,459,586	17,932,660	
Total - 2021	573,111	2,225,488	6,271,083		9,069,682
Total - current				4,473,074	2,798,599
Total - noncurrent				13,459,586	6,271,083

In June 2022, the Bank carried out the first issue of Green Financial Bills amounting to R\$ 780,000 maturing until 2025, for loan facilities for associates to be allocated to projects and good practices aligned with sustainability, whose balance is presented in obligations due to issue of financial bills. As at June 30, 2022, this adjusted amount is of R\$ 782,496.

See accompanying notes.

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(In thousands of reais)

15. Loan and onlending obligations

	Individual and Consolidated				12/31/2021
	06/30/2022				
	Up to 3 months	From 3 to 12 months	Over 12 months	Total	Total
Loan obligations	393,143	2,469,644	2,636,890	5,499,677	4,488,697
Domestic loans – official institutions	1,058	2,445	69,535	73,038	73,235
Domestic loans	144,511	1,114,693	407,279	1,666,483	1,460,252
Foreign loans	247,574	1,352,506	2,160,076	3,760,156	2,955,210
Local on-lending obligations - official institutions	1,421,175	1,704,633	11,420,506	14,546,314	14,329,542
National Treasury	117,600	14,377	31,381	163,358	78,384
Banco do Brasil	35,621	111,919	850,233	997,773	937,258
Brazilian Development Bank (BNDES) Machinery and Equipment Financing (FINAME)	827,008	1,143,505	7,948,890	9,919,403	9,991,561
FNO Banco da Amazônia	436,719	433,216	2,553,693	3,423,628	3,295,043
	4,227	1,616	36,309	42,152	27,296
Total - 2022	1,814,318	4,174,277	14,057,396	20,045,991	
Total - 2021	890,125	3,325,376	14,602,738		18,818,239
Total - current				5,988,595	4,215,501
Total - noncurrent				14,057,396	14,602,738

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 June 2052.

Domestic loans are represented by Bank Credit Note (CCB) operations, deriving from funds raised abroad and translated into domestic currency, maturing until October 2026.

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. 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 June 30, 2022, the Bank is compliant with the clauses of referred to agreements.

A portion of these funds is allocated to financing women entrepreneurs amounting to R\$ 934,836, of which R\$ 438,176 raised in November 2021 in partnership with the German Society for Investment and Development (DEG) and the French Agency for Development (PROPARGO) and R\$ 496,660 raised in April 2022 from the International Finance Corporation (IFC). The loan facility is intended for micro, small and medium-sized Brazilian companies led by women and includes the gender factor as a criteria for use of the funds. Through this partnership, we contributed 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.

See accompanying notes.

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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 2033. These funds are transferred using the same periods and rates of the funding program plus onlending commission amounts.

16. Other financial liabilities

	Note	Individual		Consolidated	
		06/30/2022	12/31/2021	06/30/2022	12/31/2021
Receipts and payments to be settled		6,984	1,736	6,984	1,736
Payment transactions		6,549,003	5,511,577	6,549,004	5,511,578
Third-party funds in transit		215,220	141,134	215,220	141,134
Domestic transfers of funds		68	1,538	68	1,538
Securities trading and brokerage		18,991	166	19,004	168
Accrued interest - rural savings accounts		91,647	76,305	91,647	76,305
Card transactions		1,304,050	1,277,975	1,304,050	1,277,975
Exchange portfolio	16.a	105,060	100,705	105,060	100,705
Subordinated debt	16.c	48,919	1,111	48,919	1,111
Total - current		<u>8,339,942</u>	<u>7,112,247</u>	<u>8,339,956</u>	<u>7,112,250</u>
Obligations due to consortium members' funds		-	-	-	29,909
Exchange portfolio – advances	16.a	(1,176)	(1,499)	(1,176)	(1,499)
Hybrid equity and debt instruments	16.b	225,652	225,406	225,652	225,406
Subordinated debt	16.c	1,033,602	45,000	1,033,602	45,000
Total - noncurrent		<u>1,258,078</u>	<u>268,907</u>	<u>1,258,078</u>	<u>298,816</u>
Total		<u>9,598,020</u>	<u>7,381,154</u>	<u>9,598,034</u>	<u>7,411,066</u>

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

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.

Obligations due to consortium members' funds refer to amounts to return from desistance, exclusions and from apportionment of consortium members' balances, transferred to the Consortia Administrator. In compliance with Brazilian IRS Revenue Procedure No. 208 of 12/15/2021, as of June 30, 2022 funds not sought by consortium groups ended after Law No. 11795/2008, as well as those corresponding to application of these funds, were reclassified to offset accounts.

See accompanying notes.

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a) Exchange portfolio

		Individual and Consolidated	
		06/30/2022	12/31/2021
		45,191	17,364
		352,132	252,280
		(292,263)	(168,939)
	8.a		
Total - current		105,060	100,705
		(1,176)	(1,499)
	8.a		
Advances on exchange contracts		(1,176)	(1,499)
Total - noncurrent		(1,176)	(1,499)
Total		103,884	99,206

b) Hybrid equity and debt instruments

On May 02, 2005, pursuant to CMN Resolution No. 2837/01, revoked and replaced by CMN Resolution No. 4955/21, 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, revoked and replaced by CMN Resolution No. 4955/21, 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	
	06/30/2022	12/31/2021
Central Sicredi Sul/Sudeste	139,311	139,157
Central Sicredi PR/SP/RJ	56,628	56,567
Central Sicredi MT/PA/RO	25,407	25,380
Central Sicredi Brasil Central	4,306	4,302
Total	225,652	225,406

See accompanying notes.

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c) Subordinated debt

In conformity with CMN Resolution No. 4955/2021, the Bank has Subordinated Financial Notes (LFSN) amounting to R\$ 605,300, maturing in 2032.

In January 2022, the Bank issued Subordinated Green Bonds amounting USD 100 million from BID Invest, a member of the Interamerican Development Bank (BID), to be 100% allocated to funding renewable energy and energy efficiency projects for Sicredi associates. The amount raised in reais equals R\$ 540,780 and matures within ten years (principal), subject to semi-annual interest.

As at June 30, 2022, the adjusted amount of these subordinated debt instruments totals R\$ 1,082,521 (R\$ 46,111 in December 2021).

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	
	06/30/2022	12/31/2021	06/30/2022	12/31/2021
Labor	21,032	21,464	21,215	21,648
Civil	9,679	6,172	11,693	6,778
Total - noncurrent	<u>30,711</u>	<u>27,636</u>	<u>32,908</u>	<u>28,426</u>

As at June 30, 2022, the Bank was also party to tax, civil and labor proceedings whose likelihood of an unfavorable outcome is considered possible amounting to R\$ 56,445 (R\$ 46,131 in December 2021) in the individual financial statements and to R\$ 57,388 (R\$ 53,255 in December 2021) 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\$ 48,987 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			
	12/31/2021	Increase in provision	Write-off/Reversal of provision	06/30/2022
Labor	21,464	411	(843)	21,032
Civil	6,172	3,523	(16)	9,679
Total - noncurrent	<u>27,636</u>	<u>3,934</u>	<u>(859)</u>	<u>30,711</u>

See accompanying notes.

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Notes to individual and consolidated financial statements (Continued)

June 30, 2022 and 2021

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Nature	Consolidated			
	12/31/2021	Increase in provision	Write-off/Reversal of provision	06/30/2022
Labor	21,648	411	(843)	21,216
Civil	6,778	4,951	(37)	11,692
Total - noncurrent	28,426	5,362	(880)	32,908

As at June 30, 2022, judicial deposits relating to aforementioned risks amount to R\$ 27,915 (R\$ 26,270 in December 2021) and R\$ 28,079 (R\$ 26,409 in December 2021) in the individual and consolidated financial statements, respectively, recorded under "Other assets".

18. Other liabilities

	Individual		Consolidated	
	06/30/2022	12/31/2021	06/30/2022	12/31/2021
Collection of taxes, charges and contributions	297,645	1,993	297,645	1,993
Dividends payable	-	92,602	-	92,602
Social and statutory obligations	-	8,524	-	8,524
Tax and social security obligations	34,421	12,730	47,173	25,622
Sundry creditors	96,016	124,818	100,174	131,928
Obligations due to official agreements	18,526	10,803	18,526	10,803
Provision for payments to be made	11,910	9,668	11,910	9,668
Accrued payroll	27,395	37,524	28,600	39,362
Accounts payable – Group companies	80,257	64,903	143,232	127,592
Other suppliers	55,931	4,720	56,652	5,765
Total - current	622,101	368,285	703,912	453,859

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.

Other accounts payable refer mainly to technology of financial services provided by Fiserv.

19. Equity

a) Capital

As at June 30, 2022, capital amounts to R\$ 3,038,974 (R\$ 2,388,974 in December 2021), represented by 2,328,285,885 common shares (1,780,876,640 in December 2021), 249,548,540 Class A registered preferred shares with no par value (249,548,540 in December 2021) and 32,782,343 Class B registered preferred shares with no par value (32,782,343 in December 2021).

See accompanying notes.

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At the Board of Directors' meeting held on April 19, 2022, a capital increase in the Bank amounting to R\$ 650,000 was authorized through issue of 547,409,245 common shares, which were paid in on May 18, 2022. This contribution was approved by the Central Bank on July 14, 2022.

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.

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	12/31/2021	Changes in the period	06/30/2022
	Balance	Payment	Balance
Common shares	1,780,876,640	547,409,245	2,328,285,885
Class A preferred shares	249,548,540	-	249,548,540
Class B preferred shares	32,782,343	-	32,782,343
Total	2,063,207,523	547,409,245	2,610,616,768

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) Dividend

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 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.

See accompanying notes.

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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 20% and provisions for income tax at the rate of 15%, and surtax of 10% on taxable profit exceeding R\$ 120 in the six-month period, on taxable profit, as follows:

	Individual		Consolidated	
	06/30/2022	06/30/2021	06/30/2022	06/30/2021
Income before profit sharing, interest on equity and before income taxes	188,150	61,131	192,721	64,365
Profit sharing and interest on equity	(11,934)	(10,443)	(12,449)	(11,000)
Income after profit sharing, interest on equity and before income taxes	176,216	50,688	180,272	53,365
Income and social contribution taxes at 45% (2021 - 45%)	(79,297)	(22,810)	(81,122)	(24,014)
Exclusions / (Additions)				
Permanent				
Equity pickup in subsidiaries	3,578	2,205	-	-
Tax incentives	297	507	308	540
Set up of provision for profit sharing – directors	(1,472)	(1,412)	(1,472)	(1,412)
Directors' compensation	(79)	-	(79)	-
Gifts, donations and sponsorship	(24)	(474)	(24)	(667)
Effect of rate increase	-	-	1,364	831
Other permanent changes	(345)	(257)	(345)	(257)
Additional income tax	12	12	36	26
Other	-	120	(509)	104
Subtotal	1,967	701	(721)	(835)
Temporary				
Reversal of provision for profit sharing – employees	4,413	4,340	4,629	4,521
Reversal of provision for profit sharing – directors	791	1,214	791	1,214
(Provision for) reversal of loan operations	14,924	(14,448)	14,924	(14,448)
(Provision for) reversal of provision for civil, tax and labor contingencies	(1,336)	(2)	(1,815)	(202)
MtM adjustment of securities	(128,022)	(43,472)	(128,022)	(43,472)
Other provisions for incentives	(682)	(48)	(682)	(48)
Reversal of securities written off as loss	291	8	291	8
Depreciation	-	-	14	14
Other	-	(120)	-	(120)
Subtotal	(109,621)	(52,528)	(109,870)	(52,533)
Current income tax	(104,414)	(41,862)	(107,906)	(43,865)
Current social contribution tax	(82,537)	(32,775)	(83,807)	(33,517)
Tax credits recorded	110,060	53,203	110,371	53,208
Income and social contribution taxes recorded in P&L	(76,891)	(21,434)	(81,342)	(24,174)
Effective rates	44%	42%	45%	45%

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%.

See accompanying notes.

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b) Deferred tax assets and liabilities

i. Breakdown of deferred taxes

As at June 30, 2022, deferred tax credit assets and liabilities, already considering the tax rates of 25% for income tax and 20% for social contribution tax and, in the period ended December 31, 2021, the rates considered were 25% income tax and 25% social contribution tax. These amounts were recorded under tax credits in assets and deferred tax obligations in liabilities, as follows:

	Individual		Consolidated	
	06/30/2022	12/31/2021	06/30/2022	12/31/2021
Temporary differences – deferred tax assets				
Provision for civil, tax and labor contingencies	13,820	12,436	14,569	12,705
Provisions for profit sharing	6,075	10,840	6,250	11,230
Provision for losses on assets	17,122	32,385	17,122	32,385
MtM of marketable securities and derivative financial instruments	116,441	470	116,441	470
Other provisions	2,879	2,197	2,879	2,197
Total	156,337	58,328	157,261	58,987
Temporary differences – deferred tax liabilities				
MtM of marketable securities and derivative financial instruments	(43,973)	(55,060)	(43,973)	(55,060)
Depreciation and amortization	-	-	(713)	(759)
Total	(43,973)	(55,060)	(44,686)	(55,819)

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 June 30, 2022, present value of net tax credits, calculated at the average rate of 8.63% (9.99% in December 2021), computed based on the average rate of government securities and loan operations in portfolio, amounts to R\$ 102,273 (R\$ 52,301 in December 2021).

As at June 30, 2022 and December 31, 2021, no tax credits were recorded.

See accompanying notes.

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ii. Estimated realization period

As at June 30, 2022 and December 31, 2021, deferred tax asset amounts are expected to be realized as follows:

Year	Individual		Consolidated	
	Credit amounts		Credit amounts	
	06/30/2022	12/31/2021	06/30/2022	12/31/2021
2022	11,045	29,773	11,949	30,412
2023	37,231	11,234	37,231	11,234
2024	28,339	10,390	28,359	10,410
2025	5,527	6,931	5,527	6,931
2026	13,546	-	13,546	-
2027	18,400	-	18,400	-
2028	25,324	-	25,324	-
2032	16,925	-	16,925	-
Total	156,337	58,328	157,261	58,987

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	
	06/30/2022	12/31/2021	06/30/2022	12/31/2021	06/30/2022	12/31/2021
Balance at beginning of six-month period/year	58,328	41,158	(55,060)	-	182	(872)
Deferred taxes recorded	331,597	154,979	(60,932)	(147,763)	(7,080)	5,048
Deferred taxes realized	(233,588)	(137,809)	72,019	92,703	8,044	(3,994)
Balance at end of six-month period/year	156,337	58,328	(43,973)	(55,060)	1,146	182

	Consolidated					
	Deferred assets		Deferred liabilities		Equity	
	06/30/2022	12/31/2021	06/30/2022	12/31/2021	06/30/2022	12/31/2021
Balance at beginning of six-month period/year	58,987	41,599	(55,819)	(670)	182	(872)
Deferred taxes recorded	332,522	155,638	(61,645)	(148,522)	(7,080)	5,048
Deferred taxes realized	(234,248)	(138,250)	72,778	93,373	8,044	(3,994)
Balance at end of six-month period/year	157,261	58,987	(44,686)	(55,819)	1,146	182

See accompanying notes.

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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	
	06/30/2022	12/31/2021
Assets	53,279,095	48,571,551
Investments in investment fund shares	858	4,109
Investments in interbank deposits	4,467,186	3,880,057
Interbank onlending	41,791,143	38,688,782
Credit operations	420,727	463,953
Income receivable	26,289	19,308
Other receivables – Sundry	6,598,377	5,565,325
Provision for expected losses associated with credit risk	(25,485)	(49,983)
Liabilities	35,603,666	9,999,511
Demand deposits	37,900	30,940
Time deposits	5,566,911	2,840,667
Interbank deposits	6,965,350	4,488,186
Open market funding – own portfolio	3,223,481	961,680
Open market funding – third-party portfolio	19,497,999	1,281,758
Social and statutory obligations	-	101,308
Other obligations - sundry	86,373	69,566
Hybrid equity and debt instruments	225,652	225,406
	06/30/2022	06/30/2021
Revenues	2,110,623	673,881
Credit operations	1,364,255	549,580
Revenue from marketable securities	532,601	24,583
Service revenues	10,336	9,580
Other operating income	178,648	90,138
Provision for expected losses associated with credit risk	24,783	-
Expenses	1,923,748	1,071,600
Open market transactions	1,421,771	422,246
Other administrative expenses	501,631	626,432
Other operating expenses	346	952
Provision for expected losses associated with credit risk	-	21,970

See accompanying notes.

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Related institutions / subsidiaries

Demand deposits

	<u>06/30/2022</u>	<u>12/31/2021</u>
Administradora de Bens Sicredi	203	22
Corretora de Seguros Sicredi	3,905	929
Administradora de Consórcios Sicredi	5,793	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>9,906</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:

Short-term benefits – management

	<u>Individual</u>		<u>Consolidated</u>	
	<u>06/30/2022</u>	<u>06/30/2021</u>	<u>06/30/2022</u>	<u>06/30/2021</u>
Salaries	2,458	1,996	2,458	1,996
Profit sharing	3,216	2,036	3,216	2,036
Social Security Tax (INSS)	1,249	980	1,277	1,048
Total	<u>6,923</u>	<u>5,012</u>	<u>6,951</u>	<u>5,080</u>

See accompanying notes.

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Post-employment benefits

	Individual and Consolidated	
	06/30/2022	06/30/2021
Supplementary pension plan – defined contribution	135	108
Total	<u>135</u>	<u>108</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 June 30, 2022 amounted to R\$ 68,855,806 (R\$ 57,968,419 at December 2021).

Revenue from investment fund management in the six-month period amounted to R\$ 10,237 (R\$ 9,533 in June 2021) and is presented under Service revenues (Note 23).

The investment funds are audited by other independent auditors.

23. Service revenues

	Individual		Consolidated	
	06/30/2022	06/30/2021	06/30/2022	06/30/2021
Fund management	10,237	9,533	10,233	9,532
Collection	2,278	2,085	2,278	2,085
Custody	779	656	779	656
Bank services	2,693	2,585	2,693	2,585
Fund management fee	120	67	120	67
Clearance processing	908	14,100	908	14,100
Agreements	15,739	13,929	15,739	13,929
Cards issued	8,119	5,703	8,119	5,703
Rents	-	-	1,790	1,678
Guarantees given	327	58	327	58
Consortium management fees	-	-	166,439	142,977
Insurance commission	-	-	292,923	270,438
Other services	4	1	4	1
Total	<u>41,204</u>	<u>48,717</u>	<u>502,352</u>	<u>463,809</u>

Clearance processing refers to revenues from clearance services relating to checks and other papers.

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

See accompanying notes.

Banco Cooperativo Sicredi S.A.

Notes to individual and consolidated financial statements (Continued)

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24. Personnel expenses

	Individual		Consolidated	
	06/30/2022	06/30/2021	06/30/2022	06/30/2021
Salaries	26,146	22,640	27,909	24,445
Benefits	6,959	6,137	7,415	6,592
Social charges	9,456	8,475	10,135	9,098
Training	103	278	108	278
Other personnel expenses	181	139	181	143
Total	42,845	37,669	45,748	40,556

25. Administrative expenses

	Individual		Consolidated	
	06/30/2022	06/30/2021	06/30/2022	06/30/2021
Financial System Services	504,766	527,610	630,357	632,714
Depreciation and amortization	748	824	2,285	2,270
Communication	2,688	1,651	2,797	2,000
Data processing	8,174	8,248	8,226	8,881
Third-party services	137,978	84,619	162,853	105,636
Cooperative agreements	-	-	234,757	222,298
Partners' compensation	-	-	5,195	4,099
Water, power and gas	350	269	365	281
Rents	345	272	67	19
Condominium fees	2,020	1,936	2,183	2,044
Advertising, publicity, promotions and public relations	5,325	7,024	5,326	7,024
Transportation	20	26	21	26
Travel	378	5	387	5
Fees	481	687	523	761
Other	1,902	1,691	1,899	1,803
Total	665,175	634,862	1,057,241	989,861

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.

See accompanying notes.

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26. Other operating income

	Individual		Consolidated	
	06/30/2022	06/30/2021	06/30/2022	06/30/2021
Reversal of operating provisions	1,832	3,116	1,832	3,116
Reversal of provision for contingencies	859	169	880	169
Service refund – cards	133,132	80,348	133,132	80,348
Service refund – centralized	2,798	1,097	-	-
Recovery of charges and expenses	25,194	15,235	25,201	15,246
Clearance - RCO	782	38,981	782	38,981
Advanced receivables - PMA and Domicilio Sicredi	78,426	7,531	78,426	7,531
Promotion incentives	3,348	3,175	3,348	3,175
Pricing services	29,547	6,468	29,916	6,480
Restatements of judicial deposits and tax credits	1,418	358	1,424	359
Other revenues	2,718	281	3,239	462
Total	280,054	156,759	278,180	155,867

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.

Advanced receivables from PMA and Domicilio Sicredi refer to amounts made available by the Cooperatives to support the volumes advanced by the Associates corresponding to card operations.

27. Other operating expenses

	Individual		Consolidated	
	06/30/2022	06/30/2021	06/30/2022	06/30/2021
Agreement – Social Security Institute (INSS)	1,338	1,198	1,338	1,198
Provision for contingencies	3,934	230	5,362	821
Provision for guarantees given	95	111	95	111
INSS benefit fees	15,209	3,154	15,209	3,154
RCO refund	2,106	51,409	2,106	51,409
Discounts granted in renegotiations	22	16	22	16
Agreements with Federal Regional Courts (TRF)	3,416	3,559	3,416	3,559
Other	2,999	1,505	3,260	1,731
Total	29,119	61,182	30,808	61,999

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.

See accompanying notes.

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28. 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;

See accompanying notes.

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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.

See accompanying notes.

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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.

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.

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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.

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.

See accompanying notes.

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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 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.

See accompanying notes.

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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.

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, and the controls implemented. Cyber security risks 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.

See accompanying notes.

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29. 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.

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	30,916	61,833	92,749
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	(7,543)	(11,314)	(15,085)
Item analyzed	Provision for civil, tax and labor contingencies		
Assumption	Decrease of 10%	Decrease of 20%	Decrease of 30%
Impact on P&L	(3,071)	(6,142)	(9,213)
Item analyzed	Impact on tax credits		
Assumption	Increase of 10%	Increase of 20%	Increase of 30%
Impact on P&L	15,634	31,267	46,901

See accompanying notes.

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30. 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. 4192/13 and No. 4193/13 and of CMN Resolution No. 4955/21, commensurate with the risks inherent in their activities, calculated as follows:

Operating limits	Individual and Consolidated	
	06/30/2022	12/31/2021
Reference Assets (RA)	2,842,397	2,721,393
Level I (LI)	2,776,030	2,675,282
Principal capital (PC)	2,550,378	2,449,876
Capital	2,388,974	2,388,974
Capital reserves	60,681	60,681
Retained earnings (accumulated losses)	99,325	-
Unrealized equity valuation losses	1,398	221
Supplementary Capital (SC)	225,652	225,406
Financial bills and subordinated debts	225,652	225,406
Level II (LII)	66,367	46,111
Financial bills and subordinated debts	1,020,437	46,111
Deduction of investment in other entities	(954,070)	-
Risk Weighted Assets (RWA)	19,643,063	17,826,570
Credit risk	17,225,068	15,382,056
Market risk	47,722	83,032
Operational risk	2,370,273	2,361,483
Interest rate risk of bank portfolio	161,431	242,288
Capital Margin¹	618,450	696,337
Basel Index (RA / RWA)	14.5%	15.3%
Capital Level I (LI / RWA)	14.1%	15.0%
Principal capital (PC / RWA)	13.0%	13.7%
Supplementary Capital (SC / RWA)	1.1%	1.3%
Capital Level II (LII / RWA)	0.3%	0.3%
Property and equipment situation (P&E)	92,162	87,428
Property and equipment rate (P&E / RA)	3.2%	3.2%

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

31. 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.

See accompanying notes.

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32. Commitments, guarantees and other responsibilities

a) Commitments, guarantees and other responsibilities

	<u>Individual and Consolidated</u>	
	<u>06/30/2022</u>	<u>12/31/2021</u>
Credits open to export		
Exchange to be contracted	2,632	3,392
Co-obligations for guarantees given		
Beneficiaries of guarantees given	110,613	105,865
Depositories of amounts in custody/guarantee	20,601,814	10,739,313
Notes under collection	39,303,479	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>06/30/2022</u>	<u>12/31/2021</u>
B3 guarantee margin	395,733	425,604

33. 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.

See accompanying notes.

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34. Other matters

CMN Resolution No. 4966, published on November 25, 2021, establishes the accounting concepts and criteria applicable to financial instruments, and for designation and recognition of hedging operations. This resolution replaced CMN Resolution No. 2682/99, CMN Resolution No. 3533/08, Memorandum Circular No. 3068/11 and Memorandum Circular No. 3082/02. CMN Resolution No. 4966/21 will be applied in a prospective manner on January 01, 2025, and Sicredi has already prepared an implementation plan, approved by the Board of Directors and filed with BACEN on June 10, 2022. Sicredi is analyzing the application of these rules and, therefore, is not able to measure their impacts yet.

Provisional Executive Order No. 1115, published on April 29, 2022, increased by 1% Social Contribution on Net Profit (CSLL) rate for financial sectors, insureds and cooperatives in the period from August 01, 2022 to December 31, 2022. The effects caused by the temporary increase in CSLL rate, from 20% to 21% for banks, on assets realized during effectiveness of the new rate will be realized as from the date when this provisional measure is converted into law. Worth mentioning, the deadline for definitive conversion is September 07, 2022.

Also, on July 6, 2022, Provisional Executive Order No. 1128 was published to change the criteria for tax recognition of losses incurred in the receipt of credits from the financial sector, and will take effect as from January 01, 2025. Sicredi will await the conversion of this Order into law for a deeper and more conclusive analysis on the treatment of deferred tax credits.

See accompanying notes.