



# Individual and Consolidated Financial Statements

## Banco Cooperativo Sicredi S.A.

December 31, 2022  
with Independent Auditor's Report

# Management Report 2022



we are

Sicredi

The first cooperative financial institution of Brazil

For more than 120 years, we have been an institution made of people for people united around the same purpose.

We operate in a system organized in five regional central offices and 105 associated cooperatives, each having local autonomy.

Our individual and consolidated financial statements present the consolidated financial position and performance of Banco Cooperativo Sicredi, a financial institution that is part of the Sicredi System.

**R\$ 150.4bi**

Total assets

**R\$ 47.4bi**

Total deposits

**R\$ 77.5bi**

Credit portfolio

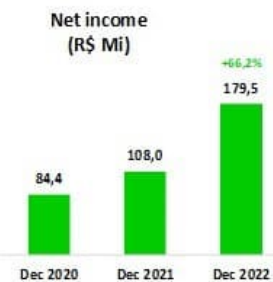
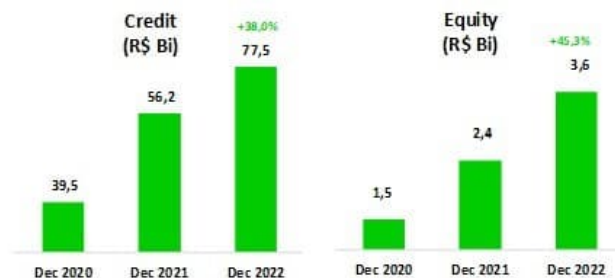
**R\$3.6 bi**

Equity

**R\$179.5 mi**

Net income

\*Data of Dec/2022.



### Highlights

In October, we received a review from Morningstar Sustainalytics and were considered a company with “Low Risk” of financial impacts from ESG factors. As a result, Sicredi ranks among the top 20 “Diversified Banks” out of the 400 entities assessed globally by the ESG risk rating agency.

The institution’s risk management also received a good rating for monitoring social and environmental risks, for data security and privacy, and for using the GRI standard in preparing its Sustainability Report, providing transparency and accountability to investors and the general public. In addition, the company’s ESG issues are overseen by the board of directors, which suggests integration with its business plan.

In support of the growing female entrepreneurship in Brazil, we raised in May approximately R\$500 million to allocate to micro, small and medium-sized companies led by women. This is the second fundraising held to promote the women entrepreneurs line.

In January 2022, the institution made its first issue of Green Bonds (debt instruments issued specifically to finance projects with environmental benefits) abroad. This issue was made with IDB Invest, a member of the Inter-American Development Bank (IDB), in the amount of USD 100 million (R\$540 million), and 100% of the funds will be used to finance new photovoltaic power and energy efficiency projects, and were available since the end of January.

### Awards

For more than 10 years, we have been in some of the most recognized Brazilian rankings and awards. This year we ranked fourth as the best company to work for in the category “Financial Institutions - Credit Unions” in the GPTW (Great Place to Work) ranking. The ranking is published annually and awards the best companies to work for at the national, regional, industry and thematic levels.

Ratings assigned to Sicredi by the world’s leading credit rating agencies:

AA – Fitch  
 AAA – Moodys  
 AAA – Standard&Poor’s

### We value people and diversity



### MANAGEMENT

Porto Alegre, March 03, 2023.

## Banco Cooperativo Sicredi S.A.

### Individual and consolidated financial statements

December 31, 2022

#### Contents

Independent auditor's report on individual and consolidated financial statements.....	1
Individual and consolidated financial statements	
Contents .....	4
Statements of financial position .....	7
Statements of income .....	8
Statements of comprehensive income.....	9
Statements of changes in shareholders' equity.....	10
Statements of cash flows .....	11
1. Operations.....	13
2. Basis of preparation and presentation of the individual and consolidated financial statements .....	14
3. Summary of significant accounting practices .....	15
4. Cash and cash equivalents .....	20
5. Short-term interbank investments.....	21
6. Compulsory deposits in Central Bank of Brazil .....	21
7. Marketable securities and derivative financial instruments.....	22
8. Loan transactions, interbank onlendings and provision for expected losses associated with credit risk	28
9. Other financial assets .....	31
10. Other assets .....	31
11. Interests held in domestic subsidiaries .....	32
12. Property and equipment in use and intangible assets .....	33
13. Deposits and open-market funding.....	34
14. Funds from acceptance and issue of securities .....	34
15. Loan and onlending obligations.....	35
16. Other financial liabilities .....	36
17. Provision for civil, tax and labor contingencies.....	37
18. Other liabilities .....	39
19. Equity .....	39
20. Income and social contribution taxes.....	40
21. Balances and transactions with related parties .....	44
22. Investment funds managed by Banco Cooperativo Sicredi S.A.....	46

23. Service revenues .....	46
24. Personnel expenses .....	47
25. Administrative expenses .....	47
26. Other operating income.....	48
27. Other operating expenses.....	48
28. Non-recurring income (loss) .....	49
29. Capital and risk management structure .....	49
I - Capital management structure .....	49
II - Operational risk.....	50
III – Going-concern risk.....	50
IV – Market risk.....	51
V – Interest rate risk for instruments classified in the bank portfolio (IRRBB).....	52
VI - Liquidity risk .....	52
VII - Credit risk.....	53
VIII – Social environmental risk .....	53
IX – Compliance risk.....	54
X - Information security risk.....	54
XI – Additional Information .....	54
30. Sensitivity analysis.....	55
31. Basel and fixed asset to equity ratios .....	56
32. Correspondent banks.....	56
33. Commitments, guarantees and other responsibilities.....	57
34. Insurance coverage.....	57
35. Other matters.....	58



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 December 31, 2022 and the statements of profit or loss, of comprehensive income, of changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying 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 December 31, 2022, and its individual and consolidated financial performance and cash flows for the year then ended in accordance with the accounting practices adopted in Brazil applicable to institutions authorized to operate by the Central Bank of Brazil (BACEN).

### Basis for opinion

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

### Emphasis of a matter

#### *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 December 31, 2022, its consolidated performance for the year then ended, in accordance with the accounting practices adopted in Brazil applicable to institutions authorized to operate by the Central Bank of Brazil. As such, our report on these consolidated financial statements may not be appropriate for other purposes.

## 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 December 31, 2022, the gross balance of loan transactions and interbank onlendings of rural credit amounts to R\$ 77,095,136 thousand, for which provisions for expected losses associated with credit risk amounting to R\$ 130,478 thousand were recorded. Management uses judgment in order to determine provision for expected losses associated with credit risk pursuant to Brazilian Monetary Council (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 the 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 operations of the Bank are highly dependent on the proper functioning of IT structures and systems. As such, we considered the IT environment 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 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.

Brasília, March 3, 2023.

ERNST & YOUNG  
Auditores Independentes S/S Ltda  
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  
December 31, 2022 and 2021  
(In thousands of reais)

	Note	Individual		Consolidated	
		12/31/2022	12/31/2021	12/31/2022	12/31/2021
<b>Assets</b>					
Cash and cash equivalents	4	611,295	523,440	611,295	523,440
Financial instruments		149,194,483	82,203,269	149,372,154	82,396,488
Short-term interbank investments	5	18,431,808	5,767,144	18,431,808	5,767,144
Compulsory deposits in Central Bank of Brazil	6	4,236,748	3,784,928	4,236,748	3,784,928
Marketable securities and derivative financial instruments	7	37,817,421	8,453,102	37,995,083	8,646,318
Own portfolio		13,513,665	5,401,302	13,691,327	5,594,518
Linked to repurchase agreements		23,248,790	2,480,595	23,248,790	2,480,595
Linked to guarantees given		1,023,008	444,799	1,023,008	444,799
Derivative financial instruments	7.c	31,958	126,406	31,958	126,406
Interbank onlending	8	55,443,135	38,688,782	55,443,135	38,688,782
Loan transactions	8	21,652,001	17,339,331	21,652,001	17,339,331
Other financial assets	9	11,743,848	8,241,411	11,743,857	8,241,414
Provision for expected losses associated with credit risk	8.e	(130,478)	(71,429)	(130,478)	(71,429)
Tax credits	20.b	191,934	58,328	192,978	58,987
Other assets	10	252,718	175,275	273,707	191,400
Investments in subsidiaries	11	160,096	149,788	-	-
Other investments		978	693	978	722
Property and equipment in use	12	7,780	6,873	61,189	60,202
Intangible assets	12	3	119	8	127
<b>TOTAL ASSETS</b>		<b>150,419,287</b>	<b>83,117,785</b>	<b>150,512,309</b>	<b>83,231,366</b>
<b>Liabilities and equity</b>					
Deposits and other financial instruments		146,291,001	80,216,928	146,285,867	80,243,248
Deposits	13	47,373,024	41,169,050	47,367,875	41,165,458
Open market funding	13	31,015,145	3,749,399	31,015,145	3,749,399
Funds from acceptance and issue of securities	14	31,787,555	9,069,682	31,787,555	9,069,682
Loan obligations	15	6,376,481	4,488,697	6,376,481	4,488,697
Local on-lending obligations - official institutions	15	18,255,380	14,329,542	18,255,380	14,329,542
Derivative financial instruments	7.c	368,547	29,404	368,547	29,404
Other financial liabilities	16	11,114,869	7,381,154	11,114,884	7,411,066
Provisions for civil, tax and labor contingencies;	17	31,410	27,636	33,460	28,426
Deferred tax obligations	20.b	29,922	55,060	30,647	55,819
Other liabilities	18	508,323	368,285	603,881	453,859
<b>Equity</b>	19	<b>3,558,631</b>	<b>2,449,876</b>	<b>3,558,631</b>	<b>2,449,876</b>
Capital		3,488,974	2,388,974	3,488,974	2,388,974
Legal reserve		69,657	60,681	69,657	60,681
Other comprehensive income (loss)		-	221	-	221
<b>Noncontrolling interests</b>		<b>-</b>	<b>-</b>	<b>(177)</b>	<b>138</b>
Noncontrolling interests		-	-	(177)	138
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>150,419,287</b>	<b>83,117,785</b>	<b>150,512,309</b>	<b>83,231,366</b>

See accompanying notes.

## Banco Cooperativo Sicredi S.A.

Statements of income  
and years ended December 31, 2022 and 2021  
(In thousands of reais, except for net earnings per thousand shares)

	Note	Individual			Consolidated		
		2H 2022	12/31/2022	12/31/2021	2H 2022	12/31/2022	12/31/2021
Trading revenues		7,132,267	11,160,683	4,281,434	7,142,055	11,177,410	4,288,216
Loans and interbank onlendings	8.f	3,445,148	5,763,731	2,805,891	3,445,148	5,763,731	2,800,157
Revenue from marketable securities		3,358,105	5,206,817	1,129,447	3,367,893	5,223,544	1,136,229
Income from (loss on) derivative financial instruments	7.c	135,090	(163,192)	182,853	135,090	(163,192)	182,853
Foreign exchange transactions		23,586	45,346	42,190	23,586	45,346	42,190
Compulsory investments		170,338	307,981	121,053	170,338	307,981	121,053
Trading expenses		(6,378,698)	(9,788,789)	(3,004,856)	(6,378,641)	(9,788,701)	(3,004,841)
Open market transactions		(5,821,341)	(9,106,643)	(2,129,313)	(5,821,284)	(9,106,555)	(2,129,298)
Borrowings and onlending		(557,357)	(682,146)	(875,543)	(557,357)	(682,146)	(875,543)
Trading profit (loss)		753,569	1,371,894	1,276,578	763,414	1,388,709	1,283,375
Provision for expected losses associated with credit risk	8.e	(93,044)	(59,879)	(50,052)	(93,044)	(59,879)	(50,052)
Gross trading profit		660,525	1,312,015	1,226,526	670,370	1,328,830	1,233,323
Other operating income (expenses)		(541,845)	(1,005,185)	(1,018,907)	(552,256)	(1,017,995)	(1,018,060)
Service revenues	23	44,327	85,531	99,757	591,282	1,093,634	962,300
Personnel expenses	24	(50,294)	(93,139)	(83,479)	(52,965)	(98,713)	(89,524)
Administrative expenses	25	(760,705)	(1,425,880)	(1,242,982)	(1,243,434)	(2,300,675)	(1,978,228)
Tax expenses		(48,291)	(103,702)	(61,178)	(115,616)	(228,090)	(165,520)
Equity pickup in subsidiaries	11	2,356	10,308	13,483	-	-	-
Other operating income	26	300,559	580,613	376,987	299,608	577,788	375,520
Other operating expenses	27	(29,797)	(58,916)	(121,495)	(31,131)	(61,939)	(122,608)
Operating income (expenses)		118,680	306,830	207,619	118,114	310,835	215,263
Income before taxes and profit sharing		118,680	306,830	207,619	118,114	310,835	215,263
Income and social contribution taxes	20	(25,855)	(102,746)	(75,882)	(24,708)	(106,050)	(82,333)
Income tax		(38,884)	(143,298)	(20,357)	(38,621)	(146,527)	(25,101)
Social contribution tax		(38,222)	(120,759)	(18,687)	(38,186)	(121,993)	(20,524)
Deferred tax credits, net		48,503	158,563	(36,838)	48,611	158,982	(36,708)
Reversal of prior year's income and social contribution taxes		2,748	2,748	-	3,488	3,488	-
Employee profit sharing		(12,640)	(24,574)	(23,734)	(13,141)	(25,590)	(24,885)
Noncontrolling interests		-	-	-	(80)	315	(42)
Net income for the year		80,185	179,510	108,003	80,185	179,510	108,003
Number of shares at end of year	19	367,074,548	2,977,691,316	2,063,207,523	367,074,548	2,977,691,316	2,063,207,523
Net earnings per thousand shares at end of year - R\$		218.44	60.28	52.35	218.44	60.28	52.35

See accompanying notes.

## Banco Cooperativo Sicredi S.A.

Statements of comprehensive income  
and years ended December 31, 2022 and 2021  
(In thousands of reais)

	Individual			Consolidated		
	2H 2022	12/31/2022	12/31/2021	2H 2022	12/31/2022	12/31/2021
Net income for the year	80,185	179,510	108,003	80,185	179,510	108,003
Noncontrolling interests	-	-	-	(80)	315	(42)
Net income for the year attributable to shareholders	<b>80,185</b>	<b>179,510</b>	108,003	<b>80,105</b>	<b>179,825</b>	107,961
Marketable securities available for sale	(2,542)	(402)	2,340	(2,542)	(402)	2,340
Taxes on adjustments to marketable securities available for sale	1,144	181	(1,053)	1,144	181	(1,053)
Total adjustments not included in net income for the year	<b>(1,398)</b>	<b>(221)</b>	1,287	<b>(1,398)</b>	<b>(221)</b>	1,287
Comprehensive income (loss) for the year	<b>78,787</b>	<b>179,289</b>	109,290	<b>78,707</b>	<b>179,604</b>	109,248
Attributable to shareholders						
Net income for the period attributable to controlling interests	78,787	179,289	109,290	78,787	179,289	109,290
Net income for the year attributable to non-controlling interests	-	-	-	(80)	315	(42)

See accompanying notes.



## Banco Cooperativo Sicredi S.A.

Statements of changes in shareholders' equity  
 Years ended December 31, 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	-	1,513,189	96	1,513,285
Capital increase	930,000	-	-	-	-	930,000	-	930,000
Adjustments to market value - marketable securities	-	-	-	1,287	-	1,287	-	1,287
Net income for the year	-	-	-	-	108,003	108,003	42	108,045
Profit allocation	-	-	-	-	-	-	-	-
Reserves	-	-	5,400	-	(5,400)	-	-	-
Payment of dividends	-	-	-	-	(92,603)	(92,603)	-	(92,603)
Payment of interest on equity	-	-	-	-	(10,000)	(10,000)	-	(10,000)
Balances at December 31, 2021	2,388,974	-	60,681	221	-	2,449,876	138	2,450,014
Capital increase	1,100,000	-	-	-	-	1,100,000	-	1,100,000
Adjustments to market value - marketable securities	-	-	-	(221)	-	(221)	-	(221)
Net income for the year	-	-	-	-	179,510	179,510	(315)	179,195
Profit allocation	-	-	-	-	-	-	-	-
Reserves	-	-	8,976	-	(8,976)	-	-	-
Payment of dividends	-	-	-	-	(130,534)	(130,534)	-	(130,534)
Payment of interest on equity	-	-	-	-	(40,000)	(40,000)	-	(40,000)
Balances at December 31, 2022	3,488,974	-	69,657	-	-	3,558,631	(177)	3,558,454
Balances at June 30, 2022	2,388,974	650,000	60,681	1,398	99,325	3,200,378	(257)	3,200,121
Capital increase	1,100,000	(650,000)	-	-	-	450,000	-	450,000
Adjustments to market value - marketable securities	-	-	-	(1,398)	-	(1,398)	-	(1,398)
Net income for the year	-	-	-	-	80,185	80,185	80	80,265
Profit allocation:	-	-	-	-	-	-	-	-
Reserves	-	-	8,976	-	(8,976)	-	-	-
Payment of dividends	-	-	-	-	(130,534)	(130,534)	-	(130,534)
Payment of interest on equity	-	-	-	-	(40,000)	(40,000)	-	(40,000)
Balances at December 31, 2022	3,488,974	-	69,657	-	-	3,558,631	(177)	3,558,454

See accompanying notes.

## Banco Cooperativo Sicredi S.A.

Statements of cash flows  
Years ended December 31, 2022 and 2021  
(In thousands of reais)

	Individual			Consolidated		
	2H 2022	12/31/2022	12/31/2021	2H 2022	12/31/2022	12/31/2021
Cash flows from operating activities						
Net income before income and social contribution taxes	<b>106,040</b>	<b>282,256</b>	183,885	<b>104,973</b>	<b>285,245</b>	190,378
Adjustments to net income before taxes						
Adjustment to market value - marketable securities and derivatives	<b>18,785</b>	<b>(200,241)</b>	(34,563)	<b>18,785</b>	<b>(200,241)</b>	(34,563)
Provision for expected losses associated with credit risk	<b>93,044</b>	<b>59,879</b>	50,052	<b>93,044</b>	<b>59,879</b>	50,052
Depreciation and amortization	<b>622</b>	<b>1,370</b>	1,618	<b>2,160</b>	<b>4,445</b>	4,530
Loss on disposal of property and equipment	<b>107</b>	<b>119</b>	138	<b>307</b>	<b>565</b>	160
Provision for civil, tax and labor contingencies	<b>699</b>	<b>3,774</b>	(340)	<b>552</b>	<b>5,034</b>	297
Interest on hybrid capital instruments	<b>220</b>	<b>466</b>	937	<b>220</b>	<b>466</b>	937
Equity pickup in subsidiaries	<b>(2,356)</b>	<b>(10,308)</b>	(13,483)	-	-	-
Adjusted net income for the year	<b>217,161</b>	<b>137,315</b>	188,244	<b>220,041</b>	<b>155,393</b>	211,791
Changes in assets and liabilities						
(Increase) in short-term interbank investments	<b>(5,497,224)</b>	<b>(6,417,552)</b>	(2,272,471)	<b>(5,497,224)</b>	<b>(6,417,552)</b>	(2,272,471)
Decrease in marketable securities and derivative financial instruments	<b>653,808</b>	<b>338,948</b>	121,740	<b>637,954</b>	<b>354,502</b>	122,238
(Increase) in compulsory deposits in Central Bank of Brazil	<b>(291,739)</b>	<b>(451,820)</b>	(704,007)	<b>(291,739)</b>	<b>(451,820)</b>	(704,007)
(Increase) in interbank onlendings	<b>(13,651,992)</b>	<b>(16,754,353)</b>	(13,942,903)	<b>(13,651,992)</b>	<b>(16,754,353)</b>	(13,942,903)
(Increase) in loans	<b>(3,721,363)</b>	<b>(4,312,670)</b>	(2,853,245)	<b>(3,721,363)</b>	<b>(4,312,670)</b>	(2,853,245)
Decrease (Increase) in other financial instruments	<b>(673,206)</b>	<b>230,816</b>	(622,350)	<b>(673,204)</b>	<b>200,909</b>	(615,662)
(Increase) in provision for expected losses associated with credit risk	<b>(279)</b>	<b>(830)</b>	(638)	<b>(279)</b>	<b>(830)</b>	(638)
(Increase) in other assets and tax credits	<b>(15,990)</b>	<b>(77,443)</b>	(51,757)	<b>(20,172)</b>	<b>(82,307)</b>	(54,751)
Increase in deposits	<b>1,146,882</b>	<b>6,203,974</b>	12,939,540	<b>1,151,639</b>	<b>6,202,417</b>	12,945,585
Increase (decrease) in open market funding	<b>6,585,493</b>	<b>27,265,746</b>	(9,723,203)	<b>6,585,493</b>	<b>27,265,746</b>	(9,723,203)
Increase in funds from acceptance and issue of securities	<b>13,854,895</b>	<b>22,717,873</b>	4,912,279	<b>13,854,895</b>	<b>22,717,873</b>	4,912,279
Increase in borrowings and onlending	<b>4,585,870</b>	<b>5,813,622</b>	3,851,498	<b>4,585,870</b>	<b>5,813,622</b>	3,851,498
Increase (decrease) in other provisions, deferred tax obligations and other liabilities	<b>(399,184)</b>	<b>(1,171,778)</b>	67,661	<b>(385,433)</b>	<b>(1,161,790)</b>	42,208
Net cash flows from operating activities	<b>2,793,132</b>	<b>33,521,848</b>	(8,089,612)	<b>2,794,486</b>	<b>33,529,140</b>	(8,081,281)
Income and social contribution taxes paid	<b>(75,503)</b>	<b>(261,490)</b>	(37,992)	<b>(74,464)</b>	<b>(265,213)</b>	(44,120)
Net cash flows from operating activities	<b>2,717,629</b>	<b>33,260,358</b>	(8,127,604)	<b>2,720,022</b>	<b>33,263,927</b>	(8,125,401)

See accompanying notes.

## Banco Cooperativo Sicredi S.A.

Statements of cash flows (Continued)  
Years ended December 31, 2022 and 2021  
(In thousands of reais)

	Individual			Consolidated		
	2H 2022	12/31/2022	12/31/2021	2H 2022	12/31/2022	12/31/2021
Cash flows from investing activities						
Securities and receivables	-	-	106,919	-	-	106,919
Acquisition of property and equipment for own use	(1,179)	(2,280)	(1,332)	(3,601)	(5,878)	(3,536)
Acquisition of other investments	(91)	(285)	(51)	(62)	(256)	(50)
(Increase) decrease in available-for-sale securities	(5,491,642)	(16,904,498)	6,334,313	(5,491,642)	(16,904,498)	6,334,313
Decrease (Increase) in held-to-maturity securities	(9,302,229)	(12,259,606)	259,641	(9,302,229)	(12,259,606)	259,641
Net cash flows (used in) investing activities	<b>(14,795,141)</b>	<b>(29,166,669)</b>	6,699,490	<b>(14,797,534)</b>	<b>(29,170,238)</b>	6,697,287
Cash flows from financing activities						
Subordinated debt	237,470	1,273,880	(60,809)	237,470	1,273,880	(60,809)
Capital increase	450,000	1,100,000	930,000	450,000	1,100,000	930,000
Interest on equity paid	(30,000)	(40,000)	(10,000)	(30,000)	(40,000)	(10,000)
Dividends paid	(92,602)	(92,602)	(70,139)	(92,602)	(92,602)	(70,139)
Net cash flows from financing activities	<b>564,868</b>	<b>2,241,278</b>	789,052	<b>564,868</b>	<b>2,241,278</b>	789,052
Increase (decrease) in cash and cash equivalents	<b>(11,512,644)</b>	<b>6,334,967</b>	(639,062)	<b>(11,512,644)</b>	<b>6,334,967</b>	(639,062)
Cash and cash equivalents at beginning of year	<b>19,999,575</b>	<b>2,151,964</b>	2,791,026	<b>19,999,575</b>	<b>2,151,964</b>	2,791,026
Cash and cash equivalents at end of year	<b>8,486,931</b>	<b>8,486,931</b>	2,151,964	<b>8,486,931</b>	<b>8,486,931</b>	2,151,964

See accompanying notes.

## Banco Cooperativo Sicredi S.A.

Notes to individual and consolidated financial statements  
December 31, 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 of December 31, 2022, the System is organized into 105 associated Credit Cooperatives, which operate a service network of 2,454 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 December 31, 2022, Rabo Partnerships B.V. and IFC hold interests of 8.38% and 1.10% respectively (12.10% and 1.59%, respectively, in December 2020) in the Bank's shares.

## Banco Cooperativo Sicredi S.A.

Notes to individual and consolidated financial statements  
December 31, 2022 and 2021  
(In thousands of reais)

### 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 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).

Additionally, as of 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 March 03, 2023.

#### 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 December 31, 2022, its consolidated performance for the year then ended, in accordance with the accounting practices adopted in Brazil applicable to institutions authorized to operate by the Central Bank of Brazil, as well as the Bank's corporate structure. As a result, 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:

## Banco Cooperativo Sicredi S.A.

Notes to individual and consolidated financial statements  
December 31, 2022 and 2021  
(In thousands of reais)

Entity	Activity	12/31/2022	12/31/2021
Direct equity investment:		%	%
Administradora de Consórcios Sicredi Ltda.	Consortia administrator	<b>99.99</b>	99.99
Administradora de Bens Sicredi Ltda.	Asset Administrator	<b>99.98</b>	99.98
Corretora de Seguros Sicredi Ltda.	Insurance Broker	<b>100.00</b>	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	-	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.

In 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, Sicredi - FIC Multimercado Estratégia Moderada Longo Prazo and Sicredi - FIC Ações Sustentáveis ESG. However, after the 12-month limit period, the Bank redeemed the investments. As such, the Bank has no such investments at December 31, 2022 and the funds mentioned are no longer included in the consolidated financial statements.

Subsidiaries are fully consolidated 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.

### I. 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 years are recognized as a reduction of respective assets or liabilities.

Finance 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.



## Banco Cooperativo Sicredi S.A.

Notes to individual and consolidated financial statements  
December 31, 2022 and 2021  
(In thousands of reais)

### II. 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.

### III. 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.

### IV. Marketable securities

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

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

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

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

### V. 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 at inception date, in accordance with management's intent to use these instruments for hedging purposes or not, under the terms of Bacen Memorandum Circular No. 3082/02 of January 30, 2002.

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

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

- *Market risk hedge*: derivative financial instruments intended to offset risks arising from exposure to market value changes of the hedged item should be classified as market risk hedge. Gains and losses should be matched against P&L for the period;

## Banco Cooperativo Sicredi S.A.

Notes to individual and consolidated financial statements  
December 31, 2022 and 2021  
(In thousands of reais)

- *Cash flow hedge*: derivative financial instruments intended to offset variations in the Institution's estimated cash flow should be classified as cash flow hedge, and gains and losses relating to the effective portion should be matched against a specific account in equity less any tax effects and other variations matched against P&L for the period.

Sicredi recorded no operations classified as cash flow hedge accounting for the year ended December 31, 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.

### VI. Loan transactions

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.

### VII. 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.

### VIII. 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.

### IX. 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.

## Banco Cooperativo Sicredi S.A.

Notes to individual and consolidated financial statements  
December 31, 2022 and 2021  
(In thousands of reais)

### 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.

Property and equipment	Individual Annual depreciation rate	Consolidated 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%

### 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 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.

**Banco Cooperativo Sicredi S.A.**

Notes to individual and consolidated financial statements  
December 31, 2022 and 2021  
(In thousands of reais)

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. Provisional Executive Order (MP) No. 1115/22 was signed into Law No. 14446, published on September 02, 2022 to increase the Social Contribution on Net Profit (CSLL) rate by one percentage point from August 1, 2022 to December 31, 2022. By virtue of referred to law, the effect caused by this temporary increase on tax credits was realized during effectiveness of the new rate, which was restored on January 1, 2023.

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.

## Banco Cooperativo Sicredi S.A.

Notes to individual and consolidated financial statements  
December 31, 2022 and 2021  
(In thousands of reais)

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

### t) Earnings per share

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

### u) Recurring and non-recurring income

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

## 4. Cash and cash equivalents

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

	<b>Individual and Consolidated</b>	
	<b>12/31/2022</b>	<b>12/31/2021</b>
Cash and cash equivalents	<b>611,295</b>	523,440
Short-term interbank investments	<b>7,875,636</b>	1,628,524
Resale to settle - Self-funding position	-	338,239
Resale to settle - Financed position	<b>7,849,998</b>	1,281,758
Investments in foreign currency	<b>25,638</b>	8,527
Total	<b>8,486,931</b>	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.

## Banco Cooperativo Sicredi S.A.

Notes to individual and consolidated financial statements  
December 31, 2022 and 2021  
(In thousands of reais)

### 5. Short-term interbank investments

	Individual and Consolidated				12/31/2021
	12/31/2022				
	Falling due			Total portfolio	
Within 3 months	From 3 to 12 months	Over 12 months	Total portfolio		
Open market investments	7,849,998	-	-	7,849,998	1,619,997
Resale to settle - Self-funding position National Treasury Notes (NTN)	-	-	-	-	338,239
Resale to settle - Financed position National Treasury Notes (NTN)	7,849,998	-	-	7,849,998	1,281,758
Investments in interbank deposits	872,061	6,177,095	3,507,016	10,556,172	4,138,620
Interbank Deposit Certificates (CDI)	872,061	6,177,095	3,507,016	10,556,172	4,138,620
Investments in foreign currency	25,638	-	-	25,638	8,527
Investments in foreign currency	25,638	-	-	25,638	8,527
Total - 2022	8,747,697	6,177,095	3,507,016	18,431,808	
Total - 2021	1,898,268	2,027,335	1,841,541		5,767,144
Total current				14,924,792	3,925,603
Total noncurrent				3,507,016	1,841,541

### 6. Compulsory deposits in Central Bank of Brazil

	Individual and Consolidated	
	12/31/2022	12/31/2021
Compulsory reserves – deposits in savings accounts	4,236,748	3,784,928
Total current	4,236,748	3,784,928

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



## Banco Cooperativo Sicredi S.A.

Notes to individual and consolidated financial statements  
December 31, 2022 and 2021  
(In thousands of reais)

### 7. Marketable securities and derivative financial instruments

#### a) Portfolio breakdown

Note	Individual				Consolidated						
	12/31/2022			12/31/2021	12/31/2022			12/31/2021			
	Within 3 months	From 3 to 12 months	Over 12 months	Total portfolio	Total portfolio	Within 3 months	From 3 to 12 months	Over 12 months	Total portfolio	Total portfolio	
Own portfolio											
Financial Treasury Bills (LFT)	-	-	-	-	5,274,080	-	-	-	-	5,274,080	
National Treasury Bills (LTN)	3,375,547	-	-	3,375,547	-	3,375,547	-	-	3,375,547	-	
Rural Product Bills (CPR)	-	-	-	-	77,078	-	-	-	-	77,078	
Fixed-income investment funds	-	-	-	-	4,109	177,633	-	-	177,633	197,325	
National Treasury Notes (NTN)	8,691,586	-	-	8,691,586	-	8,691,586	-	-	8,691,586	-	
Subordinated Financial Notes - LFSN	-	-	1,446,532	1,446,532	46,035	-	-	1,446,561	1,446,561	46,035	
Linked to repurchase agreements											
Financial Treasury Bills (LFT)	462,377	-	16,576,505	17,038,882	2,480,595	462,377	-	16,576,505	17,038,882	2,480,595	
National Treasury Bills (LTN)	4,070,271	-	2,094,723	6,164,994	-	4,070,271	-	2,094,723	6,164,994	-	
National Treasury Notes (NTN)	-	-	44,914	44,914	-	-	-	44,914	44,914	-	
Linked to guarantees given											
Financial Treasury Bills (LFT)	18,235	-	1,004,773	1,023,008	444,799	18,235	-	1,004,773	1,023,008	444,799	
Subtotal	7.b	16,618,016	-	21,167,447	37,785,463	8,326,696	16,795,649	-	21,167,476	37,963,125	8,519,912
Derivative financial instruments		27	10,721	21,210	31,958	126,406	27	10,721	21,210	31,958	126,406
Total - 2022		16,618,043	10,721	21,188,657	37,817,421		16,795,676	10,721	21,188,686	37,995,083	
Total - 2021		36,168	47,411	8,369,523		8,453,102	229,384	47,411	8,369,523		8,646,318
Total current				16,628,764	83,579				16,806,397	276,795	
Total noncurrent				21,188,657	8,369,523				21,188,686	8,369,523	

## Banco Cooperativo Sicredi S.A.

Notes to individual and consolidated financial statements  
December 31, 2022 and 2021  
(In thousands of 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	-	-	177,633	177,633
Subtotal	-	-	177,633	177,633
Available for sale				
Maturing within 12 months	16,136,283	16,137,404	16,136,283	16,137,404
Maturing over 12 months	2,154,123	2,094,723	2,154,123	2,094,723
Subtotal	18,290,406	18,232,127	18,290,406	18,232,127
Held to maturity				
Maturing within 12 months	480,898	480,766	480,898	480,766
Maturing over 12 months	19,072,438	19,151,047	19,072,467	19,151,047
Subtotal	19,553,336	19,631,813	19,553,365	19,631,813
Total - 2022	37,843,742	37,863,940	38,021,404	38,041,573
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 December 31, 2022, no marketable securities were reclassified to other categories.

As at December 31, 2022, unrealized income/(loss) from securities classified as available for sale presented net loss of R\$ 58,279 (net gain of R\$ 152 in December 2021), partially recorded net of tax effects in equity under equity adjustments amounting to R\$ 0 (R\$ 221 in December 2021).

In 2022, adjustment to market value of securities classified as for trading recorded in P&L was of R\$ 0 (R\$ 8,738 in December 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.

## Banco Cooperativo Sicredi S.A.

Notes to individual and consolidated financial statements  
December 31, 2022 and 2021  
(In thousands of reais)

### c) Derivative financial instruments

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, pursuant to BACEN Memorandum Circular No. 3082 of January 30, 2002. 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 operations. 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.

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

## Banco Cooperativo Sicredi S.A.

Notes to individual and consolidated financial statements  
December 31, 2022 and 2021  
(In thousands of reais)

	Individual and Consolidated				12/31/2021
	12/31/2022				
	Net position of contracts to mature				
	Within 3 months	From 3 to 12 months	Over 12 months	Total	Total
<u>Clearance</u>					
Futures contracts	17,019,087	829,998	18,213,990	36,063,075	75,530
Swap contracts	4,719,328	-	-	4,719,328	2,721,377
Forward contracts	3,028	1,791	-	4,819	-
<b>Total - 2022</b>	<b>21,741,443</b>	<b>831,789</b>	<b>18,213,990</b>	<b>40,787,222</b>	
Total - 2021	148,738	(14,400)	2,662,569		2,796,907
<u>Swap contracts</u>					
Long position	-	10,653	21,210	31,863	126,406
Short position	(3,801)	(74,204)	(290,471)	(368,476)	(29,404)
<u>Forward contracts</u>					
Long position	27	68	-	95	-
Short position	(68)	(3)	-	(71)	-
<b>Total - 2022</b>	<b>(3,842)</b>	<b>(63,486)</b>	<b>(269,261)</b>	<b>(336,589)</b>	
Total - 2021	2,382	(24)	94,644		97,002
Total current				(67,328)	2,358
Total noncurrent				(269,261)	94,644

	Individual and Consolidated			
	12/31/2022			12/31/2021
	Notional amount	Cost – amount receivable/received (payable/paid)	Market value	Market value
<u>Futures contracts</u>	36,063,075	(6,184)	-	-
Purchase commitments	8,100,856	207	-	-
Future DI	7,994,679	-	-	-
Future WDO	106,178	207	-	-
Other	-	323	-	-
Sale commitments	27,962,219	(6,391)	-	-
Future DI	27,523,015	(4,048)	-	-
Future DOL	439,203	(2,343)	-	-
<u>Swap contracts</u>	4,719,328	26	(336,613)	97,002
Long position	-	90	31,863	126,406
Foreign currency	-	90	31,863	126,406
Short position	4,719,328	(64)	(368,476)	(29,404)
Foreign currency	4,719,328	(64)	(368,476)	(29,404)
<u>Forward contracts</u>	4,818	26	24	-
Long position	3,405	90	95	-
Foreign currency	3,405	90	95	-
Short position	1,413	(64)	(71)	-
Foreign currency	1,413	(64)	(71)	-

## Banco Cooperativo Sicredi S.A.

Notes to individual and consolidated financial statements  
December 31, 2022 and 2021  
(In thousands of reais)

Daily adjustments of futures transactions are recorded in asset or liability accounts, depending on the nature of the adjustment, and settled on D+1. As of December 31, 2022, the balance recorded under Securities trading and brokerage in assets is of R\$ 204 (R\$ 153 in December 2021) and in liabilities is of R\$ 6,123 (R\$ 166 in December 2021) in the individual and consolidated financial statements.

As of December 31, 2022, the Bank recorded losses on derivatives amounting to R\$ 163,192 (losses of R\$ 182,853 in December 2021).

As of December 31, 2022, the equity position of government securities given in guarantee for stock exchange operations amounted to R\$ 351,051 (R\$ 425,604 in December 2021).

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

Banco Sicredi uses hedge accounting to match losses and gains of hedge derivatives (hereinafter referred to as instrument) to losses and gains deriving from assets and liabilities that are hedged items (hereinafter referred to as item), generating benefits of predictability and decrease in volatility in the statement of financial position. The approach adopted by Banco Sicredi establishes rules for use of hedge accounting, i.e. rules for changing recognition of hedged items and hedging instruments in the financial statements.

There are two types of hedging relationships, as follows: Fair value hedge and cash flow hedge.

- I. Fair value hedge: aimed at preventing losses resulting from variations in market value, including exchange rate, of the hedged item. Variations in the prices of derivatives used for hedging fair value risk, as well as hedging instruments, should be directly included in the Institution's P&L.
  - a. **Fixed rate risk:** the item is subject to a fixed remuneration rate or payment, and market value variations may generate financial gains or losses based on the changes in the item's fair value:
    - Federal Government securities' hedge;
    - Private securities' hedge.

		Individual and Consolidated			
		Fixed rate risk			
		12/31/2022		12/31/2021	
		Curve value	Market value	Curve value	Market value
<u>Debts</u>	<u>Index</u>				
Federal government securities	Fixed interest rate	18,290,406	18,232,127	-	-
Private securities	Fixed interest rate	79,501	78,540	-	-
Subtotal		18,369,907	18,310,667	-	-
<u>Derivative instruments</u>	<u>Index</u>				
Futures contracts	Fixed interest rate	18,512,205	18,512,205	-	-
Subtotal					
<b>Total, net</b>		<b>(142,298)</b>	<b>(201,538)</b>	-	-

As of December 31, 2022, the Bank reclassified from equity to profit or loss for the year unrealized losses of R\$ 58,279 (loss of R\$ 27,992 in December 2021) referring to MtM adjustment on securities available for sale, based on the classification of these items as market risk hedge in order to comply with the hedge accounting rules.

## Banco Cooperativo Sicredi S.A.

Notes to individual and consolidated financial statements  
December 31, 2022 and 2021  
(In thousands of reais)

b. **Currency risk:** risk of exchange rate fluctuation, which may result in variations in cash flows or in fair value of the Bank's assets and liabilities:

- Funding hedge.

		Individual and Consolidated Currency risk							
		12/31/2022				12/31/2021			
		Notional value	Curve value	Market value	Adjustment to fair value	Notional value	Curve value	Market value	Adjustment to fair value
<u>Debts</u>	<u>Index</u>								
Funding in US dollar and fixed interest rate	117.6470% of 6m LIBOR + 1.2942% p.a.	39,451	37,154	37,390	(236)	118,352	117,702	114,373	3,329
Funding in US dollar and fixed interest rate	6m LIBOR + 0.85% p.a.	458,337	437,487	446,181	(8,694)	560,190	567,871	576,665	(8,794)
Funding in US dollar and fixed interest rate	3.32% p.a. + exchange differences	438,176	423,639	370,228	53,411	438,176	454,748	424,511	30,237
Funding in US dollar and fixed interest rate	6.45% p.a. + exchange differences	357,357	345,548	282,835	62,713	-	-	-	-
Funding in US dollar and fixed interest rate	6.45% p.a. + exchange differences	192,423	186,064	152,292	33,772	-	-	-	-
Funding in US dollar and fixed interest rate	4.39% p.a. + exchange differences	496,660	528,578	509,419	19,159	-	-	-	-
Funding in US dollar and fixed interest rate	6.58% p.a. + exchange differences	52,340	53,598	52,689	909	-	-	-	-
Subtotal		2,034,744	2,012,068	1,851,034	161,034	1,116,718	1,140,321	1,115,549	24,772
<u>Derivative instruments</u>	<u>Index</u>								
Floating interest rate swap	116% of CDI	39,451	(4,037)	(3,801)	(236)	118,352	(3,516)	(6,845)	3,329
Floating interest rate swap	106% of CDI	458,337	(39,302)	(30,608)	(8,694)	560,190	(4,704)	4,091	(8,794)
Floating interest rate swap	118.9% of CDI	438,176	(23,174)	(76,585)	53,411	438,176	11,359	(18,878)	30,237
Floating interest rate swap	155.12% of CDI	357,357	(21,025)	(83,738)	62,713	-	-	-	-
Floating interest rate swap	156.38% of CDI	192,423	(11,362)	(45,134)	33,772	-	-	-	-
Floating interest rate swap	110.75% of CDI	496,660	11,009	(8,149)	19,159	-	-	-	-
Floating interest rate swap	118.30% of CDI	52,340	(2,060)	(2,969)	909	-	-	-	-
Subtotal		2,034,744	(89,951)	(250,984)	161,034	1,116,718	3,139	(21,632)	24,772
<b>Total, net</b>		<b>-</b>	<b>2,102,019</b>	<b>2,102,018</b>	<b>-</b>	<b>-</b>	<b>1,137,182</b>	<b>1,137,181</b>	<b>-</b>

II. Cash flow hedge: intended to offset variations in the Institution's estimated cash flow. In cash flow hedges, only the non-effective portion of the instrument should be included in P&L. The effective portion is transferred to equity while changes in projected cash flows are not realized. In such event, gains and losses recorded in equity should be transferred to P&L for the year. As of December 31, 2022 and 2021, Banco Sicredi did not carry out this hedge accounting classification.



## Banco Cooperativo Sicredi S.A.

Notes to individual and consolidated financial statements  
December 31, 2022 and 2021  
(In thousands of reais)

To evaluate the effectiveness and measure the ineffectiveness of the strategies, the Bank adopts the dollar offset method and analyses these strategies on a monthly basis.

The dollar offset method is calculated by the difference between the variation in fair value of the hedging instrument and the variation in fair value of the hedged item, attributed to changes in interest rate.

Effectiveness is tested by verifying variations in market value or in cash flow of the hedging instrument which offset the variations in market value or in cash flow of the hedged item, therefore evidencing the hedging ratio, known as hedge index. In order to be considered hedge accounting in Banco Sicredi, this index should be between 80% and 125%.

### 8. 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	
	12/31/2022							12/31/2021
	Falling due							
	Overdue from 15 days	Within 3 months	From 3 to 12 months	Over 12 months				
Loan transactions	1,090	764,727	3,806,629	17,079,555	21,652,001	17,339,331		
Loans and discounted notes	-	197,519	681,770	2,080,641	2,959,930	2,181,928		
Financing	1,090	195,459	456,124	576,633	1,229,306	1,065,826		
Rural and agro-industrial financing	-	347,038	2,613,901	12,882,479	15,843,418	12,884,864		
Real property financing	-	24,711	54,834	1,539,802	1,619,347	1,206,713		
Interbank onlending	-	4,925,768	31,026,123	19,491,244	55,443,135	38,688,782		
Interbank onlending – rural credit cooperatives	-	3,956,492	25,633,759	13,941,118	43,531,369	33,375,108		
Other interbank onlending	-	969,276	5,392,364	5,550,126	11,911,766	5,313,674		
Exchange transactions	-	118,546	329,870	609	449,025	174,023		
Advances on exchange contracts	16.a	-	115,946	322,634	596	439,176		
Income from advances on exchange contracts	-	2,600	7,236	13	9,849	3,585		
Total - 2022	1,090	5,809,041	35,162,622	36,571,408	77,544,161			
Total - 2021	392	3,744,639	23,378,866	29,078,239		56,202,136		
Total current					40,972,753	27,123,897		
Total noncurrent					36,571,408	29,078,239		

## Banco Cooperativo Sicredi S.A.

Notes to individual and consolidated financial statements  
December 31, 2022 and 2021  
(In thousands of reais)

### 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\$449,025 (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				
			Portfolio		Provision for expected losses associated with credit and currency risk		
			12/31/2022	12/31/2021	Minimum 12/31/2022	Total additional 12/31/2022	Minimum 12/31/2021
AA	0.00	0.05 e 0.13	75,302,019	44,256,059	-	45,213	-
A	0.50	0.36	125,228	11,134,083	626	15	55,670
B	1.00	0.00	4,056	469,783	41	-	4,698
C	3.00	0.92	2,109,858	340,983	63,296	19,292	10,229
D	10.00	0.00	589	185	59	-	19
E	30.00	0.00	312	204	94	-	61
F	50.00	0.00	370	95	185	-	48
G	70.00	0.00	240	132	168	-	92
H	100.00	0.00	1,489	612	1,489	-	612
Total			77,544,161	56,202,136	65,958	64,520	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. In addition, and considering the current economic scenario, management decided to adopt, under a conservative approach, percentages above those minimally established by CMN Resolution 2682/99.

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

Private sector	Individual and Consolidated					Total portfolio 12/31/2022	Total portfolio 12/31/2021
	12/31/2022				Total portfolio		
	Overdue from 15 days	Within 3 months	Falling due From 3 to 12 months	Over 12 months			
Financial intermediation (a)	-	4,925,768	31,026,123	19,491,244	55,443,135	38,763,710	
Rural	-	347,038	2,613,901	12,882,479	15,843,418	12,884,863	
Housing	-	24,711	54,834	1,539,802	1,619,347	1,206,713	
Legal entities	245	184,702	592,303	1,113,296	1,890,546	1,300,722	
Individuals	579	105,847	286,276	751,647	1,144,349	929,255	
Commerce	247	174,346	431,301	634,921	1,240,815	832,339	
Industry	19	46,628	157,885	158,019	362,551	284,534	
Total - 2022	1,090	5,809,040	35,162,623	36,571,408	77,544,161		
Total - 2021	393	3,744,639	23,378,865	29,078,239		56,202,136	
Total current					40,972,753	27,123,897	
Total noncurrent					36,571,408	29,078,239	

(a) This substantially refers to interbank onlending of rural credit and other funds between the Bank and the Cooperatives associated to Sicredi System which, as of December 31, 2022, amounted to R\$ 55,443,135 (R\$ 38,688,782 in December 2021).

## Banco Cooperativo Sicredi S.A.

Notes to individual and consolidated financial statements  
December 31, 2022 and 2021  
(In thousands of reais)

### d) Concentration of credit operations

	Individual and Consolidated			
	12/31/2022	%	12/31/2021	%
10 major debtors	21,217,045	27.36	14,540,801	25.87
50 next major debtors	32,301,482	41.66	22,896,984	40.74
100 next major debtors	3,149,138	4.06	2,262,456	4.03
Other	20,876,496	26.92	16,501,895	29.36
Total	<u>77,544,161</u>	<u>100.00</u>	<u>56,202,136</u>	<u>100.00</u>

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

	Individual and Consolidated	
	12/31/2022	12/31/2021
Opening balance	71,429	22,015
Set up/(reversal) of minimum provision	(4,641)	60,060
Set up/(reversal) of additional provision	64,520	(10,008)
Subtotal	<u>59,879</u>	<u>50,052</u>
Credits written off as loss	(830)	(638)
Closing balance	<u>130,478</u>	<u>71,429</u>

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

	Individual and Consolidated		
	2H 2022	12/31/2022	12/31/2021
Interbank onlending	2,659,744	4,277,520	1,658,715
Loans	186,469	353,497	282,899
Financing	46,125	124,984	116,350
Rural and agro-industrial financing	482,423	879,069	683,306
Housing financing	70,021	127,660	64,052
Subtotal	<u>3,444,782</u>	<u>5,762,730</u>	<u>2,805,322</u>
Recovery of receivables written off as loss	366	1,001	569
Total	<u>3,445,148</u>	<u>5,763,731</u>	<u>2,805,891</u>

In the year ended December 31, 2022, recovery of credit operations previously written off as loss, amounting to R\$ 1,001 (R\$ 569 in December 2021), was recorded as trading revenues – credit operations”.

In the years ended December 31, 2022 and 2021, no credit operations were renegotiated.

## Banco Cooperativo Sicredi S.A.

Notes to individual and consolidated financial statements  
December 31, 2022 and 2021  
(In thousands of reais)

### 9. Other financial assets

	Individual		Consolidated	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
Payment transactions (a)	2,569,490	1,969,168	2,569,490	1,969,168
Instant payments (b)	155,220	32,101	155,220	32,101
Other exchange operations (c)	531,826	262,567	531,826	262,567
Securities trading and brokerage	204	153	213	156
Card transactions (d)	8,487,108	5,977,422	8,487,108	5,977,422
<b>Total current</b>	<b>11,743,848</b>	<b>8,241,411</b>	<b>11,743,857</b>	<b>8,241,414</b>

- (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, whose account has been subject to remuneration since August 2022, in compliance with Central Bank of Brazil (BCB) Resolution No. 235/2022.
- (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.

### 10. Other assets

	Note	Individual		Consolidated	
		12/31/2022	12/31/2021	12/31/2022	12/31/2021
Payables relating to agreements		7,380	4,478	7,380	4,478
Advances and salaries prepaid		3,613	3,065	3,657	3,100
Taxes and contributions to be offset		4,184	20,842	20,192	30,927
Income receivable (a)		106,029	48,597	107,562	48,836
Amounts receivable from system companies (b)		23,085	17,633	23,534	18,245
Prepaid expenses		12,727	16,995	12,730	17,014
Gains from credit portability		816	782	816	782
Rental of Sicredi machines receivable		15,393	11,827	15,393	11,827
Sundry refunds		-	-	2,706	-
Other		8,212	9,419	8,275	9,231
<b>Total current</b>		<b>181,439</b>	<b>133,638</b>	<b>202,245</b>	<b>144,440</b>
Prepaid expenses (c)		40,345	12,197	40,345	12,197
Payables for guarantee deposits	17	30,934	26,270	31,117	26,409
Sundry refunds		-	3,170	-	8,354
<b>Total noncurrent</b>		<b>71,279</b>	<b>41,637</b>	<b>71,462</b>	<b>46,960</b>
<b>Total</b>		<b>252,718</b>	<b>175,275</b>	<b>273,707</b>	<b>191,400</b>

- (a) Income receivable refers to fund management fees and spread receivable.
- (b) Amounts receivable from system companies refer to administrative and other sundry expenses paid by the Bank and collected subsequently.
- (c) Prepaid expenses classified in noncurrent assets refer to allocation of transaction costs of foreign borrowings.

## Banco Cooperativo Sicredi S.A.

Notes to individual and consolidated financial statements  
December 31, 2022 and 2021  
(In thousands of reais)

### 11. Interests held in domestic subsidiaries

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

	Insurance Broker		Asset Administrator		Consortia administrator		Total	Total
	12/31/2022	12/31/2021	12/31/2022	12/31/2021	12/31/2022	12/31/2021	12/31/2022	12/31/2021
Number of units of interest held	<b>400</b>	400	<b>49,276</b>	49,276	<b>34,997</b>	34,997		
Interest percentage - %	<b>100.00</b>	100.00	<b>99.98</b>	99.98	<b>99.99</b>	99.99		
Capital	<b>400</b>	400	<b>49,286</b>	49,286	<b>35,000</b>	35,000		
Equity	<b>29,127</b>	26,800	<b>53,074</b>	52,952	<b>77,914</b>	70,053		
Net income (loss) for the year	<b>2,327</b>	6,028	<b>122</b>	7	<b>7,860</b>	7,360		
Investment amount	<b>29,127</b>	26,800	<b>53,064</b>	52,942	<b>77,905</b>	70,046	<b>160,096</b>	149,788
	<b>12/31/2022</b>	<b>12/31/2021</b>	<b>12/31/2022</b>	<b>12/31/2021</b>	<b>12/31/2022</b>	<b>12/31/2021</b>		
Equity pickup	<b>2,327</b>	6,116	<b>122</b>	7	<b>7,859</b>	7,360	<b>10,308</b>	13,483

## Banco Cooperativo Sicredi S.A.

Notes to individual and consolidated financial statements  
December 31, 2022 and 2021  
(In thousands of reais)

### 12. Property and equipment in use and intangible assets

	Annual depreciation/ amortization rates - %	Individual			
		12/31/2022		12/31/2021	
		Adjusted cost	Accumulated depreciation/ amortization	Net	Net
Property and equipment in use		16,357	(8,577)	7,780	6,873
Land	-	151	-	151	151
Buildings	4	5,218	(2,464)	2,754	2,771
Furniture, fixtures and facilities	10	3,853	(2,165)	1,688	2,041
IT equipment and processing systems	20	4,212	(2,772)	1,440	1,388
Transportation systems	20	1,479	(727)	752	370
Other	10	562	(449)	113	152
Property and equipment in progress	-	882	-	882	-
Intangible assets	20	3,619	(3,616)	3	119
Total - 2022		19,976	(12,193)	7,783	
Total - 2021		18,406	(11,414)		6,992
	Annual depreciation/ amortization rates - %	Consolidated			
		12/31/2022		12/31/2021	
		Adjusted cost	Accumulated depreciation/ amortization	Net	Net
Property and equipment in use		101,860	(40,671)	61,189	60,202
Land	-	6,618	-	6,618	6,618
Buildings	2 to 4	47,813	(14,463)	33,350	32,284
Furniture, fixtures and facilities	2 to 50	32,954	(19,672)	13,282	15,538
IT equipment and processing systems	7 to 38	6,732	(4,807)	1,925	1,694
Transportation systems	11 to 25	1,515	(763)	752	370
Other	8 to 20	2,061	(966)	1,095	285
Property and equipment in progress	-	4,167	-	4,167	3,413
Intangible assets	10 to 20	3,642	(3,634)	8	127
Total - 2022		105,502	(44,305)	61,197	
Total - 2021		100,783	(40,454)		60,329

## Banco Cooperativo Sicredi S.A.

Notes to individual and consolidated financial statements  
December 31, 2022 and 2021  
(In thousands of reais)

### 13. Deposits and open-market funding

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

	Individual				Consolidated			
	12/31/2022				12/31/2021	12/31/2022		12/31/2021
	No maturity and within 3 months	From 3 to 12 months	Over 12 months	Total	Total	Total	Total	
Deposits	32,201,347	7,510,957	7,660,720	47,373,024	41,169,050	47,367,875	41,165,458	
Demand deposits	112,946	-	-	112,946	83,671	107,797	80,079	
Deposits in savings accounts	26,530,271	-	-	26,530,271	26,056,793	26,530,271	26,056,793	
Interbank deposits	524,702	7,462,366	7,420,687	15,407,755	12,045,633	15,407,755	12,045,633	
Time deposits	5,033,428	48,591	240,033	5,322,052	2,982,953	5,322,052	2,982,953	
Open market funding	29,068,221	539,677	1,407,247	31,015,145	3,749,399	31,015,145	3,749,399	
Own portfolio	21,216,894	539,677	1,407,247	23,163,818	2,467,641	23,163,818	2,467,641	
Third-party portfolio	7,851,327	-	-	7,851,327	1,281,758	7,851,327	1,281,758	
Investment funds	7,071,196	-	-	7,071,196	1,281,758	7,071,196	1,281,758	
Financial institutions	780,131	-	-	780,131	-	780,131	-	
Total - 2022	61,269,568	8,050,634	9,067,967	78,388,169		78,383,020		
Total - 2021	31,723,545	9,335,876	3,859,028		44,918,449		44,914,857	
Total current				69,320,202	41,059,421	69,315,053	41,055,829	
Total noncurrent				9,067,967	3,859,028	9,067,967	3,859,028	

### 14. Funds from acceptance and issue of securities

	Individual and Consolidated				12/31/2021
	12/31/2022				
	Within 3 months	From 3 to 12 months	Over 12 months	Total	Total
Funds from agribusiness credit bills	1,127,301	7,361,213	17,308,395	25,796,909	6,644,851
Payables for issue of financial bills	157,742	557,928	5,274,976	5,990,646	2,424,831
Total - 2022	1,285,043	7,919,141	22,583,371	31,787,555	
Total - 2021	573,111	2,225,488	6,271,083		9,069,682
Total current				9,204,184	2,798,599
Total noncurrent				22,583,371	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 best practices aligned with sustainability, whose balance is presented in obligations due to issue of financial bills. The updated amount as at December 31, 2022 is of R\$ 839,796.



## Banco Cooperativo Sicredi S.A.

Notes to individual and consolidated financial statements  
December 31, 2022 and 2021  
(In thousands of reais)

### 15. Loan and onlending obligations

	Individual and Consolidated				12/31/2021
	12/31/2022				
	Within 3 months	From 3 to 12 months	Over 12 months	Total	
Loan obligations	<b>575,777</b>	<b>3,086,426</b>	<b>2,714,278</b>	<b>6,376,481</b>	4,488,697
Domestic loans – official institutions	1,565	3,473	97,516	102,554	73,235
Domestic loans	207,504	1,492,126	443,630	2,143,260	1,460,252
Foreign loans (a)	366,708	1,590,827	2,173,132	4,130,667	2,955,210
Local on-lending obligations - official institutions (b)	<b>574,705</b>	<b>3,345,689</b>	<b>14,334,986</b>	<b>18,255,380</b>	14,329,542
National Treasury	65,867	291,104	68,440	425,411	78,384
Banco do Brasil	40,545	156,553	1,292,183	1,489,281	937,258
Brazilian Development Bank (BNDES) Machinery and Equipment Financing (FINAME)	325,873	2,056,557	9,760,405	12,142,835	9,991,561
Financing Fund for the North Region (FNO) Banco da Amazônia	142,359	833,827	3,017,788	3,993,974	3,295,043
	61	7,648	196,170	203,879	27,296
Total - 2022	<b>1,150,482</b>	<b>6,432,115</b>	<b>17,049,264</b>	<b>24,631,861</b>	
Total - 2021	890,125	3,325,376	14,602,738		18,818,239
Total current				<b>7,582,597</b>	4,215,501
Total noncurrent				<b>17,049,264</b>	14,602,738

- (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 December 31, 2022, the Bank is compliant with the clauses of referred to agreements. Part of these foreign resources is intended for funding women's entrepreneurship amounting R\$ 934,836, of which R\$ 438,176 were funded in November 2021 in partnership with the German Investment and Development Company (DEG) and the French funding agency PROPARGO, and R\$ 496,660 in May 2022 with 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 using the same periods and rates of the funding program plus onlending commission amounts.

## Banco Cooperativo Sicredi S.A.

Notes to individual and consolidated financial statements  
December 31, 2022 and 2021  
(In thousands of reais)

### 16. Other financial liabilities

	Note	Individual		Consolidated	
		12/31/2022	12/31/2021	12/31/2022	12/31/2021
Receipts and payments to be settled		11,639	1,736	11,639	1,736
Payment transactions (a)		7,671,483	5,511,577	7,671,483	5,511,578
Third-party funds in transit		161,505	141,134	161,505	141,134
Domestic transfers of funds		8,903	1,538	8,903	1,538
Securities trading and brokerage		6,123	166	6,138	168
Provision for interest on rural savings account		102,598	76,305	102,598	76,305
Transactions with credit cards (b)		1,478,403	1,277,975	1,478,403	1,277,975
Exchange portfolio	16.a	128,948	100,705	128,948	100,705
Subordinated debt	16.c	67,743	1,111	67,743	1,111
<b>Total current</b>		<b>9,637,345</b>	<b>7,112,247</b>	<b>9,637,360</b>	<b>7,112,250</b>
Obligations due to consortium members' funds (c)		-	-	-	29,909
Exchange portfolio – advances	16.a	(596)	(1,499)	(596)	(1,499)
Hybrid equity and debt instruments	16.b	225,872	225,406	225,872	225,406
Subordinated debt	16.c	1,252,248	45,000	1,252,248	45,000
<b>Total noncurrent</b>		<b>1,477,524</b>	<b>268,907</b>	<b>1,477,524</b>	<b>298,816</b>
<b>Total</b>		<b>11,114,869</b>	<b>7,381,154</b>	<b>11,114,884</b>	<b>7,411,066</b>

- (a) Payment transactions refer to amounts that will be paid to accreditation agents, relating to the issue financial agenda.
- (b) 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. 276 of 04/04/2022, as of December 31, 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 memorandum accounts.

#### a) Exchange portfolio

	Note	Individual and Consolidated	
		12/31/2022	12/31/2021
Foreign exchange payables		47,488	17,364
Exchange purchase obligations		520,040	252,280
Advances on exchange contracts	8.a	(438,580)	(168,939)
<b>Total current</b>		<b>128,948</b>	<b>100,705</b>
Advances on exchange contracts	8.a	(596)	(1,499)
<b>Total noncurrent</b>		<b>(596)</b>	<b>(1,499)</b>
<b>Total</b>		<b>128,352</b>	<b>99,206</b>

## Banco Cooperativo Sicredi S.A.

Notes to individual and consolidated financial statements  
December 31, 2022 and 2021  
(In thousands of reais)

### 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:

<b>Central</b>	<b>Individual and Consolidated</b>	
	<b>12/31/2022</b>	<b>12/31/2021</b>
Central Sicredi Sul	<b>139,446</b>	139,157
Central Sicredi Paraná/São Paulo states	<b>56,684</b>	56,567
Central Sicredi Mato Grosso/Pará/Rondônia states	<b>25,432</b>	25,380
Central Sicredi Brasil Central	<b>4,310</b>	4,302
Total	<b>225,872</b>	225,406

### c) Subordinated debt

In compliance with the CMN Resolution No. 4955/21, the Bank has Subordinated Financial Notes (LFSN) issued amounting R\$ 800,300, 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 of December 31, 2022, the adjusted amount of these subordinated debt instruments totals R\$ 1,319,991 (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.

## Banco Cooperativo Sicredi S.A.

Notes to individual and consolidated financial statements  
December 31, 2022 and 2021  
(In thousands of reais)

Nature	Individual		Consolidated	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
Labor	21,705	21,464	21,765	21,648
Civil	9,705	6,172	11,695	6,778
Total noncurrent	<b>31,410</b>	<b>27,636</b>	<b>33,460</b>	<b>28,426</b>

As of December 31, 2021, the Bank was also party to tax, civil and labor proceedings whose likelihood of an unfavorable outcome is considered possible amounting to R\$ 56,755 (R\$ 46,131 in December 2021) in the individual financial statements and to R\$ 57,863 (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\$ 49,509 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	12/31/2022
Labor	21,464	1,209	(968)	21,705
Civil	6,172	3,564	(31)	9,705
Total noncurrent	<b>27,636</b>	<b>4,773</b>	<b>(999)</b>	<b>31,410</b>

Nature	Consolidated			
	12/31/2021	Increase in provision	Write-off/Reversal of provision	12/31/2022
Labor	21,648	1,209	(1,093)	21,764
Civil	6,778	5,021	(103)	11,696
Total noncurrent	<b>28,426</b>	<b>6,230</b>	<b>(1,196)</b>	<b>33,460</b>

As of December 31, 2022, judicial deposits relating to aforementioned risks amount to R\$ 30,934 (R\$ 26,270 in December 2021) and R\$ 31,117 (R\$ 26,409 in December 2021) in the individual and consolidated financial statements, respectively, recorded under "Other assets".

## Banco Cooperativo Sicredi S.A.

Notes to individual and consolidated financial statements  
December 31, 2022 and 2021  
(In thousands of reais)

### 18. Other liabilities

	Individual		Consolidated	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
Collection of taxes, charges and contributions (a)	<b>3,421</b>	1,993	<b>3,421</b>	1,993
Dividends payable	<b>130,534</b>	92,602	<b>130,534</b>	92,602
Interest on equity	<b>34,066</b>	8,524	<b>34,066</b>	8,524
Tax and social security obligations	<b>55,017</b>	12,730	<b>68,962</b>	25,622
Sundry creditors	<b>61,224</b>	124,818	<b>69,024</b>	131,928
Obligations due to official agreements (b)	<b>19,983</b>	10,803	<b>19,983</b>	10,803
Provision for payments to be made	<b>15,435</b>	9,668	<b>15,436</b>	9,668
Accrued payroll	<b>39,090</b>	37,524	<b>40,669</b>	39,362
Accounts payable – Group companies (c)	<b>96,553</b>	64,903	<b>167,794</b>	127,592
Other suppliers (d)	<b>53,000</b>	4,720	<b>53,992</b>	5,765
Total current	<b>508,323</b>	368,285	<b>603,881</b>	453,859

- (a) Collection of taxes, charges and contributions refers Tax on Financial Transactions (IOF), Social Security Tax Payment Forms (GPS), Federal Tax Payment Forms (DARF) and Simplified Tax Regime (Simples Nacional) Collection Document (DAS).
- (b) Obligations due to official agreements refer to amounts received from the Brazilian Social Security Institute for payment of monthly social security benefits.
- (c) Accounts payable – Group companies refer to compensation amounts for Bank products distributed by Sicredi cooperatives.
- (d) Other accounts payable refer mainly to technology of financial services provided by Fiserv.

### 19. Equity

#### a) Capital

As of December 31, 2022, capital amounts to R\$ R\$ 3,488,974 (R\$ 2,388,974 in December 2021), represented by 2,695,360,433 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).

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.

In the Board of Directors meeting held on October 19, 2022, a capital increase by R\$ 450,000 was authorized by means of issue of 367,074,548 common shares, which were paid on referred to date. This contribution was approved by the Central Bank on December 05, 2022.

## Banco Cooperativo Sicredi S.A.

Notes to individual and consolidated financial statements  
December 31, 2022 and 2021  
(In thousands of reais)

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	12/31/2022
	Balance	year Payment	Balance
Common shares	1,780,876,640	<b>914,483,793</b>	<b>2,695,360,433</b>
Class A preferred shares	249,548,540	-	<b>249,548,540</b>
Class B preferred shares	32,782,343	-	<b>32,782,343</b>
Total	<u>2,063,207,523</u>	<u><b>914,483,793</b></u>	<u><b>2,977,691,316</b></u>

### a) Income reserve

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

### b) Dividends

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

At the Executive Board meeting held on December 22, 2022, allocation of net income for 2022 amounting to R\$ 179,510 was approved, of which R\$ 40,000 were distributed to shareholders as interest on equity and imputed to dividends, and R\$ 130,534 as dividends.

## 20. Income and social contribution taxes

### a) Reconciliation of income and social contribution taxes

Provisions for social contribution tax (CSLL) were recorded by applying the rate of 21%, by virtue of Law No. 14.446 published on September 02, 2022 (conversion into law of Provisional Executive Order No. 1115/22), which increased the CSLL rate by one percentage point from August 01, 2022 to December 31, 2022, and provisions for income tax (IR) at the rate of 15%, and surtax of 10% on taxable profit exceeding R\$ 240 in the year, on taxable profit, as follows:

## Banco Cooperativo Sicredi S.A.

Notes to individual and consolidated financial statements  
December 31, 2022 and 2021  
(In thousands of reais)

	Individual		Consolidated	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
Income before profit sharing, interest on equity and before income taxes	306,830	207,619	310,835	215,263
Profit sharing and interest on equity	(24,574)	(23,734)	(25,590)	(24,885)
Income after profit sharing, interest on equity and before income taxes	282,256	183,885	285,245	190,378
Income and social contribution taxes at 46% (2021 - 45%)	(129,838)	(91,943)	(131,213)	(95,189)
Permanent				
Equity pickup in subsidiaries	4,742	6,741	-	-
Tax incentives	5,434	1,369	5,580	1,680
Set up of provision for profit sharing – directors	(1,472)	(1,412)	(1,472)	(1,412)
Directors' compensation	(241)	(129)	(241)	(129)
Gifts, donations and sponsorship	(2,290)	(993)	(2,335)	(1,077)
Interest on equity	18,400	5,000	18,400	5,000
Effect of change in social contribution rate	3,124	1,522	3,124	1,522
Effect of rate increase (a)	-	-	1,649	3,175
Other permanent changes	867	(562)	867	(562)
Additional income tax	24	24	67	55
Other	-	500	215	665
Subtotal	28,588	12,060	25,854	8,917
Temporary				
(Provision) for profit sharing – employees	(217)	(493)	(170)	(503)
(Provision) for profit sharing – directors	(636)	(164)	(636)	(164)
(Provision) for loan operations	(27,069)	(24,724)	(27,069)	(24,724)
(Provision for) reversal of provision for civil, tax and labor contingencies	(2,226)	179	(2,654)	(36)
MtM adjustment of securities	(132,993)	66,769	(132,993)	66,769
Other provisions for incentives	701	(228)	701	(228)
Depreciation	-	-	26	28
Other, net	-	(500)	-	(495)
Subtotal	(162,440)	40,839	(162,795)	40,647
Current income tax	(143,298)	(20,357)	(146,527)	(25,101)
Current social contribution tax	(120,759)	(18,687)	(121,993)	(20,524)
Reversal of prior year's income and social contribution taxes	2,748	-	3,488	-
Tax credits recorded	158,563	(36,838)	158,982	(36,708)
Income and social contribution taxes recorded in P&L	(102,746)	(75,882)	(106,050)	(82,333)
Effective rates	36%	41%	37%	43%

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



## Banco Cooperativo Sicredi S.A.

Notes to individual and consolidated financial statements  
December 31, 2022 and 2021  
(In thousands of reais)

### b) Deferred tax assets and liabilities

#### i. *Breakdown of deferred taxes*

As of December 31, 2022, deferred tax credit assets and liabilities already considered the rates of 25% for income tax and 21% for social contribution tax and, in the period ended December 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	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
Temporary differences – deferred tax assets				
Provision for civil, tax and labor contingencies	14,135	12,436	14,832	12,705
Provisions for profit sharing	11,328	10,840	11,673	11,230
Provision for losses on assets	59,344	32,385	59,344	32,385
MtM of marketable securities and derivative financial instruments	105,617	470	105,617	470
Other provisions	1,510	2,197	1,512	2,197
Total	<u>191,934</u>	<u>58,328</u>	<u>192,978</u>	<u>58,987</u>
Temporary differences – deferred tax liabilities				
MtM of marketable securities and derivative financial instruments	(29,922)	(55,060)	(29,922)	(55,060)
Depreciation and amortization	-	-	(725)	(759)
Total	<u>(29,922)</u>	<u>(55,060)</u>	<u>(30,647)</u>	<u>(55,819)</u>

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

As of December 31, 2022, present value of net tax credits, calculated at the average rate of 11.41% (9.99% in December 2021), computed based on the average rate of government securities and loan operations in portfolio, amounts to R\$ 138,785 (R\$ 52,301 in December 2021).

As of December 31, 2022 and December 31, 2021, no tax credits were recorded.

## Banco Cooperativo Sicredi S.A.

Notes to individual and consolidated financial statements  
December 31, 2022 and 2021  
(In thousands of reais)

### ii. Estimated realization period

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

Year	Individual Credit amounts		Consolidated Credit amounts	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
2022	-	29,773	-	30,412
2023	74,929	11,234	75,953	11,234
2024	13,452	10,390	13,472	10,410
2025	9,350	6,931	9,350	6,931
2026	39,195	-	39,195	-
2027	11,895	-	11,895	-
2028	28,226	-	28,226	-
2032	14,887	-	14,887	-
Total	191,934	58,328	192,978	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	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021	12/31/2022	12/31/2021
Balance at beginning of year	58,328	41,158	(55,060)	-	182	(872)
Deferred taxes recorded/provisioned	687,025	154,979	(193,609)	(147,763)	(8,286)	5,048
Deferred taxes realized/reversed	(553,419)	(137,809)	218,747	92,703	8,104	(3,994)
Balance at end of year	191,934	58,328	(29,922)	(55,060)	-	182

	Consolidated					
	Deferred assets		Deferred liabilities		Equity	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021	12/31/2022	12/31/2021
Balance at beginning of year	58,987	41,599	(55,819)	(670)	182	(872)
Deferred taxes recorded/provisioned	688,070	155,638	(194,334)	(148,522)	(8,286)	5,048
Deferred taxes realized/reversed	(554,079)	(138,250)	219,506	93,373	8,104	(3,994)
Balance at end of year	192,978	58,987	(30,647)	(55,819)	-	182

## Banco Cooperativo Sicredi S.A.

Notes to individual and consolidated financial statements  
December 31, 2022 and 2021  
(In thousands of reais)

### 21. Balances and transactions with related parties

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

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

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

	Individual	
	12/31/2022	12/31/2021
<b>Assets</b>	<b>75,439,811</b>	48,571,551
Investments in investment fund shares	-	4,109
Investments in interbank deposits	11,954,520	3,880,057
Interbank onlending	55,443,135	38,688,782
Loan transactions	374,935	463,953
Income receivable	25,287	19,308
Other receivables – Sundry	7,735,818	5,565,325
Provision for expected losses associated with credit risk	(93,884)	(49,983)
<b>Liabilities</b>	<b>49,121,036</b>	9,999,511
Demand deposits	65,327	30,940
Time deposits	4,922,332	2,840,667
Interbank deposits	14,574,101	4,488,186
Open market funding – own portfolio	21,216,894	961,680
Open market funding – third-party portfolio	7,851,326	1,281,758
Social and statutory obligations	161,310	101,308
Other obligations - sundry	103,874	69,566
Hybrid equity and debt instruments	225,872	225,406
	<b>12/31/2022</b>	<b>12/31/2021</b>
<b>Revenues</b>	<b>5,497,940</b>	1,968,419
Loan transactions	3,610,631	1,492,474
Revenue from marketable securities	1,499,543	244,982
Service revenues	23,072	19,844
Other operating income	364,694	211,119
<b>Expenses</b>	<b>5,503,968</b>	1,228,279
Open market transactions	4,113,604	-
Other administrative expenses	1,344,853	1,188,905
Other operating expenses	1,834	1,918
Provision for expected losses associated with credit risk	43,677	37,456

## Banco Cooperativo Sicredi S.A.

Notes to individual and consolidated financial statements  
December 31, 2022 and 2021  
(In thousands of reais)

### Related institutions / subsidiaries

#### Demand deposits

	<u>12/31/2022</u>	<u>12/31/2021</u>
Administradora de Bens Sicredi	12	22
Corretora de Seguros Sicredi	2,045	929
Administradora de Consórcios Sicredi	3,080	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	12	5
Total	<u>5,149</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>12/31/2022</u>	<u>12/31/2021</u>	<u>12/31/2022</u>	<u>12/31/2021</u>
Salaries	6,527	5,087	6,527	5,087
Profit sharing	5,922	4,796	5,922	4,796
Social Security Tax (INSS)	2,775	2,134	2,822	2,290
Total	<u>15,224</u>	<u>12,017</u>	<u>15,271</u>	<u>12,173</u>

## Banco Cooperativo Sicredi S.A.

Notes to individual and consolidated financial statements  
December 31, 2022 and 2021  
(In thousands of reais)

### Post-employment benefits

	Individual and Consolidated	
	12/31/2022	12/31/2021
Supplementary pension plan – defined contribution	276	250
Total	<b>276</b>	<b>250</b>

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 of December 31, 2022 amounted to R\$ 82,821,938 (R\$ 57,968,419 in December 2021).

Revenue from investment fund management in the year ended amounted to R\$ R\$ 22,837 (R\$ 19,722 in December 2021) and is presented under service revenues (Note 23).

The investment funds are audited by other independent auditors.

## 23. Service revenues

	Individual			Consolidated		
	2H 2022	12/31/2022	12/31/2021	2H 2022	12/31/2022	12/31/2021
Fund management	12,600	22,837	19,722	12,594	22,827	19,720
Collection	2,768	5,046	4,315	2,768	5,046	4,315
Custody	1,003	1,782	1,365	1,003	1,782	1,365
Bank services	2,858	5,551	5,539	2,858	5,551	5,539
Fund management fee	154	274	166	154	274	166
Clearance processing (a)	984	1,892	26,678	984	1,892	26,678
Agreements (b)	14,197	29,936	28,186	14,197	29,936	28,186
Issue of credit cards	9,343	17,462	5,704	9,343	17,462	5,704
Rents	-	-	-	1,951	3,741	3,435
Guarantees given	419	746	563	419	746	563
Consortium management fees	-	-	-	200,896	367,335	292,235
Insurance commission	-	-	-	344,114	637,037	566,876
Other services	1	5	7,519	1	5	7,518
Total	<b>44,327</b>	<b>85,531</b>	<b>99,757</b>	<b>591,282</b>	<b>1,093,634</b>	<b>962,300</b>

(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.

## Banco Cooperativo Sicredi S.A.

Notes to individual and consolidated financial statements  
December 31, 2022 and 2021  
(In thousands of reais)

### 24. Personnel expenses

	Individual			Consolidated		
	2H 2022	12/31/2022	12/31/2021	2H 2022	12/31/2022	12/31/2021
Salaries	30,570	56,716	50,575	32,192	60,101	54,330
Benefits	8,252	15,211	13,509	8,674	16,089	14,442
Social charges	10,732	20,188	18,213	11,358	21,493	19,567
Training	387	490	633	388	496	633
Other personnel expenses	353	534	549	353	534	552
<b>Total</b>	<b>50,294</b>	<b>93,139</b>	<b>83,479</b>	<b>52,965</b>	<b>98,713</b>	<b>89,524</b>

### 25. Administrative expenses

	Individual			Consolidated		
	2H 2022	12/31/2022	12/31/2021	2H 2022	12/31/2022	12/31/2021
Financial System Services (a)	574,011	1,078,777	984,925	729,913	1,360,270	1,199,421
Depreciation and amortization	622	1,370	1,618	2,160	4,445	4,530
Communication	2,934	5,622	4,177	3,042	5,839	4,769
Data processing	9,553	17,727	16,590	9,721	17,947	17,530
Third-party services (b)	158,264	296,242	195,287	193,068	355,921	239,556
Cooperative agreements (c)	-	-	-	284,365	519,122	463,149
Partners' compensation	-	-	-	5,773	10,968	8,638
Water, power and gas	319	669	518	330	695	542
Rents	416	761	548	137	204	42
Condominium fees	1,960	3,980	4,106	2,064	4,247	4,325
Advertising, publicity, promotions and public relations	5,556	10,881	29,582	5,557	10,883	29,584
Transportation	39	59	56	40	61	56
Travel	823	1,201	60	850	1,237	61
Fees	389	870	1,088	407	930	1,212
Other expenses	5,819	7,721	4,427	6,007	7,906	4,813
<b>Total</b>	<b>760,705</b>	<b>1,425,880</b>	<b>1,242,982</b>	<b>1,243,434</b>	<b>2,300,675</b>	<b>1,978,228</b>

- (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, insurance, pension plans, consortia, issue and acquisition of cards and other means of payment, clearance of checks and other papers, credit using official funds or funds transferred by other financial institutions, foreign exchange, savings accounts, investment funds and clubs, and any other financial and non-financial products and services, in accordance with the specific regulations.
- (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.

## Banco Cooperativo Sicredi S.A.

Notes to individual and consolidated financial statements  
December 31, 2022 and 2021  
(In thousands of reais)

### 26. Other operating income

	Individual			Consolidated		
	2H 2022	12/31/2022	12/31/2021	2H 2022	12/31/2022	12/31/2021
Reversal of operating provisions	4,225	6,057	13,597	4,225	6,057	13,599
Reversal of provisions for civil, tax and labor contingencies	140	999	629	316	1,196	663
Service refund – cards (a)	148,650	281,782	184,088	148,650	281,782	184,088
Service refund – centralized	3,191	5,989	2,956	-	-	-
Recovery of charges and expenses	32,699	57,893	36,916	32,714	57,915	37,831
Clearance – RCO (b)	54	836	73,133	54	836	73,133
Advanced receivables - PMA and Domicilio Sicredi (c)	85,721	164,147	37,611	85,721	164,147	37,611
Promotion incentives	1,185	4,533	14,006	1,185	4,533	14,006
Pricing services	19,809	49,356	12,823	20,189	50,105	12,874
Restatements of judicial deposits and tax credits	1,902	3,320	884	1,908	3,332	896
Other revenues	2,983	5,701	344	4,646	7,885	819
<b>Total</b>	<b>300,559</b>	<b>580,613</b>	<b>376,987</b>	<b>299,608</b>	<b>577,788</b>	<b>375,520</b>

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

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

(c) 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		
	2H 2022	12/31/2022	12/31/2021	2H 2022	12/31/2022	12/31/2021
Agreement – Social Security Institute (INSS) (a)	2,192	3,530	2,732	2,192	3,530	2,732
Provision for civil, tax and labor contingencies	839	4,773	289	868	6,230	960
Provision for guarantees given	1,184	1,279	180	1,184	1,279	180
INSS benefit fees	16,699	31,908	13,524	16,699	31,908	13,524
RCO refund (b)	1,107	3,213	96,632	1,107	3,213	96,632
Discounts granted in renegotiations	501	523	91	501	523	91
Agreements with Federal Regional Courts (TRF)	3,905	7,321	6,934	3,905	7,321	6,934
Fine and interest	746	807	619	746	808	786
Other expenses	2,624	5,562	494	3,929	7,127	769
<b>Total</b>	<b>29,797</b>	<b>58,916</b>	<b>121,495</b>	<b>31,131</b>	<b>61,939</b>	<b>122,608</b>

(a) 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.

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



## Banco Cooperativo Sicredi S.A.

Notes to individual and consolidated financial statements  
December 31, 2022 and 2021  
(In thousands of reais)

### 28. Non-recurring income (loss)

	<b>Individual and Consolidated</b>		
	<u>2H 2022</u>	<u>12/31/2022</u>	<u>12/31/2021</u>
Non-recurring events			
Provision for expected losses associated with credit risk (additional)	-	-	(10,008)
Effect of change in social contribution rate (a)	<b>3,124</b>	<b>3,124</b>	(1,522)
Non-recurring income (loss)	<u><b>3,124</b></u>	<u><b>3,124</b></u>	<u>8,486</u>

(a) 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.

### 29. Capital and risk management structure

Sicredi System considers risk management a priority in conducting its activities and business, and adopts practices in absolute consonance with the precepts of Basel Accords. As such, the System has specialized areas for managing these risks, centralized in Banco Cooperativo Sicredi S.A.

Major risks managed by the Institution include the capital management structure, and operational, going-concern, market, interest rate variation, liquidity, credit, social and environmental, compliance and information security risk, whose key aspects are presented as follows:

#### I - Capital management structure

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

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

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

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

## Banco Cooperativo Sicredi S.A.

Notes to individual and consolidated financial statements  
December 31, 2022 and 2021  
(In thousands of reais)

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;

### 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 throughout the Institution;
- 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;
- Dissemination of the risk management culture in the entire organization;
- 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.

## Banco Cooperativo Sicredi S.A.

Notes to individual and consolidated financial statements  
December 31, 2022 and 2021  
(In thousands of reais)

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

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

Sicredi's Business Continuity Management system comprises:

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

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.

## Banco Cooperativo Sicredi S.A.

Notes to individual and consolidated financial statements  
December 31, 2022 and 2021  
(In thousands of reais)

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

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

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

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

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.

## Banco Cooperativo Sicredi S.A.

Notes to individual and consolidated financial statements  
December 31, 2022 and 2021  
(In thousands of reais)

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

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

### VII - Credit risk

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

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

Banco Cooperativo Sicredi 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.

## Banco Cooperativo Sicredi S.A.

Notes to individual and consolidated financial statements  
December 31, 2022 and 2021  
(In thousands of reais)

### IX – Compliance risk

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

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

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

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 risk are included in the context of information security risk.

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

### XI – Additional Information

Description of the full structure and processes for management of risks and capital may be accessed at [www.sicredi.com.br](http://www.sicredi.com.br), path: Sobre nós > Relatórios > Gestão de Riscos > Conglomerado Prudencial do Banco > Relatórios de Riscos Pilar 3.



## Banco Cooperativo Sicredi S.A.

Notes to individual and consolidated financial statements  
December 31, 2022 and 2021  
(In thousands of reais)

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](http://www.sicredi.com.br), path: Sobre nós > Sustentabilidade > Políticas e Relatórios.

### 30. Sensitivity analysis

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

- Income from (loss on) 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	<b>68,595</b>	<b>137,189</b>	<b>205,784</b>
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	<b>(26,096)</b>	<b>(39,143)</b>	<b>(52,191)</b>
Item analyzed	Provision for civil, tax and labor contingencies		
Assumption	Decrease of 10%	Decrease of 20%	Decrease of 30%
Impact on P&L	<b>(3,141)</b>	<b>(6,282)</b>	<b>(9,423)</b>
Item analyzed	Impact on tax credits		
Assumption	Increase of 10%	Increase of 20%	Increase of 30%
Impact on P&L	<b>19,193</b>	<b>38,387</b>	<b>57,580</b>



## Banco Cooperativo Sicredi S.A.

Notes to individual and consolidated financial statements  
December 31, 2022 and 2021  
(In thousands of reais)

### 31. 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, 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	
	12/31/2022	12/31/2021
<b>Regulatory Capital (RC)</b>	<b>4,013,829</b>	2,721,281
Tier I (TI)	<b>3,784,507</b>	2,675,170
<b>Core capital (CC)</b>	<b>3,558,635</b>	2,449,764
Capital	<b>3,488,977</b>	2,388,977
Capital reserves	<b>69,661</b>	60,685
Unrealized equity valuation losses	-	221
Prudential adjustments	<b>(3)</b>	(119)
<b>Supplementary Capital (SC)</b>	<b>225,872</b>	225,406
Financial bills and subordinated debts	<b>225,872</b>	225,406
<b>Tier II (TII)</b>	<b>229,322</b>	46,111
Financial bills and subordinated debts	<b>1,319,991</b>	46,111
Deduction of investment in other entities	<b>(1,090,669)</b>	-
<b>Risk Weighted Assets (RWA)</b>	<b>24,498,310</b>	17,826,571
Credit risk	<b>21,572,307</b>	15,382,056
Market risk	<b>343,000</b>	83,032
Operational risk	<b>2,583,003</b>	2,361,483
<b>Interest rate risk in the banking book</b>	<b>124,641</b>	242,288
<b>Capital Margin<sup>1</sup></b>	<b>1,316,868</b>	696,337
<b>Basel Index (RC / RWA)</b>	<b>16.4%</b>	15.3%
Tier I Capital (TI / RWA)	<b>15.4%</b>	15.0%
Core capital (CC / RWA)	<b>14.5%</b>	13.7%
Supplementary Capital (SC / RWA)	<b>0.9%</b>	1.3%
Tier II Capital (TII / RWA)	<b>0.9%</b>	0.3%
Fixed asset to equity status (FA)	<b>91,071</b>	87,428
<b>Fixed asset to equity ratio (FA / RC)</b>	<b>2.3%</b>	3.2%

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

### 32. Correspondent banks

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

## Banco Cooperativo Sicredi S.A.

Notes to individual and consolidated financial statements  
December 31, 2022 and 2021  
(In thousands of reais)

### 33. Commitments, guarantees and other responsibilities

#### a) Commitments, guarantees and other responsibilities

	<u>Individual and Consolidated</u>	
	<u>12/31/2022</u>	<u>12/31/2021</u>
Credits open to export		
Exchange to be contracted	<b>3,092</b>	3,392
Co-obligations for guarantees given		
Beneficiaries of guarantees given (a)	<b>138,940</b>	105,865
Depositories of amounts in custody/guarantee (b)	<b>23,207,853</b>	10,739,313
Notes under collection (c)	<b>43,134,118</b>	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>12/31/2022</u>	<u>12/31/2021</u>
B3 guarantee margin	<b>351,051</b>	425,604

### 34. Insurance coverage

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

## Banco Cooperativo Sicredi S.A.

Notes to individual and consolidated financial statements  
December 31, 2022 and 2021  
(In thousands of reais)

### 35. Other matters

a) Implementation plan for accounting regulations established by CMN Resolution No. 4966/2021

On November 25, 2021, CMN Resolution No. 4966/21 was published to provide for the accounting concepts and criteria applicable to financial instruments, as well as for the designation and recognition of hedging relationships (hedge accounting) by financial institutions and other institutions authorized to operate by the Central Bank of Brazil, converging with the main concepts of IFRS 9 - Financial Instruments.

The new accounting rule comes into force as of January 1, 2025. The adjustments resulting from application of the accounting criteria established by this rule should be recorded against retained earnings (accumulated losses), net of tax effects.

The new rule requirements include preparation of an implementation plan. Referred to plan was approved by the Bank's Board of Directors in 2022.

In compliance with the provisions of item II, sole paragraph of article 76 of CMN Resolution No. 4966/2021, we disclose below a summary of the plan for implementing referred to regulations:

- Phase I (2022): Assessing and obtaining an understanding of the impacts of the rule (Gap analysis);
- Phase II (2022/2023): Designing and specifying solutions and methods;
- Phase III (2023/2024): Systems development, calculation motors etc.;
- Phase IV (2023/2024): Tests and implementations.

Worth mentioning, in case the Central Bank of Brazil issues rules to supplement CMN Resolution No. 4966/21, the implementation plan will need to be reviewed.

b) Provisional Executive Order No. 1128/2022

In November 2022, Provisional Executive Order No. 1128/2022 was converted into Law No. 14467 to ratify the new criteria for tax recognition of losses incurred upon receipt of credits from the financial sector, and will take effect as from January 01, 2025. Since this rule is directly related with the implementation of CMN Resolution No. 4966/2021 ("IFRS 9"), various areas of Sicredi, especially risk, accounting and tax area, are jointly analyzing the rule's impacts.

c) Flexibilization of final and unappealable decisions (aka 'res judicata') by Brazil's Supreme Court (STF)

In February 2023, Brazil's Federal Supreme Court ("STF"), in judging of Appeals to STF ("RE") Nos. 949.297 and 955.227 of general repercussion (generally binding decision), Topics 881 and 885, respectively, concluded that final unappealable individual decisions on tax matters may lose their effects should the Supreme Court subsequently decide otherwise.

Based on the understanding expressed by STF, management analyzed the Bank's tax-related discussions, having identified no impacts.