



Individual and Consolidated Interim Financial Statements

Banco Cooperativo Sicredi S.A.

**September 30, 2022
with Independent Auditors' Report**

Banco Cooperativo Sicredi S.A.

Individual and consolidated interim financial statements

September 30, 2022

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A free translation from Portuguese into English of Independent auditor's report on financial statements prepared in Brazilian currency in accordance with the accounting practices adopted in Brazil applicable to small and medium-sized enterprises (NBC TG 1000 (R1))

Independent auditor's report on review of individual and consolidated interim financial statements

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

Introduction

We have reviewed the accompanying individual and consolidated interim financial statements of Banco Cooperativo Sicredi S.A. ("Bank") for the quarter ended September 30, 2022, which comprise the balances sheets as at September 30, 2022 and the related statements of income and of comprehensive income for the three and nine-month periods then ended, and the statements of changes in shareholder's equity and of cash flows for the three and nine-month period then ended, including notes to the financial statements.

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

Scope of review

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

Conclusion

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



Emphasis of a matter

We draw attention to Note 2 to the individual and consolidated interim financial statements, which describes the basis of preparation and presentation of the individual and consolidated interim financial statements. The consolidated interim financial statements were prepared with the purpose of enabling the members, officers, financial institutions and potential investors of Banco Cooperativo Sicredi to assess the Bank's consolidated financial position as at September 30, 2022, and its consolidated financial performance for the quarter then ended, in accordance with the accounting practices adopted in Brazil applicable to institutions authorized to operate by the Central Bank of Brazil, as well as with its corporate structure. As such, our report on these consolidated interim financial statements may not be appropriate for any other purpose. Our conclusion is not qualified in respect of this matter.

Porto Alegre, November 11, 2022.

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

A handwritten signature in blue ink, reading 'Renata Zanotta Calçada'.

Renata Zanotta Calçada
Accountant CRC-RS062793/O-8

Banco Cooperativo Sicredi S.A.

Balances sheets
September 30, 2022 and December 31, 2021
(In thousands of reais)

A free translation from Portuguese into English of Independent auditor's report on financial statements prepared in Brazilian currency in accordance with the accounting practices adopted in Brazil applicable to small and medium-sized enterprises (NBC TG 1000 (R1))

	Note	Individual		Consolidated	
		09/30/2022	12/31/2021	09/30/2022	12/31/2021
Assets					
Cash and cash equivalents	3	459,161	523,440	459,161	523,440
Financial instruments		146,678,727	82,203,269	146,857,993	82,396,488
Short-term interbank investments	4	31,210,875	5,767,144	31,210,875	5,767,144
Compulsory deposits in Central Bank of Brazil		4,146,697	3,784,928	4,146,697	3,784,928
Marketable securities and derivative financial instruments	5	30,730,497	8,453,102	30,909,599	8,646,318
Own portfolio		16,159,441	5,401,302	16,338,543	5,594,518
Linked to repurchase agreements		13,818,499	2,480,595	13,818,499	2,480,595
Linked to guarantees given		692,415	444,799	692,415	444,799
Derivative financial instruments	5.c	60,142	126,406	60,142	126,406
Interbank onlending	6	50,229,857	38,688,782	50,229,857	38,688,782
Loan transactions	6	20,283,565	17,339,331	20,283,565	17,339,331
Other financial assets	7	10,121,822	8,241,411	10,121,986	8,241,414
Provision for expected losses associated with credit risk	6.e	(44,586)	(71,429)	(44,586)	(71,429)
Tax credits		78,115	58,328	79,124	58,987
Other assets		294,602	175,275	315,896	191,400
Investments in subsidiaries		160,757	149,788	-	-
Other investments		908	693	908	722
Property and equipment in use		7,125	6,873	59,678	60,202
Intangible assets		3	119	9	127
TOTAL ASSETS		147,679,398	83,117,785	147,772,769	83,231,366
Liabilities and equity					
Deposits and other financial instruments		143,762,053	80,216,928	143,759,002	80,243,248
Deposits	8	46,692,085	41,169,050	46,689,025	41,165,458
Open market funding	8	33,249,145	3,749,399	33,249,145	3,749,399
Funds from acceptance and issue of securities	9	29,925,483	9,069,682	29,925,483	9,069,682
Loan obligations	10	6,326,438	4,488,697	6,326,438	4,488,697
Local on-lending obligations - official institutions	10	16,905,794	14,329,542	16,905,794	14,329,542
Derivative financial instruments	5.c	288,717	29,404	288,717	29,404
Other financial liabilities	11	10,374,391	7,381,154	10,374,400	7,411,066
Provisions for civil, tax and labor contingencies;		30,853	27,636	33,039	28,426
Deferred tax obligations		9,236	55,060	9,956	55,819
Other liabilities		625,470	368,285	719,044	453,859
Equity		3,251,786	2,449,876	3,251,786	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 (loss)		(47)	221	(47)	221
Retained earnings		152,178	-	152,178	-
Noncontrolling interests		-	-	(58)	138
Noncontrolling interests		-	-	(58)	138
TOTAL LIABILITIES AND EQUITY		147,679,398	83,117,785	147,772,769	83,231,366

The accompanying notes are an integral part of the individual and consolidated interim financial statements.

Banco Cooperativo Sicredi S.A.

Statements of Income

Quarters and nine-month period ended September 30

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

	Note	Individual			
		3 Quarter		Accumulated at September 30	
		2022	2021	2022	2021
Trading revenues		3,505,003	1,363,000	7,533,419	2,813,470
Loans and interbank onlendings	6.f	1,640,779	758,131	3,959,362	1,886,408
Revenue from marketable securities		1,848,458	319,189	3,697,170	663,450
Income from (loss on) derivative financial instruments	5.c	(88,779)	229,638	(387,061)	172,173
Foreign exchange transactions		19,998	22,750	41,758	23,244
Compulsory investments		84,547	33,292	222,190	68,195
Trading expenses		(3,142,744)	(1,049,223)	(6,552,835)	(1,844,866)
Open market transactions		(2,745,889)	(638,393)	(6,031,191)	(1,242,665)
Borrowings and onlending		(396,855)	(410,830)	(521,644)	(602,201)
Trading profit (loss)		362,259	313,777	980,584	968,604
Provision for expected losses associated with credit risk		(7,071)	(10,143)	26,094	(42,250)
Gross trading profit		355,188	303,634	1,006,678	926,354
Other operating income (expenses)		(254,482)	(245,797)	(717,822)	(807,386)
Service revenues	14	21,712	26,397	62,916	75,114
Personnel expenses	15	(24,689)	(21,633)	(67,534)	(59,302)
Administrative expenses	16	(380,468)	(319,679)	(1,045,643)	(954,541)
Tax expenses		(22,441)	(8,187)	(77,852)	(46,440)
Equity pickup in subsidiaries		3,017	3,700	10,969	8,601
Other operating income		160,608	109,933	440,662	266,692
Other operating expenses		(12,221)	(36,328)	(41,340)	(97,510)
Operating income (expenses)		100,706	57,837	288,856	118,968
Income before taxes and profit sharing		100,706	57,837	288,856	118,968
Income and social contribution taxes		(41,462)	(20,951)	(118,353)	(42,385)
Income tax		2,330	28,510	(102,084)	(13,352)
Social contribution tax		877	21,846	(81,660)	(10,929)
Deferred tax credits, net		(44,669)	(71,307)	65,391	(18,104)
Employee profit sharing		(6,391)	(6,589)	(18,325)	(17,032)
Net income for the period		52,853	30,297	152,178	59,551
Number of shares at end of period		2,610,516,768	2,063,207,523	2,610,516,768	2,063,207,523
Net earnings per thousand shares at end of period - R\$		20.25	14.68	58.29	28.86

The accompanying notes are an integral part of the individual and consolidated interim financial statements.

Banco Cooperativo Sicredi S.A.

Statements of Income

Quarters and nine-month period ended September 30

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

	Note	Consolidated			
		3 Quarter		Accumulated as at September 30	
		2022	2021	2022	2021
Trading revenues		3,509,913	1,365,028	7,545,268	2,817,263
Loans and interbank onlendings	6.f	1,640,779	758,131	3,959,362	1,886,408
Revenue from marketable securities		1,853,368	321,217	3,709,019	667,243
Income from (loss on) derivative financial instruments	5.c	(88,779)	229,638	(387,061)	172,173
Foreign exchange transactions		19,998	22,750	41,758	23,244
Compulsory investments		84,547	33,292	222,190	68,195
Trading expenses		(3,142,707)	(1,049,223)	(6,552,767)	(1,844,866)
Open market transactions		(2,745,852)	(638,393)	(6,031,123)	(1,242,665)
Borrowings and onlending		(396,855)	(410,830)	(521,644)	(602,201)
Trading profit (loss)		367,206	315,805	992,501	972,397
Provision for expected losses associated with credit risk		(7,071)	(10,143)	26,094	(42,250)
Gross trading profit		360,135	305,662	1,018,595	930,147
Other operating income (expenses)		(257,809)	(245,637)	(723,548)	(805,757)
Service revenues	14	286,482	244,455	788,834	708,264
Personnel expenses	15	(26,020)	(23,266)	(71,768)	(63,822)
Administrative expenses	16	(609,222)	(504,609)	(1,666,463)	(1,494,470)
Tax expenses		(55,681)	(35,243)	(168,155)	(122,623)
Other operating income		159,599	109,514	437,779	265,381
Other operating expenses		(12,967)	(36,488)	(43,775)	(98,487)
Operating income (expenses)		102,326	60,025	295,047	124,390
Income before taxes and profit sharing		102,326	60,025	295,047	124,390
Income and social contribution taxes		(42,623)	(22,799)	(123,965)	(46,973)
Income tax		1,423	27,106	(106,483)	(16,759)
Social contribution tax		545	21,331	(83,262)	(12,186)
Deferred tax credits, net		(44,591)	(71,236)	65,780	(18,028)
Employee profit sharing		(6,651)	(6,883)	(19,100)	(17,883)
Noncontrolling interests		(199)	(46)	196	17
Net income for the period		52,853	30,297	152,178	59,551
Number of shares at end of period		2,610,516,768	2,063,207,523	2,610,516,768	2,063,207,523
Net earnings per thousand shares at end of period - R\$		20.25	14.68	58.29	28.86

The accompanying notes are an integral part of the individual and consolidated interim financial statements.

Banco Cooperativo Sicredi S.A.

Statements of comprehensive income
 Period ended September 30
 (In thousands of reais)

	Individual		Consolidated	
	09/30/2022	09/30/2021	09/30/2022	09/30/2021
Net income for the period	152,178	59,551	152,178	59,551
Noncontrolling interests	-	-	196	17
Net income for the period attributable to shareholders	152,178	59,551	152,374	59,568
Marketable securities available for sale	(488)	3,104	(488)	3,104
Taxes on adjustments to marketable securities available for sale	220	(1,455)	220	(1,455)
Total adjustments not included in net income	(268)	1,649	(268)	1,649
Comprehensive income for the period	151,910	61,200	152,106	61,217
Attributed to shareholders				
Net income for the period attributable to controlling interests	151,910	61,200	151,910	61,200
Net income for the period attributable to noncontrolling interests	-	-	196	17

The accompanying notes are an integral part of the individual and consolidated interim financial statements.

Banco Cooperativo Sicredi S.A.

Statements of changes in shareholder's equity
 Period ended September 30
 (In thousands of reais)

	Capital		Reserve	Equity adjustments	Retained earnings	Equity of parent company	Noncontrolling interests	Total
	Subscribed capital	To be approved by the Central Bank	Legal reserve					
Balances as at December 31, 2020	1,458,974	-	55,281	(1,066)	-	1,513,189	96	1,513,285
Capital increase	290,000	640,000	-	-	-	930,000	-	930,000
Adjustments to market value - marketable securities	-	-	-	1,649	-	1,649	-	1,649
Net income for the period	-	-	-	-	59,551	59,551	(17)	59,534
Balances as at September 30, 2021	1,748,974	640,000	55,281	583	59,551	2,504,389	79	2,504,468
Balances as 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	-	-	-	(268)	-	(268)	-	(268)
Net income for the period	-	-	-	-	152,178	152,178	(196)	151,982
Balances as at September 30, 2022	3,038,974	-	60,681	(47)	152,178	3,251,786	(58)	3,251,728

The accompanying notes are an integral part of the individual and consolidated interim financial statements.

Banco Cooperativo Sicredi S.A.

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

	Individual		Consolidated	
	09/30/2022	09/30/2021	09/30/2022	09/30/2021
Cash flows from operating activities				
Net income before income and social contribution taxes	270,531	101,936	275,947	106,507
Adjustments to net income before taxes				
Adjustment to market value - marketable securities and derivatives	(123,599)	(21,208)	(123,599)	(21,208)
Provision for expected losses associated with credit risk	(26,094)	42,250	(26,094)	42,250
Depreciation and amortization	1,066	1,219	3,368	3,394
Loss on disposal of property and equipment	119	25	565	28
Provision for civil, tax and labor contingencies	3,217	(374)	4,613	207
Interest on hybrid capital instruments	7,716	2,988	7,716	2,988
Equity pickup in subsidiaries	(10,969)	(8,601)	-	-
Adjusted net income for the period	121,987	118,235	142,516	134,166
Changes in assets and liabilities				
(Increase) in short-term interbank investments	(4,385,637)	(459,177)	(4,385,637)	(459,177)
Decrease (increase) in marketable securities and derivative financial instruments	11,454	123,556	25,568	96,497
(Increase) in compulsory deposits in Central Bank of Brazil	(361,769)	(651,353)	(361,769)	(651,353)
(Increase) in interbank onlendings	(11,541,075)	(10,252,854)	(11,541,075)	(10,252,854)
(Increase) in loans	(2,944,234)	(1,712,550)	(2,944,234)	(1,712,550)
Decrease (Increase) in other financial instruments	1,105,110	(188,213)	1,075,046	(183,375)
(Increase) in provision for expected losses associated with credit risk	(749)	(322)	(749)	(322)
(Increase) in other assets and tax credits	(119,327)	(41,540)	(124,496)	(39,325)
Increase in deposits	5,523,035	13,427,385	5,523,567	13,431,236
Increase in open market funding	29,499,746	9,840,304	29,499,746	9,840,304
Increase in funds from acceptance and issue of securities	20,855,801	2,550,856	20,855,801	2,550,856
Increase in borrowings and onlending	4,413,993	2,109,187	4,413,993	2,109,187
Increase (decrease) in other provisions and other liabilities	(850,056)	245,480	(842,056)	250,696
Net cash flows from operating activities	41,328,279	15,108,994	41,336,221	15,113,986
Income and social contribution taxes paid	(183,964)	(22,826)	(189,965)	(26,909)
Net cash flows from operating activities	41,144,315	15,086,168	41,146,256	15,087,077
Cash flows from investing activities				
Securities and receivables	-	3,677	-	3,677
Acquisition of property and equipment for own use	(1,321)	(810)	(3,291)	(1,720)
Acquisition of other investments	(215)	(5)	(186)	(4)
(Increase) in available-for-sale securities	(13,840,188)	(15,670,876)	(13,840,188)	(15,670,876)
(Increase) in held-to-maturity securities	(8,066,017)	(744,546)	(8,066,017)	(744,546)
Net cash flows (used in) investing activities	(21,907,741)	(16,412,560)	(21,909,682)	(16,413,469)
Cash flows from financing activities				
Subordinated debt	1,209,843	(3,677)	1,209,843	(3,677)
Capital increase	650,000	930,000	650,000	930,000
Interest on equity paid	(10,000)	(10,000)	(10,000)	(10,000)
Dividends paid	(92,602)	(70,139)	(92,602)	(70,139)
Net cash flows from financing activities	1,757,241	846,184	1,757,241	846,184
Decrease (increase) in cash and cash equivalents	20,993,815	(480,208)	20,993,815	(480,208)
Cash and cash equivalents at beginning of period	2,151,964	2,791,026	2,151,964	2,791,026
Cash and cash equivalents at end of period	23,145,779	2,310,818	23,145,779	2,310,818

The accompanying notes are an integral part of the individual and consolidated interim financial statements.

Banco Cooperativo Sicredi S.A.

Notes to individual and consolidated interim financial statements

September 30, 2022

(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 September 30, 2022, the System is organized into 108 associated Credit Cooperatives, which operate a service network of 2384 points. The structure also relies on five Regional Centrals (“Centrals”) – shareholders of Sicredi Participações S.A. - the Confederation of Sicredi Cooperatives (“Sicredi Confederation”), Sicredi Foundation and the Bank, which controls Corretora de Seguros Sicredi Ltda., Administradora de Consórcios Sicredi Ltda. and Administradora de Bens Sicredi Ltda.

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

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

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

As at September 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.

Banco Cooperativo Sicredi S.A.

Notes to individual and consolidated interim financial statements

September 30, 2022

(In thousands of reais)

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

Basis of preparation and presentation of the individual and consolidated interim financial statements

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

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

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

- i. Basis of preparation and presentation of financial statements;
- ii. Summary of significant accounting practices;
- iii. Compulsory deposits in the Central Bank of Brazil;
- iv. Other assets;
- v. Interests held in domestic subsidiaries;
- vi. Property and equipment in use and intangible assets;
- vii. Provisions for civil, tax and labor contingencies;
- viii. Other liabilities;
- ix. Equity;
- x. Income and social contribution taxes;
- xi. Other operating income;
- xii. Other operating expenses;
- xiii. Capital and risk management structure;
- xiv. Sensitivity analysis;
- xv. Correspondent banks;
- xvi. Insurance coverage; and
- xvii. Other matters.

These individual and consolidated interim financial statements were approved by the Executive Board on November 11, 2022.

Banco Cooperativo Sicredi S.A.

Notes to individual and consolidated interim financial statements

September 30, 2022

(In thousands of reais)

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 interim financial statements were prepared with the purpose of enabling the members, officers, financial institutions and potential investors of Banco Cooperativo Sicredi to assess the Bank's consolidated financial position as at September 30, 2022, and its consolidated financial performance for the quarter then ended, in accordance with the accounting practices adopted in Brazil applicable to institutions authorized to operate by the Central Bank of Brazil, as well as with its corporate structure. As a result, the consolidated financial statements may not be appropriate for other purposes.

b) Consolidated interim financial statements

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

Entity	Activity	09/30/2022	12/31/2021
Direct equity investment:		%	%
Administradora de Consórcios Sicredi Ltda.	Consortia administrator	99.99	99.99
Administradora de Bens Sicredi Ltda.	Asset Administrator	99.98	99.98
Corretora de Seguros Sicredi Ltda.	Insurance Broker	100.00	100.00
Sicredi - FIC Multimercado Estratégia Arrojada Longo Prazo	Account investment funds	-	98.53
Sicredi - FIC Renda Fixa Estratégia Conservadora Longo Prazo	Account investment funds	-	59.81
Sicredi - FIC Multimercado Estratégia Moderada Longo Prazo	Account investment funds	-	95.62
Sicredi - FIC Ações Sustentáveis ESG	Account investment funds	45.20	87.52

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

On April 1, 2021, Banco Sicredi raised seed money to open the following investment funds: Sicredi - FIC Multimercado Estratégia Arrojada Longo Prazo, Sicredi - FIC Renda Fixa Estratégia Conservadora Longo Prazo and Sicredi - FIC Multimercado Estratégia Moderada Longo Prazo. However, after the 12-month limit period, the Bank redeemed the investments. Therefore, the Bank no longer had those investments as at September 30, 2022, thus those funds were not included in the consolidated interim financial statements.

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

c) Functional currency

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

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Notes to individual and consolidated interim financial statements

September 30, 2022

(In thousands of reais)

3. Cash and cash equivalents

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

	Individual and Consolidated	
	09/30/2022	12/31/2021
Cash and cash equivalents	459,161	523,440
Short-term interbank investments	22,686,618	1,628,524
Resale to settle - Self-funding position	3,166,269	338,239
Resale to settle - Financed position	19,513,727	1,281,758
Investments in foreign currency	6,622	8,527
Total	23,145,779	2,151,964

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

4. Short-term interbank investments

	Individual and Consolidated	
	09/30/2022	12/31/2021
Open market investments	22,679,996	1,619,997
Resale to settle - Self-funding position National Treasury Notes (NTN)	3,166,269	338,239
Resale to settle - Financed position National Treasury Notes (NTN)	19,513,727	1,281,758
Investments in interbank deposits	8,524,257	4,138,620
Interbank Deposit Certificates (CDI)	8,524,257	4,138,620
Investments in foreign currency	6,622	8,527
Investments in foreign currency	6,622	8,527
Total current	31,210,875	5,767,144

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(In thousands of reais)

5. Marketable securities and derivative financial instruments

a) Portfolio breakdown

Note	Individual				Consolidated					
	09/30/2022			12/31/2021	09/30/2022			12/31/2021		
	Within 3 months	From 3 to 12 months	Over 12 months	Total portfolio	Total portfolio	Within 3 months	From 3 to 12 months	Over 12 months	Total portfolio	Total portfolio
Own portfolio										
Financial Treasury Bills (LFT)	-	-	10,920,700	10,920,700	5,274,080	-	-	10,920,700	10,920,700	5,274,080
National Treasury Bills (LTN)	3,569,996	-	77,072	3,647,068	-	3,569,996	-	77,072	3,647,068	-
Rural Product Bills (CPR)	-	-	-	-	77,078	-	-	-	-	77,078
Fixed-income investment funds	959	-	-	959	4,109	180,032	-	-	180,032	197,325
National Treasury Notes (NTN)	-	-	185,615	185,615	-	-	-	185,615	185,615	-
Subordinated Financial Notes - LFSN	-	-	1,405,099	1,405,099	46,035	-	-	1,405,128	1,405,128	46,035
Linked to repurchase agreements										
Financial Treasury Bills (LFT)	-	447,948	1,849,803	2,297,751	2,480,595	-	447,948	1,849,803	2,297,751	2,480,595
National Treasury Bills (LTN)	-	-	8,626,159	8,626,159	-	-	-	8,626,159	8,626,159	-
National Treasury Notes (NTN)	-	2,894,589	-	2,894,589	-	-	2,894,589	-	2,894,589	-
Linked to guarantees given										
Financial Treasury Bills (LFT)	-	17,605	674,810	692,415	444,799	-	17,605	674,810	692,415	444,799
Subtotal	5.b	3,570,955	3,360,142	23,739,258	30,670,355	8,326,696	3,750,028	3,360,142	23,739,287	30,849,457
Derivative financial instruments		11	14,039	46,092	60,142	126,406	11	14,039	46,092	60,142
Total - 2022		3,570,966	3,374,181	23,785,350	30,730,497		3,750,039	3,374,181	23,785,379	30,909,599
Total - 2021		36,168	47,411	8,369,523		8,453,102	229,384	47,411	8,369,523	8,646,318
Total current				7,086,979	83,579				7,266,052	276,795
Total noncurrent				23,643,518	8,369,523				23,643,547	8,369,523

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

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Notes to individual and consolidated interim financial statements

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(In thousands of reais)

b) Classification of marketable securities

	Individual		Consolidated	
	Restated cost	Market value	Restated cost	Market value
Held for trading				
No maturity	959	959	180,032	180,032
Maturing over 12 months	140,661	141,832	140,661	141,832
Subtotal	141,620	142,791	320,693	321,864
Available for sale				
Maturing within 12 months	6,462,949	6,464,585	6,462,949	6,464,585
Maturing over 12 months	8,685,458	8,703,232	8,685,458	8,703,232
Subtotal	15,148,407	15,167,817	15,148,407	15,167,817
Held to maturity				
Maturing within 12 months	465,790	465,662	465,790	465,662
Maturing over 12 months	14,893,957	14,921,417	14,893,986	14,921,417
Subtotal	15,359,747	15,387,079	15,359,776	15,387,079
Total - 2022	30,649,774	30,697,687	30,828,876	30,876,760
Total - 2021	8,326,052	8,625,468	8,519,268	8,818,684

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

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

As at September 30, 2022, no marketable securities were reclassified to other categories.

As at September 30, 2022, unrealized income/(loss) from securities classified as available for sale presented net loss of R\$19,324 (R\$152 of net loss in December 2021), partially recorded net of tax effects in equity under "Equity adjustments", in the negative amount R\$47 (R\$221 in December 2021).

In the period ended September 30, 2022, adjustment to market value of securities classified as for trading recorded in P&L presented a profit of R\$1,271 (R\$ 190 in September 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 CVM and ANBIMA.

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c) Derivative financial instruments

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

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

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

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

Difference amounts and adjustments of derivative assets and liabilities are recorded in asset and liability accounts in accordance with each transaction method, and matched against the respective profit or loss accounts.

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

As at September 30, 2022 and December 31, 2021, these amounts are adjusted to market value, except specific derivative financial instruments that are only adjusted based on the curve, recorded and valued in accordance with Bacen Memorandum Circular No. 3082/02, and respective reference amounts are recorded in memorandum accounts, as follows:

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September 30, 2022

(In thousands of reais)

	Individual and Consolidated				12/31/2021
	09/30/2022				
	Net position of contracts to mature				
	Within 3 months	From 3 to 12 months	Over 12 months	Total	Total
<u>Clearance</u>					
Futures contracts	8,668,157	-	9,506,864	18,175,021	75,530
Swap contracts	-	1,690,324	2,520,512	4,210,836	2,721,377
Forward contracts	2,176	2,696	-	4,872	-
Total - 2022	8,670,333	1,693,020	12,027,376	22,390,729	
Total - 2021	148,738	(14,400)	2,662,569		2,796,907
<u>Swap contracts</u>					
Long position	-	14,002	46,092	60,094	126,406
Short position	-	(165,170)	(123,365)	(288,534)	(29,404)
<u>Forward contracts</u>					
Long position	11	37	-	48	-
Short position	(101)	(82)	-	(183)	-
Total - 2022	(90)	(151,213)	(77,273)	(228,575)	
Total - 2021	2,382	(24)	94,644		97,002
Total current				(151,303)	2,358
Total noncurrent				(77,273)	94,644

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Notes to individual and consolidated interim financial statements
September 30, 2022
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	Individual and Consolidated			
	09/30/2022			12/31/2021
	Notional amount	Cost – amount receivable/received (payable/paid)	Market value	Market value
<u>Futures contracts</u>	18,175,021	(6,881)	-	-
Purchase commitments	366,217	252	-	-
Future DI	535,174	-	-	-
Future DOL	(168,956)	126	-	-
Future WDO	-	126	-	-
Sale commitments	17,808,804	(7,133)	-	-
Future DI	17,319,728	(9,170)	-	-
Future DOL	286,394	2,053	-	-
Future WDO	202,682	(16)	-	-
<u>Swap contracts</u>	4,210,836	(59,535)	(228,440)	97,002
Long position	-	90,615	60,094	126,406
Foreign currency	-	90,615	60,094	126,406
Short position	4,210,836	(150,150)	(288,534)	(29,404)
Foreign currency	4,210,836	(150,150)	(288,534)	(29,404)
<u>Forward contracts</u>	4,872	(160)	(134)	-
Long position	960	44	48	-
Foreign currency	960	44	48	-
Short position	3,912	(204)	(182)	-
Foreign currency	3,912	(204)	(182)	-

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 September 30, 2022, the balance recorded under Securities trading and brokerage in assets is of R\$2,672 (R\$153 in December 2021) and in liabilities is of R\$9,553 (R\$166 in December 2021) in the individual and consolidated financial statements.

In the six-month period ended September 30, 2022, the Bank recorded losses on derivatives amounting to R\$387,061 (profit of R\$172,173 in September 2021).

As at September 30, 2022, the equity position of government securities given in guarantee for stock exchange operations amounted to R\$408,991 (R\$425,604 in December 2021).

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

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(In thousands of reais)

Individual and Consolidated			
09/30/2022		12/31/2021	
Net position of contracts to mature			
Notional value	Curve value	Market value	Market value

Market risk hedge – Funding

Hedging instruments	2,034,744	(55,133)	(224,180)	(21,632)
Swap contracts (payable)	2,034,744	(55,133)	(224,180)	(21,632)
Hedged items	2,034,744	2,055,073	1,886,026	1,115,549
Foreign market funding	2,034,744	2,055,073	1,886,026	1,115,549

Individual and Consolidated			
09/30/2022		12/31/2021	
Hedged position			
Curve value	Market value	Market value (*)	

Market risk hedge – Marketable securities

Hedging instruments	15,170,133	15,170,133	-
Futures contracts	15,170,133	15,170,133	-
Hedged items	15,225,676	15,244,780	-
Federal government securities	15,148,406	15,167,817	-
Private bonds	77,270	76,963	

As at September 30, 2022, the Bank reclassified from equity to P&L for the year unrealized losses of R\$19,411 (losses of R\$27,992 in September 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.

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Notes to individual and consolidated interim financial statements
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(In thousands of reais)

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

a) Breakdown of credit portfolio per type of transaction

Note	Individual and Consolidated				Total portfolio	Total portfolio
	09/30/2022		12/31/2021			
	Overdue from 15 days	Within 3 months	Falling due From 3 to 12 months	Over 12 months		
Loan transactions	764	1,055,700	3,209,745	16,017,356	20,283,565	17,339,331
Loans and discounted notes	-	244,335	545,786	1,853,686	2,643,807	2,181,928
Financing	764	141,777	472,787	557,643	1,172,971	1,065,826
Rural and agro-industrial financing	-	646,577	2,138,846	12,129,122	14,914,545	12,884,864
Real property financing	-	23,011	52,326	1,476,905	1,552,242	1,206,713
Interbank onlending	-	4,562,056	27,493,583	18,174,218	50,229,857	38,688,782
Interbank onlending – rural credit and other funds	-	4,562,056	27,493,583	18,174,218	50,229,857	38,688,782
Exchange transactions	-	83,302	290,996	599	374,897	174,023
Advances on exchange contracts	11.a	-	81,855	285,941	589	368,385
Income from advances on exchange contracts		-	1,447	5,055	10	6,512
Total - 2022	764	5,701,058	30,994,324	34,192,173	70,888,319	
Total - 2021	392	3,744,639	23,378,866	29,078,239		56,202,136
Total current					36,696,146	27,123,897
Total noncurrent					34,192,173	29,078,239

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b) Ratings of loans and interbank onlendings

Pursuant to article 3 of CMN Resolution No. 2697/00, we present below the breakdown of the loans portfolio, including exchange transactions amounting to R\$374,897 (R\$174,023 in December 2021), distributed in the corresponding levels of risk, according to the rating provided for in article 1 of CMN Resolution No. 2682/99:

Risk level	% - Minimum	% additional	Individual and Consolidated		Provision for expected losses associated with credit and currency risk		
			Portfolio		Minimum	Total additional ADA	Minimum
			09/30/2022	12/31/2021	09/30/2022	09/30/2022	12/31/2021
AA	0.00	0.05 and 0.13	70,701,167	44,256,059	-	41,326	-
A	0.50	0.36	160,781	11,134,083	804	147	55,670
B	1.00	0.00	3,261	469,783	33	-	4,698
c	3.00	0.92	20,917	340,983	628	180	10,229
D	10.00	0.00	407	185	41	-	19
E	30.00	0.00	233	204	70	-	61
F	50.00	0.00	146	95	73	-	48
G	70.00	0.00	410	132	287	-	92
H	100.00	0.00	997	612	997	-	612
Total			70,888,319	56,202,136	2,933	41,653	71,429

From June, 2022, the criteria used for classifying associated Credit Cooperatives were improved, with a view to calculating these cooperatives' provision for loan transactions as a counterparty to the Bank. There was an improvement in ratings due to the above-mentioned decision. In addition, and considering the current economic scenario, management decided to adopt, under a conservative approach, percentages superior to those minimally established by CMN Resolution 2682/99.

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

Private sector	Individual and Consolidated					12/31/2021
	09/30/2022					
	Falling due				Total portfolio	
Overdue from 15 days	Within 3 months	From 3 to 12 months	Over 12 months	Total portfolio		
Financial intermediation (a)	-	4,573,494	27,501,161	18,225,541	50,300,196	38,763,710
Rural	-	646,577	2,138,846	12,129,122	14,914,545	12,884,863
Housing	-	23,011	52,326	1,476,905	1,552,242	1,206,713
Legal entities	179	202,077	453,035	945,079	1,600,370	1,300,722
Individuals	399	101,442	266,534	719,691	1,088,066	929,255
Commerce	171	111,140	441,333	548,727	1,101,371	832,339
Industry	14	43,316	141,091	147,108	331,529	284,534
Total - 2022	763	5,701,057	30,994,326	34,192,173	70,888,319	
Total - 2021	393	3,744,639	23,378,865	29,078,239		56,202,136
Total current					36,696,146	27,123,897
Total noncurrent					34,192,173	29,078,239

(a) Refers to, substantially, interbank onlending of rural credit and other funds between the Bank and the Cooperatives associated to Sicredi System which, as at September 30, 2022, amounted to R\$50,229.857 (R\$38,688,782 in December 2021).

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d) Concentration of credit operations

	Individual and Consolidated			
	09/30/2022	%	12/31/2021	%
10 major debtors	18,931,594	26.70	14,540,801	25.87
50 next major debtors	29,650,650	41.83	22,896,984	40.74
100 next major debtors	2,814,243	3.97	2,262,456	4.03
Other	19,491,832	27.50	16,501,895	29.36
Total	70,888,319	100.00	56,202,136	100.00

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

	Individual and Consolidated	
	09/30/2022	12/31/2021
Opening balance	71,429	22,015
Recognition of provision	2,933	59,347
Reversal of provision	(70,680)	(7,089)
Set up of additional provision	41,653	-
Reversal of additional provision	-	(10,008)
Subtotal	(26,094)	42,250
Credits written off as loss	(749)	(322)
Closing balance	44,586	63,943

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

	Individual and Consolidated	
	09/30/2022	09/30/2021
Interbank onlending	2,885,912	1,065,615
Loans	253,598	200,697
Financing	114,565	83,795
Rural and agro-industrial financing	616,558	493,042
Housing financing	88,083	43,143
Subtotal	3,958,716	1,886,292
Recovery of receivables written off as loss	646	116
Total	3,959,362	1,886,408

In the period ended September 30, 2022, recovery of credit operations previously written off as loss amounted to R\$646 (R\$116 in September 2021) and was recorded as trading revenues – credit operations.

In the period ended September 30, 2022 and 2021, no loans were renegotiated.

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7. Other financial assets

	Individual		Consolidated	
	09/30/2022	12/31/2021	09/30/2022	12/31/2021
Payments and receipts to be settled	19,992	-	19,992	-
Payment transactions (a)	2,295,938	1,969,168	2,295,938	1,969,168
Instant payments (b)	142,517	32,101	142,517	32,101
Other exchange operations (c)	475,668	262,567	475,668	262,567
Securities trading and brokerage	2,672	153	2,837	156
Transactions with credit cards (d)	7,185,035	5,977,422	7,185,034	5,977,422
Total current	10,121,822	8,241,411	10,121,986	8,241,414

- (a) Payment transactions refer to amounts receivable from issuers on intermediation of transactions performed with credit and debit cards.
- (b) Instant payments refer to amounts deposited in the Central Bank's instant payment account (PI account) to settle Pix transactions.
- (c) Other exchange operations refer to the purchase of foreign currency, foreign exchange sales operations, amounts in local currency and advance of funds on account of foreign exchange sales operations.
- (d) Card transactions refer to balances receivable from Cooperatives, both from the issue financial agenda, which comprises 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.

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8. Deposits and open-market funding

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

	Individual				Consolidated		
	09/30/2022			12/31/2021	09/30/2022	12/31/2021	
	No maturity and within 3 months	From 3 to 12 months	Over 12 months	Total	Total	Total	
Deposits	34,414,059	4,711,638	7,566,388	46,692,085	41,169,050	46,689,025	41,165,458
Demand deposits	87,015	-	-	87,015	83,671	83,955	80,079
Deposits in savings accounts	26,782,045	-	-	26,782,045	26,056,793	26,782,045	26,056,793
Interbank deposits	1,178,252	4,558,169	6,933,915	12,670,336	12,045,633	12,670,336	12,045,633
Time deposits	6,366,747	153,469	632,473	7,152,689	2,982,953	7,152,689	2,982,953
Open market funding	31,478,557	399,547	1,371,041	33,249,145	3,749,399	33,249,145	3,749,399
Own portfolio	11,964,830	399,547	1,371,041	13,735,418	2,467,641	13,735,418	2,467,641
Third-party portfolio	19,513,727	-	-	19,513,727	1,281,758	19,513,727	1,281,758
Investment funds	19,393,728	-	-	19,393,728	1,281,758	19,393,728	1,281,758
Financial institutions	119,999	-	-	119,999	-	119,999	-
Total - 2022	65,892,616	5,111,185	8,937,429	79,941,230		79,938,170	
Total - 2021	31,723,545	9,335,876	3,859,028		44,918,449		44,914,857
Total current				71,003,801	41,059,421	71,000,741	41,055,829
Total noncurrent				8,937,429	3,859,028	8,937,429	3,859,028

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9. Funds from acceptance and issue of securities

	Individual and Consolidated				
	09/30/2022				12/31/2021
	Within 3 months	From 3 to 12 months	Over 12 months	Total	Total
Funds from agribusiness credit bills	2,748,099	6,619,621	14,600,202	23,967,922	6,644,851
Payables for issue of financial bills	231,159	589,657	5,136,745	5,957,561	2,424,831
Total - 2022	2,979,258	7,209,278	19,736,947	29,925,483	
Total - 2021	573,111	2,225,488	6,271,083		9,069,682
Total current				10,188,536	2,798,599
Total noncurrent				19,736,947	6,271,083

In June 2022, the Bank carried out the first issue of Green Financial Treasury amounting R\$780,000 maturing until 2025, for a credit line to the associates allocated to projects and best practices aligned to sustainability, whose balance is presentend under the item obligations due to issue of financial bills. The updated amount as at September 30, 2022 is of R\$811,011.

10. Loan and onlending obligations

	Individual and Consolidated				
	09/30/2022				12/31/2021
	Within 3 months	From 3 to 12 months	Over 12 months	Total	Total
Loan obligations	364,615	3,176,542	2,785,281	6,326,438	4,488,697
Domestic loans – official institutions	1,061	2,413	68,110	71,584	73,235
Domestic loans	23,663	1,513,068	512,338	2,049,069	1,460,252
Foreign loans (a)	339,891	1,661,061	2,204,833	4,205,785	2,955,210
Local on-lending obligations - official institutions (b)	870,156	2,647,846	13,387,792	16,905,794	14,329,542
National Treasury	93,196	139,946	94,096	327,238	78,384
Banco do Brasil	34,469	143,956	1,259,401	1,437,826	937,258
Brazilian Development Bank (BNDES) Machinery and Equipment Financing (FINAME)	165,337	698,778	2,649,086	3,513,201	3,295,043
Financing Fund for the North Region (FNO) Banco da Amazônia	1,590	2,527	154,028	158,145	27,296
Total - 2022	1,234,771	5,824,388	16,173,073	23,232,232	
Total - 2021	890,125	3,325,376	14,602,738		18,818,239
Total current				7,059,159	4,215,501
Total noncurrent				16,173,073	14,602,738

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(a) 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. As at September 30, 2022, the Bank is compliant with the clauses of referred to agreement. 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 2x Challenge – Finance for Women, a global challenge launched by G7 development institutions that has as main goal allocate resources to generate leadership and entrepreneurship opportunities for emerging nations' women.

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

11. Other financial liabilities

Note	Individual		Consolidated	
	09/30/2022	12/31/2021	09/30/2022	12/31/2021
Receipts and payments to be settled	9,066	1,736	9,066	1,736
Payment transactions (a)	6,819,551	5,511,577	6,819,551	5,511,578
Third-party funds in transit	180,931	141,134	180,931	141,134
Domestic transfers of funds	-	1,538	-	1,538
Securities trading and brokerage	9,553	166	9,562	168
Provision for interest on rural savings account	94,172	76,305	94,172	76,305
Transactions with credit cards (b)	1,681,794	1,277,975	1,681,794	1,277,975
Exchange portfolio	11.a 90,837	100,705	90,837	100,705
Subordinated debt	11.c 63,269	1,111	63,269	1,111
Total current	8,949,173	7,112,247	8,949,182	7,112,250
Obligations due to consortium members' funds (c)	-	-	-	29,909
Exchange portfolio – advances	11.a (589)	(1,499)	(589)	(1,499)
Subordinated debt	11.c 1,192,685	45,000	1,192,685	45,000
Hybrid equity and debt instruments	11.b 233,122	225,406	233,122	225,406
Total noncurrent	1,425,218	268,907	1,425,218	298,816
Total	10,374,391	7,381,154	10,374,400	7,411,066

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

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

(c) 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, from June 30, 2022, sought by consortium groups ended after Law No. 11795/2008, as well as those corresponding to application of these funds, were reclassified to memorandum accounts.

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a) Exchange portfolio

		Individual and Consolidated	
		09/30/2022	12/31/2021
Foreign exchange payables		37,485	17,364
Exchange purchase obligations		421,148	252,280
Advances on exchange contracts	6.a	(367,796)	(168,939)
Total current		90,837	100,705
Advances on exchange contracts	6.a	(589)	(1,499)
Total noncurrent		(589)	(1,499)
Total		90,248	99,206

b) Hybrid equity and debt instruments

On May 02, 2005, pursuant to 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. 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	
	09/30/2022	12/31/2021
Central Sicredi Sul/Sudeste	143,922	139,157
Central Sicredi Paraná/São Paulo/Rio de Janeiro states	58,503	56,567
Central Sicredi Mato Grosso/Pará/Rondônia states	26,248	25,380
Central Sicredi Brasil Central	4,449	4,302
Total	233,122	225,406

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c) Subordinated debt

In compliance with the CMN Resolution No. 4955/21, the Bank has Subordinated Financial Notes (LFSN) issued amounting R\$740,300, with maturity up to 2032.

In January 2022, the Bank issued Subordinated Green Bonds amounting to USD100,000 to IDB Invest, a member of the Inter-American Development Bank (IDB), intended to finance renewable energy and energy efficiency projects with Sicredi associates. The amount raised in Brazilian Reais totals R\$540,780 and matures in ten years (principal), with payment of semiannual interest.

As at September 30, 2022, the adjusted amount of IFC subordinated debt is of R\$1,255,954 (R\$46,111 in December 2021).

12. Balances and transactions with related parties

Related institutions / Sistema de Crédito Cooperativo – (Sicredi)

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

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

	Individual	
	09/30/2022	12/31/2021
Assets	64,419,445	48,571,551
Investments in investment fund shares	959	4,109
Investments in interbank deposits	6,887,073	3,880,057
Interbank onlending	50,229,857	38,688,782
Loan transactions	435,612	463,953
Income receivable	25,241	19,308
Other receivables – Sundry	6,871,158	5,565,325
Provision for expected losses associated with credit risk	(30,455)	(49,983)
Liabilities	49,825,365	9,999,511
Demand deposits	33,722	30,940
Time deposits	6,361,794	2,840,667
Interbank deposits	11,680,644	4,488,186
Open market funding – own portfolio	11,899,610	961,680
Open market funding – third-party portfolio	19,513,727	1,281,758
Social and statutory obligations	-	101,308
Other obligations - sundry	102,746	69,566
Hybrid equity and debt instruments	233,122	225,406
	09/30/2022	09/30/2021
Revenues	3,770,105	1,245,180
Loan transactions	2,469,605	973,073
Revenue from marketable securities	991,942	111,863
Service revenues	16,580	14,825
Other operating income	272,178	145,419
Provision for expected losses associated with credit risk	19,800	-
Expenses	3,502,638	1,832,314
Open market transactions	2,713,518	877,441
Other administrative expenses	788,599	923,413
Other operating expenses	521	1,499
Provision for expected losses associated with credit risk	-	29,961

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Related institutions / subsidiaries

Demand deposits

	<u>09/30/2022</u>	<u>12/31/2021</u>
Administradora de Bens Sicredi	29	22
Corretora de Seguros Sicredi Ltda.	-	929
Administradora de Consórcios Sicredi Ltda.	3,025	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>3,059</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>09/30/2022</u>	<u>09/30/2021</u>	<u>09/30/2022</u>	<u>09/30/2021</u>
Salaries	5,153	3,244	5,153	3,244
Profit sharing	4,299	3,320	4,299	3,320
Social Security Tax (INSS)	2,070	1,448	2,107	1,563
Total	<u>11,522</u>	<u>8,012</u>	<u>11,559</u>	<u>8,127</u>

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Post-employment benefits

	Individual and Consolidated	
	09/30/2022	09/30/2021
Supplementary pension plan – defined contribution	186	154
Total	186	154

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

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

The Bank manages investment funds, whose equity as at September 30, 2022 amounted to R\$80,317,424 (R\$57,968,419 at December 2021).

Revenue from investment fund management in the six-month period amounted to R\$ 16,415 (R\$ 14,743 in September 2021) and is presented under Service revenues (Note 14).

14. Service revenues

	Individual		Consolidated	
	09/30/2022	09/30/2021	09/30/2022	09/30/2021
Fund management	16,415	14,743	16,408	14,741
Collection	3,690	3,163	3,690	3,163
Custody	1,246	1,008	1,246	1,008
Bank services	4,118	4,003	4,118	4,003
Fund management fee	196	115	196	115
Clearance processing (a)	1,391	21,714	1,391	21,714
Collective bargaining agreements (b)	22,790	21,028	22,790	21,028
Issue of credit cards	12,524	9,174	12,524	9,174
Rents	-	-	2,732	2,574
Guarantees given	546	166	546	166
Consortium management fees	-	-	263,970	216,794
Insurance commission	-	-	459,223	413,784
Total	62,916	75,114	788,834	708,264

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

(b) Revenue from agreements refers to revenue from public and private agreements.

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15. Personnel expenses

	<u>09/30/2022</u>	<u>09/30/2021</u>	<u>09/30/2022</u>	<u>09/30/2021</u>
Salaries	41,767	35,937	44,353	38,776
Benefits	10,539	9,454	11,199	10,144
Social charges	14,696	13,134	15,678	14,122
Training	244	389	250	389
Other personnel expenses	288	388	288	391
Total	<u>67,534</u>	<u>59,302</u>	<u>71,768</u>	<u>63,822</u>

16. Administrative expenses

	<u>Individual</u>		<u>Consolidated</u>	
	<u>09/30/2022</u>	<u>09/30/2021</u>	<u>09/30/2022</u>	<u>09/30/2021</u>
Financial System Services (a)	794,001	772,848	995,076	932,247
Depreciation and amortization	1,066	1,219	3,368	3,394
Communication	4,303	2,844	4,466	3,365
Data processing	12,400	12,274	12,564	13,146
Third-party services (b)	217,034	134,598	257,088	166,266
Cooperative agreements (c)	-	-	369,225	338,976
Partners' compensation	-	-	8,032	6,292
Water, power and gas	508	382	529	400
Rents	559	412	142	33
Condominium fees	2,985	2,992	3,205	3,156
Advertising, publicity, promotions and public relations	8,640	23,411	8,641	23,411
Transportation	39	40	40	40
Travel	779	12	794	13
Fees	673	889	724	988
Other expenses	2,656	2,620	2,569	2,743
Total	<u>1,045,643</u>	<u>954,541</u>	<u>1,666,463</u>	<u>1,494,470</u>

- (a) 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.
- (b) Third-party services refer primarily to the amounts paid to Visa and Mastercard for credit and debit card processing.
- (c) 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.

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17. Non-recurring P&L

	<u>09/30/2022</u>	<u>09/30/2021</u>
Non-recurring events		
Effect of change in social contribution rate	1,007	1,340
Non-recurring income (loss)	<u>1,007</u>	<u>1,340</u>

Provisional Executive Measure No. 1115 published on April 29, 2022, increased the Social Contribution Tax on Net Profit (CSLL) rate of financial business, insureds and cooperatives by one percent, from 20% to 21% for banks, which had an effect in the period from August 1, 2022 to December 31, 2022.

18. Capital and risk management structure

Sicredi System considers risk management a priority in conducting its activities and business, and adopts practices in absolute consonance with the precepts of Basel Accords. As such, the System has specialized areas for managing these risks, centralized in Banco Cooperativo Sicredi S.A. Major risks managed by Sicredi System are the capital management structure, and operational, market, liquidity, credit, information security, and social and environmental risks.

a) Additional information

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

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

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19. Basel and fixed asset to equity ratios

Financial and other institutions authorized to operate by the Central Bank of Brazil should maintain, at all times, Regulatory Capital (RC) computed under the terms of CMN Resolutions No. 4958 and of CMN Resolution No. 4955/21, commensurate with the risks inherent in their activities, calculated as follows:

Operating limits	Individual and Consolidated	
	09/30/2022	12/31/2021
Regulatory Capital (RC)	3,660,945	2,721,281
Tier I (TI)	3,484,912	2,675,170
Core capital (CC)	3,251,790	2,449,764
Capital	3,038,977	2,388,977
Capital reserves	60,685	60,685
Retained earnings	152,178	-
Unrealized equity valuation losses	(47)	221
Prudential adjustments	(3)	(119)
Supplementary Capital (SC)	233,122	225,406
Financial bills and subordinated debts	233,122	225,406
Tier II (TII)	176,034	46,111
Financial bills and subordinated debts	1,255,954	46,111
Deduction of investment in other entities	(1,079,920)	-
Risk Weighted Assets (RWA)	22,690,940	17,826,571
Credit risk	19,936,626	15,382,056
Market risk	171,311	83,032
Operational risk	2,583,003	2,361,483
Interest rate risk in the banking book	134,865	242,288
Capital Margin¹	1,143,532	696,337
Basel Index (RC / RWA)	16.1%	15.3%
Tier I Capital (TI / RWA)	15.4%	15.0%
Core capital (CC / RWA)	14.3%	13.7%
Supplementary Capital (SC / RWA)	1.0%	1.3%
Tier II Capital (TII / RWA)	0.8%	0.3%
Fixed asset to equity status (FA)	92,795	87,428
Fixed asset to equity ratio (FA / RC)	2.5%	3.2%

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

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20. Commitments, guarantees and other responsibilities

a) Commitments, guarantees and other responsibilities

	<u>Individual and Consolidated</u>	
	<u>09/30/2022</u>	<u>12/31/2021</u>
Credits open to export Exchange to be contracted (a)	4,953	3,392
Co-obligations for guarantees given Beneficiaries of guarantees given (b)	133,225	105,865
Depositories of amounts in custody/guarantee (c)	20,875,641	10,739,313
Notes under collection	42,277,042	38,563,541

- (a) Beneficiaries of guarantees given correspond basically to the amount of guarantees given, collateral and pledges granted to third parties in domestic currency.
(b) Depositories of amounts in custody/guarantee refer to amounts of third-party notes under custody of B3 and SELIC.
(c) Notes under collection represent third-party notes being collected directly in Brazil.

b) Other guarantees

	<u>Individual and Consolidated</u>	
	<u>09/30/2022</u>	<u>12/31/2021</u>
B3 guarantee margin	408,991	425,604

21. Events after the reporting period

At the Board of Directors' meeting held on October 19, 2022, a capital increase in the Bank amounting to R\$450,000 was authorized and paid in. This capital increase is under BACEN's ratification process.