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Banco Cooperativo do Brasil S.A. - Bancoob

Parent company and consolidated financial statements at December 31, 2018 and independentauditor's report

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Independent auditor's report

To the Board of Directors and Stockholders
Banco Cooperativo do Brasil S.A. - Bancoob

Opinion

We have audited the accompanying parent company financial statements of Banco Cooperativo do Brasil S.A. - Bancoob ("Bank" or "Parent company"), which comprise the balance sheet as at December 31, 2018 and the statements of income, changes in equity and cash flows for the year and six-month period then ended, as well as the accompanying consolidated financial statements of Banco Cooperativo do Brasil S.A. - Bancoob and its subsidiaries ("Consolidated"), which comprise the consolidated balance sheet as at December 31, 2018 and the consolidated statements of income, changes in equity and cash flows for the year and six-month period then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the parent company and consolidated financial statements referred to above present fairly, in all material respects, the financial position of Banco Cooperativo do Brasil S.A. - Bancoob and of Banco Cooperativo do Brasil S.A. - Bancoob and its subsidiaries as at December 31, 2018, and the Bank's financial performance and cash flows, as well as the consolidated financial performance and cash flows, for the year and six-month period then ended, in accordance with accounting practices adopted in Brazil, applicable to institutions authorized to operate by the Brazilian Central Bank (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 the parent company and consolidated financial statements section of our report. We are independent of the Bank and its subsidiaries in accordance with the ethical requirements established in the Code of Professional Ethics and Professional Standards issued by the Brazilian Federal Accounting Council, 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 audit opinion.

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

The Bank's management is responsible for the other information that comprises the Management Report.

Our opinion on the parent company and consolidated financial statements does not cover the Management Report, and we do not express any form of audit conclusion thereon.

In connection with the audit of the parent company and consolidated financial statements, our responsibility is to read the Management Report and, in doing so, consider whether this report is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement in the Management Report, we are required to report that fact. We have nothing to report in this regard.

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

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

In preparing the parent company and consolidated financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the financial reporting process of the Bank and its subsidiaries.

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

Our objectives are to obtain reasonable assurance about whether the parent company and consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Brazilian and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Identify and assess the risks of material misstatement of the parent company and consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain 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.

- Obtain 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 internal control of the Bank and its subsidiaries.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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.

- Evaluate the overall presentation, structure and content of the parent company and consolidated financial statements, including the disclosures, and whether these financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the 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 planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Brasília, February 19, 2019

PricewaterhouseCoopers
Auditores Independentes
CRC 2SP000160/O-5

Carlos Augusto da Silva
Contador CRC 1SP197007/O-2

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PARENT COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS

Banco Cooperativo do Brasil – Bancoob

December 2018 and 2017

(A free translation of the original in Portuguese)

Contents

Macroeconomic Scenario

In 2018, the macroeconomic performance was satisfactory, although it operated at a slower pace than expected at the beginning of the year. Inflation remained low, the interest rate attained minimum historical levels, lending recovered moderately, external accounts remained robust, the unemployment rate decreased slightly, and the confidence indices improved, especially after the outcome of the presidential election. It was a year marked by an economic upturn, despite the significant impacts from the truckers' strike on a number of industries. Brazil's fiscal situation, which is a continuing concern, needs to reduce its high deficits from the social security system.

Up to the third quarter of 2018, GDP increased by 1.3%, driven by the agribusiness sector, which recorded growth of 2.5%, as well as by the higher family consumption, up 1.4% in the third quarter, revealing a timid recovery of the economy. This was hindered mainly by the truckers' strike and the political uncertainties faced in a presidential election year.

One of the signs of this economic upturn came from the granting of non-earmarked loans to individuals and legal entities, which increased by 6.7% and 12.0% in real terms, respectively, from January to November, in comparison with the same period in 2017. This means that lending operations were no longer concentrated on individuals, but attracted companies as well. In this more favorable context, delinquency rates continued to fall, reaching 3.0% and 4.8% for non-earmarked loans to individuals and legal entities in November, while, at the end of 2017, these percentages were 4.5% and 5.2%.

On the other hand, the agribusiness industry lost momentum during the year, mainly due to the worsening economic crisis in Argentina in the second half of the year, since that country is the lead importer of Brazilian products. The weak domestic demand also contributed for this downturn. According to the monthly manufacturing sector (PIM/IBGE) survey, industrial production grew 1.5% from January to November, which is significantly below the growth posted for the same period in 2017 (2.6%). Notwithstanding, there were positive highlights, such as the strong growth of 9.5% in the manufacture of durable consumer goods, and of 8.2% in the manufacture of capital goods, from an increase in exports, and the incipient recovery of investments in machinery and equipment in Brazil. Against this backdrop, gross fixed capital formation registered accumulated growth of 4.5% up to the third quarter of 2018, signaling the first year of growth in investments since 2013.

Household consumption continued to recover moderately according to data from the monthly trade (PMC/IBGE) survey. From January to November 2018, retail sales increased by 5.3% compared to the same period in 2017 (4.0%). In addition to the significant recovery in lending, employment and income indicators continued to improve, albeit modestly. According to the Continuous National Household Sample Survey (PNAD), the unemployment rate for the quarter ended November reached was 11.6% in under the original series, slightly below the 12.0% recorded in November 2017. Workers' average real income grew by 1.6% in the year-to-year comparison in November, which is below that reported for 2017 (2.6%). On a positive note, 858.4 thousand net jobs had been created in the formal sector by November, according to data from the Ministry of Labor (Caged), the best result recorded for this period since 2014.

These signs of an economic upturn did not prevent consumers and businessmen from exercising caution during the year, a sentiment reflected in the confidence indices. Following the results of the elections, the indicators improved, although unevenly. Confidence in the manufacturing industry responded more discreetly reflecting difficulties during the year, which led to a loss of dynamism in production, especially in the second half of the year. The industry confidence index (ICI-FGV), which reached 99.4 points at the beginning of the year, dropped to 94.8 points at year end, posting an insignificant increase in November and December. Among consumers, the scenario was different despite the slow recovery in the job market, the election outcome, and the perception of improvement in the economy leading the ICC-FGV to reach 93.8 points at the end of the year, the highest level since 2014. Trade confidence increased sharply at the end of the year, reaching the highest level since April 2013. Rising trends were also observed for indicators of the service and construction industries.

Inflation remained under control in 2018, despite the one-off effects of the truckers' strike in June. At the end of the year, the Amplified Consumer Price Index (IPCA) had increased by 3.75%, above the 2.95% recorded for 2017, but below the target of 4.50%. The more significant factors contributing to inflation during 2018 were administered prices, which rose by 6.2% due to hikes in prices of items such as electric power (8.7%), gasoline (7.3%), and health care plans (11.2%). Free prices increased by only 2.9%.

In view of the favorable inflation scenario, the Brazilian Central Bank maintained the SELIC interest rate at 6.5% since the meeting held in March, when it made the last interest rate cut. This positive scenario, which has kept the benchmark interest rate at its lowest historic level, involved below-target current inflation, well-grounded expectations for the future, and a relatively high level of idle capacity in the economy, sustaining the slow upturn during the year.

External accounts remained at a comfortable level. The trade surplus was US$ 58.3 billion in 2018, with significant increases in exports (9.6% daily averages) and imports (19.7%). The increase in imports resulted in a lower surplus in comparison with 2017 (US$ 67 billion), but the ultimate result was positive, with a gradual improvement in internal demand. The balance of payment also reinforced this positive scenario. The current transactions deficit was R$ 14 billion in the 12-month period ended November, which corresponds to 0.7% of the GDP. The deficit is not only low but is also being financed largely by direct investment in Brazil (IDP), which reached US$ 79.8 billion in 2018, a surprising figure considering the economic and political uncertainties. Supporting Brazil's strong external position, international reserves reached US$ 386.9 billion at the end of the year.

Public accounts continued to be the main setback, despite the signs of an economic recovery. Federal tax collection increased by 5.6% in real terms between January and November in comparison with the same period in 2017. The economic upturn, although slow, contributed to a real increase in revenues, also driven by the increase in the funds obtained from oil royalties. As a consequence, the Brazilian government's primary deficit was 1.4% of GDP in the 12-months ended November, a slight decrease when compared to the deficit in 2017 (1.7% of GDP). As a result, the primary deficit reached R$ 88.4 billion, below that for the first 11 months of 2017 (R$ 103.2 billion). In addition to the slight improvement in the overall result, it is important to highlight the National Treasury surplus, which increased from R$ 69.5 billion to R$ 97.8 billion in the period. The worsening of the social security system deficit (from R$ 172.7 billion to R$ 186.3 billion) prevented a more substantial reduction in the primary deficit. Against this backdrop, the gross debt/GDP ratio, which reached 74% at the end of 2017, increased to 76.7% in November, which shows the severity of the fiscal situation the country faces.

In the international scenario, there was growing concern at the prospect of a worse performance of the main global economies. One of the factors that led to this deteriorating was the increasing trade tensions between the US and China, with new restrictive measures adopted throughout the year, despite a more conciliatory tone adopted by these two countries at the end. Another factor was the US Fed's continuing monetary tightening, which consolidated the scenario of lower liquidity after a long period of strong expansionism. However, the Fed changed its tune and started to hint at a possible shortening of the interest rate increase cycle. Political tensions in Europe were also of concern, particularly in relation to Italy's new populist government and the Brexit challenges.

In a nutshell, 2018 was marked by greater instability in the markets and greater apprehension among economic agents, whether due to external or internal factors. The worsening of the international scenario and the pre-electoral tension increased volatility and put pressure on Brazil's assets, a trend that was only partially reversed after the outcome of the elections. Despite lingering doubts as to the new government's ability to run the country, the prospect of continuity of a market-oriented agenda that supports the necessary reforms, especially taxwise, increased the confidence of society towards the end of the year. This greater optimism, whether from consumers, businessmen or investors, is a good starting point for 2019.

Bancoob

Banco Cooperativo do Brasil S/A ("Bancoob" or the "Bank") is a multi-service private bank founded in 1996, specialized for the rendering of services to credit unions under the control of entities affiliated with Sistema de Cooperativas de Crédito do Brasil ("Sicoob"). Its activities are designed to seek solutions to expand the product and service portfolio of the credit unions, by implementing actions that prioritize joint decision-making and management of controls and risks.

In order to reach this goal, Bancoob has expanded its area of operation and established a conglomerate which is currently comprised of the following companies: Bancoob DTVM, Sicoob Seguradora, Cabal Brasil e Ponta Administradora de Consórcios, in addition to Fundação Sicoob de Previdência Privada (Sicoob Previ), of which it is the founder and sponsor.

By maintaining a close relationship with the partner credit unions and the credit unions owned by Sicoob, the activities carried out by Bancoob aim at promoting financial products and services available to credit union members. Bancoob is also engaged in the continuous enhancement of key processes required for the improvement of financial results, by offering services such as legal advisory, financial centralization/Brazilian Payment System (SPB) services, fund raising and onlendings, bank clearing (collection and agreements) services, as well as an ombudsman's office.

In 2018, Bancoob's profit reached R$ 229.1 million, an increase of 31.2% compared to 2017. The return on average equity for the year was 217,1% of the average Interbank Deposit Certificate (CDI) rate.
Lending operations and interbank onlendings were R$ 11.9 billion, an increase of 19.4% compared to the previous year. Over the last five years, Bancoob's balance of loans has presented significant development, with an average annual growth of 13%, against the 4% growth recorded by the National Financial System (SFN). This figure attests the Bank's resilience in face of the economic challenges faced by Brazil in recent years. At the end of 2018, total deposits amounted to R$ 35.7 billion, an increase of 15.3% in relation to 2017.
With respect to banking activities, acquiring operations stand out having billings increased by 69.7% in comparison with 2017, totaling R$ 30 billion, with more than 190 thousand active establishments using the Sipag payment machines. The consortium operations figures were also significant, reaching 110 thousand active participants, an increase of 43% in the year, with a managed portfolio of R$ 7.8 billion.

In order to boost sales initiatives, the National Sales Campaign (CNV) was launched for the second time. This campaign, which covers the entire system, involves all the products in Bancoob's portfolio and the credit unions sales force, by associating the products offered by Sicoob with the needs and profiles of the credit union members. As a result of this action, there was substantial growth in revenues from services rendered to single credit unions.

Performance

At the end of 2018, Bancoob presented consolidated assets of R$ 50.04 billion, an increase of 14.46% compared to the same period in 2017, with the following items being particularly noteworthy:

a. Short-term interbank investments and securities

Short-term interbank investments and securities amounted to R$ 29.29 billion in 2018, comprised mainly of federal government securities (LFTs, LTNs and NTNs), which accounted for 11.85% of the total.

b. Lending operations and interbank onlendings

The loan and interbank onlending portfolio were R$ 11.98 billion, up 19.38% compared to 2017. The highlights in the loan portfolio were the working capital credit lines, which increased by 461.37%, and housing credit facilities, which increased by 315.54%. There was also growth in Rural Savings Accounts, Own Funds, Compulsory Funds, BNDES/FINAME, and the Constitutional Financing Fund of the Mid-West of Brazil (FCO).

The payroll-deductible loan portfolio (including loans to pensioners and retirees from the National Institute of Social Security (INSS) and under traditional credit facilities) totaled R$ 775 million, increasing by 19.04% in comparison with 2017.

c. Card operations

Bancoob, which issues cards for Sicoob and other cooperative systems, ended the year with 3.89 million cards issued, of which 1.87 million had an incorporated limit. The expansion of the card base through partner cooperative systems accounted for approximately 23% of total revenue.

In the six-month period, the volume of card purchases reached R$ 28.41 billion, an increase of 38% compared to the same period in 2017. Considering only the transactions carried out using the credit function, the volume reached R$ 15.9 billion.

d. Acquiring operations

In 2018, the acquiring operations segment recorded an increase of 58.07% in the number of Sipag card machine licensees in comparison with the same period in 2017.

The expansion in the customer revenue base increased cumulatively by R$ 12.3 billion, a rate of 69.72% in relation to 2017.

e. Deposits

In 2018, total deposits were R$ 35.63 billion, an increase of 15.29% in comparison with the same period in 2017, reflecting the confidence placed in Bancoob as the manager of Sicoob's cash.

The Cooperative Savings Account ended the year with a total of R$ 5.24 billion, up 34.63% in relation to 2017.

f. Services

Bancoob provides document custody, microfilming, tracking and real-time search services etc. In 2018, 362,824,277 documents were processed, an increase of 16.82% in relation to 2017.

g. New agreements

In 2018, new corporate agreements for the collection of bar-coded invoices/payment slips and direct debits were added to the Bank's portfolio, totaling 594 signed partnership agreements. The portfolio agreements, highly representative of the Brazilian National Financial System, are available to Sicoob's credit unions, as well as to other systems and entities not affiliated with the Bank.

Risk and capital management

I. Risk Management

Bancoob's risk management framework seeks to identify, measure, evaluate, monitor, report, manage, control, and mitigate the risks inherent to its activities, based on policies, strategies, processes and limits.

The allocation of resources, the definition of responsibilities and processes, and the application of the best risk management practices provide greater transparency, effectiveness, and timeliness to the Bank's operations.

Bancoob's risk management framework is consistent with the nature of its operations and the complexity of the products and services offered, as well as proportional to the extent of its exposure to risks.

The risks that are considered significant and are included in the integrated risk management program as listed below:

a) **Financial risks:** credit risk, market risk, interest rate variation risk, and liquidity risk;
b) **Non-financial risks:** operational risk, socio-environmental risk, reputational risk, compliance risk, strategy risk, business continuity management (BCM), and anti-money laundering (AML).

Bancoob prepares a risk interaction map, published a specific manual, for the purpose of guiding existing risks correlations.

The risk management process is segregated, and the organizational structure involved promotes specialization, representation and rationality, with proper dissemination of the risk management information and culture across the Institution.

The procedures adopted by the Bank ensure timely reporting to the governance bodies of data relating to normal and atypical situations with respect to risk policies, as well as the application of stress tests to evaluate critical situations requiring the adoption of contingency measures.

With a view to optimizing the delegation and coordination of tasks that are essential to the risk management function, Bancoob adopts a model based on three lines of defense, as below:

a) **1st line of defense:** controls and operational management, performed by risk-taking areas;
b) **2nd line of defense:** specific areas, responsible for the performance of internal control, risk management and compliance, in an integrated manner;
c) **3rd line of defense:** independent assessment by the Internal Audit Function.

The risk culture is spread across the organization through a structured process, based on specific training programs. Information on risk appetite levels set in the Risk Appetite Statement (RAS), policies, strategies and processes related to integrated risk management is also disseminated across the Institution.

The Stress Testing Program (STP) incorporated into Bancoob's integrated risk management function aims at identifying the effects of adverse events and circumstances on the Institution as a whole, or on a specific portfolio, through the application of sensitivity stress tests.

This structure receives support from a department specialized in risk management, segregated from the business units and the internal audit activities. This segregation ensures, in a continued and integrated manner, that the Institution's risks are managed in accordance with the levels defined in the RAS.

The governance bodies, committees, and senior management permanently monitor the risk management indicators and activities, so as to ensure the efficiency and effectiveness of the control model.

The Board of Directors is the body responsible for establishing the guidelines, policies and authority levels for risk management.

The Bank's Risk Committee (Coris) is responsible for supporting the Board of Directors in the performance of its duties.

At the executive level, the Chief Risk Officer (CRO) is responsible for the continuous and integrated management of risks and has his/her activities monitored by the Risk Committee.

The internal audit function provides an independent assessment of the activities, systems, models and procedures in place at the Institution, allowing the senior management's evaluation of the adequacy of controls, effectiveness of risk management, and compliance with internal standards and regulatory requirements.

In compliance with CMN Resolution 4,557/2017, a report describing the risk and capital management framework and the risk management report - Tier III are available on Bancoob's website (www.bancoob.com.br).

a. Credit risk

Credit risk arises from the uncertainty about a counterparty's ability to honor its commitments. Bancoob's credit risk management is linked to the Institutional Policy for Credit Risk Management, which defines consistent procedures, metrics, and actions for all the entities that comprise Sicoob.

As the entity responsible for the credit risk management of the group companies and the sponsored foundation, pursuant to Article 2, letter II of CMN Resolution 4,557/2017, Bancoob standardizes its processes, establishes methodologies to assess the risk posed by counterparties, and monitors the loan portfolios.

In order to mitigate credit risk, Bancoob makes use of risk analysis and rating models based on quantitative and qualitative data, to support the risk calculation process and the establishment of credit limits for borrowers, with a view to maintaining the high quality of its portfolio. Bancoob performs periodic tests on its models, ensuring that they are consistent with the economic and financial condition of borrowers. It also monitors default on the portfolio and the respective ratings assigned to the operations, in accordance with CMN Resolution 2,682/1999.

The credit risk management framework requires the adoption of the following procedures:

a) validation of systems, models and internal procedures;
b) estimation (using consistent and prudent criteria) of losses associated with credit risk, and comparison between the estimated and actually incurred losses;
c) procedures for monitoring loan portfolios;
d) identification and treatment of troubled assets;
e) systems, routines and procedures to identify, measure, assess, monitor, report, control, and mitigate the exposure to credit risk;
f) monitoring and reporting of risk appetite limits;

g) periodic submission of managerial information to the governance bodies;
h) area responsible for the calculation and projection of the regulatory capital required, and for the adequate level of provision for loan losses;
i) models to assess the credit risk of clients, for the granting of loans, which consider specific characteristics of the borrowers, as well as industry and macroeconomic issues;
j) portfolio-based credit limits for each client, and overall credit limits by portfolio; and
k) model to assess the impact on the provision for loan losses, regulatory capital and the Basel ratio in an extreme credit risk scenario.

The internal credit risk management standards include the organizational and regulatory structure, risk rating models for borrowers and operations, overall and individual limits, use of computer systems, and system-based monitoring to validate models and compliance of processes.

b. Market risks and interest rate variation risks

Bancoob has adopted a Market Risk Management Policy, which sets out procedures, metrics, and standardized actions to be followed by all the entities that comprise Sicoob.

Bancoob's framework for managing market and interest rate variation risks is consistent with the nature of its operations and the complexity of the products and services offered, as well as proportional to the extent of the exposure to risks.

The management of market and interest rate variation risks requires the adoption of the following procedures:

a) monitoring, through periodic reports sent to the governance bodies, committees and senior management, addressing at least:

a.1) value at Risk – VaR;
a.2) analysis of mismatches to assess the impact on the financial margin;
a.3) maximum exposure limits to market and interest rate risks;
a.4) periodic back tests performed on models for the calculation of market risk and interest rate variation risk;
a.5) application of stress scenarios;
a.6) definition of contingency plans;

b) performance of tests to assess the systems for controlling market risks and interest rate variation risks;
c) preparation of reports that allow the timely identification and correction of weaknesses in the control and management of market risks and interest rate variation risks;
d) existence of a contingency plan containing the strategies to be adopted to ensure the continuity of activities, and to limit losses arising from market risks and interest rate variation risks.

Bancoob's market risk management framework is based on good practices and consolidated evaluation models. Market risk is calculated through the use of standard methodologies that are based on existing risk factors for the instruments classified in the trading portfolio.

For market risk portions RWAjur1, RWAjur2, RWAjur3, RWAjur4, RWAcam, RWAcom, and RWAacs, Bancoob uses methodologies based on the regulations of the Brazilian Central Bank.

The interest rate valuation risk in the banking portfolio is managed through the use of good practices and consolidated evaluation models. The Bank adopts standardized procedures for the identification of risk factors, establishment of risk limits, and performance of stress testing, and tests of compliance with the risk measurement model (backtesting).

The interest rate variation risk in the banking portfolio is calculated through the use of the Value-at-Risk (VaR) method, which estimates the maximum loss over a specific time horizon, under normal market conditions, at a given confidence interval.

Stress testing is performed on a monthly basis, with the aim of assessing the possibility of losses resulting from sharp fluctuations in the prices of assets, enabling the adoption of preventive measures.

c. Liquidity risk

Bancoob has adhered to the Institutional Policy for Financial Centralization Management and the Institutional Policy for Liquidity Risk Management. These policies set out standardized procedures, metrics, and actions to be followed by all entities that comprise Sicoob.

Bancoob's liquidity risk management framework is consistent with the nature of its operations and the complexity of the products and services offered, as well as proportional to the extent of the exposure to risks.

The management of liquidity risks requires the adoption of the following procedures:

a) monitoring, through periodic reports sent to the governance bodies, committees and senior management, addressing at least:

a.1) minimum liquidity limit;

a.2) projected cash flow;

a.3) application of stress scenarios;

a.4) definition of contingency plans;

b) performance of tests to assess the liquidity risk control systems;
c) preparation of reports that allow the timely identification and correction of deficiencies in the control and management of liquidity risks;
d) existence of a contingency plan containing the strategies to be adopted to ensure the continuity of activities, and to limit losses arising from liquidity risks.

In the process of managing liquidity risk, procedures for identification of short- and long-term risks are adopted, considering the potential impacts on the liquidity of the Bancoob Group.

Stress testing is performed to identify any deficiencies and atypical situations that may compromise the liquidity of the Institution. On a quarterly basis, simulations are performed and tested in a number of scenarios.

As a control mechanism to assess the effectiveness of the contingency plan, the main measures are tested on a quarterly basis to assess the liquidity generation capacity.

d. Operational and reputational risks

The guidelines for managing operational risk are set out in Sicoob's Institutional Policy for Operational Risk Management, approved by the Executive Board and the Board of Directors.

The operational risk management process consists of a qualitative and quantitative assessment of operational risks through identification, assessment, and treatment stages.

Operational losses are reported to the Internal Control Department, which interacts with the managers of the respective areas, and formally identifies the causes of losses, the adequacy of the controls in place, and the need for improving processes, which may include the implementation of new controls.

The results are submitted to the Executive Board, Statutory Audit Board, and Board of Directors.

The capital allocation methodology used to compute the portion of operational risk (RWAopad) is the Basic Indicator Approach (BIA).

Reputational risk is managed by monitoring the Bank's communication channels (Ombudsman's Office, Customer Support Service - SAC) and the Brazilian Central Bank (On-line Demand Registration System – Citizen Module - RDR), as well as public communication channels (the complaint website "*Reclame Aqui*", and social networks).

Sicoob and Bancoob monitor, on an on-going basis, the brands' exposure and the impacts on reputation from the campaigns.

The monitoring of reputational risk is also assessed by evaluating financial and non-financial risks, including potential non-compliances before regulatory bodies.

e. Socio-environmental risk

The guidelines for managing socio-environmental risks are set out in Sicoob's Institutional Policy for Socio-Environmental Responsibility (PRSA), approved by the Executive Board and the Board of Directors.

The socio-environmental risk management process includes the evaluation of potential negative socio-environmental impacts, including in relation to reputational risk, such as:

- **a)** individuals punished for environmental crimes;
- **b)** employers caught subjecting workers to slavery-like conditions or exploiting child labor;
- **c)** sectors with greater exposure to socio-environmental risks;
- **d)** credit lines and borrowing facilities with greater exposure to socio-environmental risks;
- **e)** amount of the debt balance in lending operations with greater exposure to socio-environmental risks.

f. Compliance risk

The guidelines for managing compliance risk are set out in the Compliance Policy, approved by the Executive Board and the Board of Directors.

Bancoob has employees dedicated exclusively to the implementation of the policy and specific procedures, who also act as consultants in charge of providing the information required for an effective implementation of the compliance process.

g. Strategy risk

Bancoob expands its strategy of adding competitiveness to Sicoob's credit unions by acting as a managing system for retail banking products on the following platforms:

- ✓ Payments;
- ✓ Loans;
- ✓ Management of third-party funds;
- ✓ Financial centralization;
- ✓ Social security;
- ✓ Insurance;
- ✓ Credit cards;
- ✓ Pre-paid cards;

- ✓ Acquiring operations;
- ✓ Consortia;
- ✓ Housing credit facilities;
- ✓ Document scanning;
- ✓ Investments;
- ✓ Foreign exchange and foreign trade;
- ✓ Agribusiness derivatives.

h. Business continuity management

The related guidelines are set out in Sicoob's Institutional Policy for Business Continuity Management, approved by the Executive Board and the Board of Directors.

The business continuity management process requires the performance of the following activities:

a) Identification of the possibility of an interruption of activities;
b) Assessment of the results and consequences (potential impacts) to the entity that may arise from an interruption of activities;
c) Definition of a restoration strategy in the event of incidents;
d) Planned continuity of operations (assets, including people, processes and systems), including procedures for the periods before, during and after the interruption;
e) Transition between the contingency and the resumption of the normal course of business (end of the event).

i Money laundering prevention

The related guidelines are set out in Sicoob's Institutional Policy for Prevention of Money Laundering and Terrorism Financing, approved by the Executive Board and the Board of Directors.

Bancoob's Anti-Money Laundering/Terrorism Financing (AML/TF) process is designed to detect atypical behaviors, situations, and transactions, through information provided by the System for Prevention of Money Laundering and Terrorism Financing and Fraud Prevention and Combat.

This process comprises the following steps:

a) monitoring;
b) analysis and due diligence;
c) reporting to the Brazilian Council for Financial Activities Control (COAF);
d) Issue of managerial reports.

II. Capital management

The Bank's capital management process complies with the guidelines included in Sicoob's Institutional Policy for Capital Management, to which Bancoob has formally adhered, as approved by its Board of Directors.

In addition to a specific capital plan, which sets out capital targets and projections considering strategic objectives over a minimum time frame of three years, the main sources, and a contingency plan, Bancoob has a set of methodologies in place that enables the identification and evaluation of significant risks to its operations, with a view to maintaining a compatible level of capital. Additionally, severe events and extreme market conditions are simulated, and their results and impacts on the capital framework are submitted to the Executive Board and Board of Directors.

The capital management process is reviewed annually by the Internal Audit Function.

In compliance with CMN Resolution 4,557/2017, a report describing the risk and capital management framework and the risk management report - Tier III are available on Bancoob's website (www.bancoob.com.br).

Equity and profit for the period

At December 31, 2018, consolidated equity totaled R$ 1.79 billion, an increase of 14.33% in comparison with the previous year.

Consolidated profit for the year amounted to R$ 230.05 million, with an annualized return on average equity of 14.60%.

Acknowledgments

We would like to thank our shareholders for the trust placed in our management; Sicoob Confederation and the central and single credit unions for their cooperation towards the achievement of Sicoob's goals; our external partners for their confidence in the solutions offered by the Bancoob Group and Sicoob Previ Foundation; and the Bank's employees, its subsidiaries, and the sponsored foundation for their unwavering dedication.

The Management

Balance sheet

December 31, 2018 and 2017

(A free translation of the original in Portuguese)

All amounts in thousands of reais unless otherwise stated

		Bank		Consolidated	
Assets	**Note**	**2018**	**2017**	**2018**	**2017**
Current assets		**34,698,598**	**29,176,697**	**34,767,749**	**29,270,297**
Available funds	5	**8,187**	**12,142**	**8,424**	**12,167**
Short-term interbank investments	6	**17,053,764**	**14,120,051**	**17,053,764**	**14,120,051**
Money market investments		15,590,845	12,299,616	15,590,845	12,299,616
Investments in interbank deposits		1,462,919	1,820,435	1,462,919	1,820,435
Marketable securities	7	**2,465,886**	**1,707,896**	**2,475,044**	**1,741,338**
Bank's own portfolio		1,797,515	1,380,699	1,806,673	1,414,141
Subject to repurchase agreements		-	3,017	-	3,017
Linked to the provision of guarantees		668,371	324,180	668,371	324,180
Interbank accounts	20(a)	**10,157,704**	**9,657,000**	**10,192,743**	**9,686,524**
Payments and receipts pending settlement		3,627,002	3,264,791	3,662,041	3,294,315
Receivables linked to the Brazilian Central Bank		1,043,455	1,226,829	1,043,455	1,226,829
Interbank onlendings		5,491,399	5,173,503	5,491,399	5,173,503
(-) Provision for losses on interbank onlendings		(4,224)	(8,195)	(4,224)	(8,195)
Correspondent banks		72	72	72	72
Lending operations	8	**1,211,415**	**945,877**	**1,211,415**	**945,877**
Lending operations - private sector		1,229,553	958,630	1,229,553	958,630
(-) Provision for loan losses	8(g)	(18,138)	(12,753)	(18,138)	(12,753)
Other receivables		**3,727,859**	**2,694,815**	**3,751,413**	**2,724,799**
Income receivable		18,459	12,611	23,446	22,270
Sundry	20 (b)	3,736,244	2,696,985	3,754,811	2,717,310
(-) Provision for losses on other receivables		(26,844)	(14,781)	(26,844)	(14,781)
Other assets		**73,783**	**38,916**	**74,946**	**39,541**
Other assets		2,395	2,621	2,395	2,621
Prepaid expenses		71,388	36,295	72,551	36,920
Non-current assets		**15,323,641**	**14,497,326**	**15,271,949**	**14,449,172**
Long-term receivables					
Marketable securities	7	**9,735,165**	**10,321,655**	**9,757,512**	**10,322,451**
Bank's own portfolio		5,937,825	6,529,665	5,960,172	6,530,461
Subject to repurchase agreements		718,950	612,153	718,950	612,153
Linked to the Brazilian Central Bank		-	40,288	-	40,288
Linked to the provision of guarantees		3,078,390	3,139,549	3,078,390	3,139,549
Interbank accounts	20(a)	**2,392,036**	**1,577,677**	**2,392,036**	**1,577,677**
Interbank onlendings		2,394,197	1,581,015	2,394,197	1,581,015
(-) Provision for losses on interbank onlendings		(2,161)	(3,338)	(2,161)	(3,338)
Lending operations	8	**2,891,724**	**2,348,389**	**2,891,724**	**2,348,389**
Lending operations - private sector		2,925,504	2,370,458	2,925,504	2,370,458
(-) Provision for loan losses		(33,780)	(22,069)	(33,780)	(22,069)
Other receivables		**92,974**	**65,056**	**94,167**	**65,756**
Sundry	20 (b)	94,801	65,087	95,994	65,787
(-) Provision for losses on other receivables		(1,827)	(31)	(1,827)	(31)
Investments		**135,743**	**102,435**	**40,532**	**32,472**
Equity interests in associates and subsidiaries	10	135,390	102,235	40,179	32,272
Other investments		353	200	353	200
Property and equipment	11	**73,940**	**79,205**	**86,684**	**92,515**
Properties in use		75,592	75,592	77,092	75,592
Other property and equipment in use		30,355	31,031	51,390	51,312
(-) Accumulated depreciation		(32,007)	(27,418)	(41,798)	(34,389)
Intangible assets	12	**2,059**	**2,909**	**9,294**	**9,912**
Software		9,235	9,180	24,515	22,046
(-) Accumulated amortization		(7,176)	(6,271)	(15,221)	(12,134)
Total assets		**50,022,239**	**43,674,023**	**50,039,698**	**43,719,469**

Balance sheet

December 31, 2018 and 2017

(continued)

All amounts in thousands of reais unless otherwise stated

		Bank		Consolidated	
Liabilities and equity	**Note**	**2018**	**2017**	**2018**	**2017**
Current liabilities		**43,349,126**	**37,501,877**	**43,467,430**	**37,618,965**
Deposits	13	**32,884,947**	**28,187,258**	**32,893,886**	**28,198,428**
Demand deposits		57,685	46,337	42,594	40,008
Savings deposits		5,239,265	3,891,630	5,239,265	3,891,630
Interbank deposits		27,527,339	24,212,221	27,527,339	24,212,221
Time deposits		60,658	37,070	60,402	29,473
Other deposits		-	-	24,286	25,096
Repurchase agreement obligations		**3,288,704**	**2,662,404**	**3,288,704**	**2,662,404**
Bank's own portfolio		717,555	614,264	717,555	614,264
Third-party portfolio		2,571,149	2,048,140	2,571,149	2,048,140
Funds from acceptance of bills of exchange, real estate and mortgage notes, and debentures	15	**207,864**	**337,070**	**207,864**	**337,070**
Agribusiness credit note obligations		207,864	337,070	207,864	337,070
Interbank accounts		**2,561,634**	**2,260,248**	**2,561,646**	**2,260,254**
Receipts and payments pending settlement		2,561,634	2,260,248	2,561,646	2,260,254
Interdepartmental accounts		**14,504**	**12,526**	**14,504**	**12,526**
Receipts and payments pending settlement		14,504	12,526	14,504	12,526
Onlendings in Brazil - Official institutions	16	**771,205**	**1,192,051**	**771,205**	**1,192,051**
National Treasury					
Banco do Brasil - FCO		12,228	13,263	12,228	13,263
BNDES		310,473	269,995	310,473	269,995
Brazilian Central Bank		-	479,438	-	479,438
FINAME		175,695	153,761	175,695	153,761
Funcafé		272,809	275,594	272,809	275,594
Other payables		**3,620,268**	**2,850,320**	**3,729,621**	**2,956,232**
Collection of taxes and similar charges		10,744	8,591	10,744	8,591
Social and statutory charges		22,543	17,935	22,795	18,148
Tax and social security obligations	20(e)	22,357	201,431	243,502	224,322
Sundry	20(f)	3,365,624	2,622,363	3,452,580	2,705,171
Non-current liabilities		**4,888,694**	**4,612,913**	**4,779,629**	**4,534,033**
Deposits	13	**2,843,809**	**2,782,833**	**2,734,635**	**2,703,808**
Interbank deposits		2,346,837	2,406,720	2,346,837	2,406,720
Time deposits		496,972	376,113	387,798	297,088
Funds from acceptance of bills of exchange, real estate and mortgage notes, and debentures	15	**12,660**	**683**	**12,660**	**683**
Agribusiness credit note obligations		12,660	683	12,660	683
Obligations related to local onlendings - Official institutions	16	**2,018,497**	**1,825,320**	**2,018,497**	**1,825,320**
Banco do Brasil - FCO		30,200	41,295	30,200	41,295
BNDES		1,357,394	1,162,588	1,357,394	1,162,588
FINAME		579,212	533,007	579,212	533,007
Funcafé		51,691	88,430	51,691	88,430
Other payables		**13,728**	**4,077**	**13,837**	**4,222**
Tax and social security obligations	20(e)	529	-	529	41
Sundry	20(f)	13,199	4,077	13,308	4,181
Deferred income		**173**	**79**	**173**	**79**
Prepaid income		173	79	173	79
Equity	18	**1,784,246**	**1,559,154**	**1,792,466**	**1,566,392**
Share capital		1,525,151	1,319,242	1,525,151	1,319,242
Capital increase		-	40,000	-	40,000
Capital reserve		51	45	51	45
Revenue reserve		257,685	197,108	252,789	197,108
Adjustment to market value - marketable securities		1,359	2,818	1,359	2,818
Retained earnings		-	-	4,896	-
Treasury shares		-	(59)	-	(59)
Non-controlling interests		-	-	8,220	7,238
Total liabilities and equity		**50,022,239**	**43,674,023**	**50,039,698**	**43,719,469**

The accompanying notes are an integral part of these financial statements.

Statement of income

December 31, 2018 and 2017

(A free translation of the original in Portuguese)

All amounts in thousands of reais unless otherwise stated

		Bank			Consolidated	
		2nd six-month period	Years		Years	
	Note	2018	2018	2017	2018	2017
Income from financial intermediation		**1,437,814**	**2,766,789**	**3,314,217**	**2,768,271**	**3,317,025**
Lending operations	8 (h)	454,477	908,699	957,408	908,699	957,408
Gains on marketable securities	7 (b)	960,923	1,816,399	2,325,161	1,817,880	2,327,969
Gains on compulsory investments		22,414	41,691	31,648	41,691	31,648
Expenses for financial intermediation		**(1,220,433)**	**(2,322,173)**	**(2,909,599)**	**(2,316,277)**	**(2,903,465)**
Money market funding	13 (b)	(1,147,962)	(2,188,306)	(2,801,209)	(2,182,400)	(2,795,440)
Borrowings and onlendings	16 (b)	(53,780)	(101,067)	(85,819)	(101,077)	(85,819)
Provision for loan losses	8(g)	(18,691)	(32,800)	(22,571)	(32,800)	(22,206)
Gross profit from financial intermediation		**217,381**	**444,616**	**404,618**	**451,994**	**413,560**
Other operating income (expenses)		**(42,669)**	**(35,903)**	**(89,889)**	**(25,723)**	**(77,430)**
Income from services rendered	20(g)	535,261	1,037,924	845,185	1,191,173	977,005
Income from banking fees	20(g)	45	74	61	74	61
Personnel expenses	20 (h)	(63,338)	(116,897)	(99,619)	(167,205)	(140,031)
Administrative expenses	20 (i)	(126,010)	(231,293)	(251,988)	(259,746)	(278,862)
Taxes		(60,999)	(135,723)	(133,741)	(156,538)	(152,620)
Equity in the results of subsidiaries and associates	10	18,297	37,334	30,929	9,564	4,932
Other operating income	20(j)	171,797	309,478	192,888	314,375	197,403
Other operating expenses	20(k)	(517,722)	(936,800)	(673,604)	(957,420)	(685,318)
Operating profit		**174,712**	**408,713**	**314,729**	**426,271**	**336,130**
Non-operating expenses	20(l)	**(459)**	**(601)**	**(879)**	**(686)**	**(879)**
Profit before taxation and profit sharing		**174,253**	**408,112**	**313,850**	**425,585**	**335,251**
Income tax and social contribution	9	**(72,053)**	**(168,150)**	**(130,286)**	**(184,395)**	**(149,771)**
Income tax	9(d)	(49,914)	(107,799)	(94,410)	(118,496)	(107,214)
Social contribution	9(d)	(42,158)	(88,830)	(77,988)	(94,438)	(84,697)
Deferred tax credits	9 (b)	20,019	28,479	42,112	28,539	42,140
Employee profit sharing	22(e)	**(5,755)**	**(10,890)**	**(8,922)**	**(11,137)**	**(9,135)**
Profit for the six-month period/year		**96,445**	**229,072**	**174,642**	**230,053**	**176,345**
Number of shares:		**829,448,865**	**829,448,865**	**741,656,681**		
Earnings per thousand shares - R$		**116.28**	**276.17**	**235.48**		

The accompanying notes are an integral part of these financial statements.

Statement of changes in equity

December 31, 2018 and 2017

(A free translation of the original in Portuguese)

All amounts in thousands of reais unless otherwise stated

	Note	Share capital	Capital increase	(-) Unpaid share capital	Capital reserve	Revenue reserve	Adjustment to market value	Retained earnings	Treasury shares	Total
At December 31, 2016		**1,164,179**	**-**	**-**	**45**	**178,072**	**(4,590)**	**-**	**(26)**	**1,337,680**
Capital increase	18(a)	155,063	40,000	-	-	-	-	-	-	195,063
Proposed dividends from previous years	18(d)	-	-	-	-	(147,310)	-	-	-	(147,310)
Carrying value adjustment - securities available for sale		-	-	-	-	-	7,408	-	-	7,408
Treasury shares		-	-	-	-	-	-	-	(33)	(33)
Profit for the year		-	-	-	-	-	-	**174,642**	**-**	**174,642**
Proposed allocations:										
Legal reserve		-	-	-	-	8,732	-	(8,732)	-	-
Revenue reserve		-	-	-	-	157,614	-	(157,614)	-	-
Proposed dividends	18(d)	-	-	-	-	-	-	(8,296)	-	(8,296)
At December 31, 2017		**1,319,242**	**40,000**	**-**	**45**	**197,108**	**2,818**	**-**	**(59)**	**1,559,154**
Changes in the year		**155,063**	**40,000**	**-**	**-**	**19,036**	**7,408**	**-**	**(33)**	**221,474**
At December 31, 2017		**1,319,242**	**40,000**	**-**	**45**	**197,108**	**2,818**	**-**	**(59)**	**1,559,154**
Capital increase	18(a)	205,910	-	-	-	-	-	-	-	205,910
Unrealized capital		-	125,910	(165,910)	-	-	-	-	-	(40,000)
Capital payment		-	(165,910)	165,910	-	-	-	-	-	-
Share buyback		-	-	-	6	-	-	-	-	6
Proposed dividends from previous years		-	-	-	-	(157,614)	-	-	-	(157,614)
Carrying value adjustment - securities available for sale		-	-	-	-	-	(1,459)	-	-	(1,459)
Treasury shares		-	-	-	-	-	-	-	59	59
Profit for the period		**-**	**-**	**-**	**-**	**-**	**-**	**229,072**	**-**	**229,072**
Proposed allocations:										
Legal reserve		-	-	-	-	11,454	-	(11,454)	-	-
Revenue reserve		-	-	-	-	206,737	-	(206,737)	-	-
Proposed dividends	18(d)	-	-	-	-	-	-	(10,881)	-	(10,881)
At December 31, 2018		**1,525,152**	**-**	**-**	**51**	**257,685**	**1,359**	**-**	**-**	**1,784,247**
Changes in the year		**205,910**	**(40,000)**	**-**	**6**	**60,577**	**(1,459)**	**-**	**59**	**225,093**
At June 30, 2018		**1,525,152**	**-**	**-**	**51**	**165,821**	**1,300**	**-**	**-**	**1,692,324**
Carrying value adjustment - securities available for sale		-	-	-	-	-	59	-	-	59
Profit for the period		**-**	**-**	**-**	**-**	**-**	**-**	**96,445**	**-**	**96,445**
Proposed allocations:										
Legal reserve		-	-	-	-	4,822	-	(4,822)	-	-
Revenue reserve		-	-	-	-	87,042	-	(87,042)	-	-
Proposed dividends (Note 18(d))		-	-	-	-	-	-	(4,581)	-	(4,581)
At December 31, 2018		**1,525,152**	**-**	**-**	**51**	**257,685**	**1,359**	**-**	**-**	**1,784,247**
Changes in the years		**-**	**-**	**-**	**-**	**91,864**	**59**	**-**	**-**	**91,923**

The accompanying notes are an integral part of these financial statements.

Statement of cash flows

December 31, 2018 and 2017

(A free translation of the original in Portuguese)

All amounts in thousands of reais unless otherwise stated

		2nd six-month period	Bank		Consolidated	
Cash flows from operating activities	**Note**	**2018**	**2018**	**2017**	**2018**	**2017**
Adjusted profit		**188,137**	**424,011**	**315,477**	**475,106**	**366,253**
Profit before income tax and social contribution		174,253	408,112	313,850	425,585	335,251
Provision for loan losses		18,691	32,800	22,571	32,800	22,571
Depreciation and amortization		4,038	8,153	5,416	13,805	8,594
Equity in the results of subsidiaries		(18,297)	(37,334)	(30,929)	(9,564)	(4,932)
Goodwill on equity interest in subsidiaries		631	1,657	1,887	1,657	1,887
Provision for tax, labor and civil contingencies		8,821	10,623	2,682	10,823	2,882
Decrease (increase) in short-term interbank investments		(385,711)	357,517	405,389	357,517	405,389
Decrease (increase) in marketable securities		375,784	(172,959)	(1,321,556)	(170,226)	(1,313,420)
Decrease in interbank and interdepartmental accounts		(622,688)	(1,011,699)	(8,494,008)	(1,017,208)	(8,523,525)
Increase (decrease) in lending operations		(515,176)	(831,850)	6,510,509	(831,850)	6,510,509
Decrease (increase) in other receivables		(824,863)	(936,659)	1,239,028	(930,660)	1,225,831
Decrease in other assets		(24,232)	(34,867)	(6,134)	(35,405)	(6,281)
Increase in deposits		3,320,277	4,758,665	5,207,620	4,726,285	5,191,047
Increase (decrease) in repurchase agreement obligations		(419,389)	626,300	1,318,866	626,300	1,318,866
Increase (decrease) in funds from acceptance of bills of exchange, real estate and mortgage notes, and debentures		35,440	(117,229)	153,832	(117,229)	153,832
Increase (decrease) in borrowings and onlendings		(143,316)	(227,669)	667,003	(227,669)	667,003
Increase (decrease) in other payables		472,778	558,490	(661,725)	545,140	(644,131)
Income tax and social contribution paid		(105,649)	(105,649)	(84,689)	(105,649)	(84,689)
Change in deferred income		(15)	94	10	94	10
Net cash inflow from operating activities		**1,351,397**	**3,286,496**	**5,249,622**	**3,294,546**	**5,266,694**
Cash flows from investing activities						
Acquisitions of equity interests		(153)	(153)	-	(153)	-
Dividends received from associates		-	2,522	1,858	-	-
Disposal of property and equipment in use		-	184	22	302	39
Disposal of intangible assets		2	2	194	2	194
Purchases of property and equipment		(748)	(2,166)	(35,333)	(5,187)	(45,936)
Purchases of intangible assets		(4)	(58)	(757)	(2,472)	(5,733)
Net cash inflow (outflow) from investing activities		**(903)**	**31**	**(34,016)**	**(7,508)**	**(51,436)**
Cash flows from financing activities						
Increase in share capital		-	165,910	195,063	165,910	195,063
Share buyback		-	65	(33)	65	(33)
Dividends paid		-	(165,527)	(154,418)	(165,527)	(154,418)
Net cash inflow from financing activities		**-**	**448**	**40,612**	**448**	**40,612**
Net increase in cash and cash equivalents	**4**	**1,350,494**	**3,287,275**	**5,256,218**	**3,287,486**	**5,255,870**
Cash and cash equivalents at the beginning of the six-month period/ year		14,248,538	12,311,757	7,055,539	12,311,783	7,055,913
Cash and cash equivalents at the end of the six-month period/ year		15,599,032	15,599,032	12,311,757	15,599,269	12,311,783

The accompanying notes are an integral part of these financial statements.

Note 1 – Operations

Banco Cooperativo do Brasil S.A. ("Bancoob", the "Institution" or the "Bank") is a privately-held corporation located in Brasília, Federal District, established pursuant to Resolution 2,193 of the National Monetary Council (CMN) of August 31, 1995. The Bank was authorized to operate by the Brazilian Central Bank ("Central Bank" or "BACEN") on July 21, 1997, and started operations on September 1, 1997.

On March 29, 2016, the Brazilian Central Bank authorized Bancoob to operate in the real estate loan segment, and the Bank started carrying out these operations on April 1, 2016, becoming a multi-service cooperative bank.

Bancoob was created to provide financial, technical and operational services to credit unions, pursuant to Article 88 of Law 5,764/71, and is under the control of central credit unions, which, together with the single credit unions, comprise Sistema de Cooperativas de Crédito do Brasil ("Sicoob").

At December 31, 2018, the shortfall of current assets in relation to current liabilities in the parent company and consolidated balance sheet, totaling R$ 8.65 billion and 8.70 billion, respectively, does not pose any risk to the Bank in view of the following:

- **i)** approximately 63.53% and 63.89% of non-current assets in the parent company and consolidated balance sheet, respectively, consist of highly liquid federal government securities;
- **ii)** most of the Bank's funding is obtained through interbank deposit certificates from the credit unions, which are shareholders of the Bank, and
- **iii)** tests conducted periodically indicate the stability/renewal of short-term liabilities.

Note 2 - Presentation of the parent company and consolidated financial statements

The parent company and consolidated financial statements ("financial statements") are the responsibility of Management and have been prepared based on the accounting guidelines established by the Brazilian Corporation Law, as well as on standards and instructions issued by the National Monetary Council ("CMN") and the Brazilian Central Bank.

The consolidated financial statements include not only the Bank's accounting balances, but also those of Bancoob Distribuidora de Títulos e Valores Mobiliários Ltda., Ponta Administradora de Consórcios Ltda., Cabal Brasil Ltda., and Bancoob Participações em Seguridade S.A. In the consolidated financial statements, equity interests, as well as intercompany receivables and payables, and revenue and expenses, were eliminated.

The Joint Executive Board of Bancoob submitted these financial statements to the Board of Directors, which approved them on February 12, 2019.

Note 3 – Summary of significant accounting policies

a. Accounting estimates

The preparation of financial statements in accordance with accounting practices adopted in Brazil requires management to use its judgment to determine and record the accounting estimates, where applicable. Significant items subject to the application of estimates and assumptions valuation of the include the recoverable amount of property and equipment and intangible assets, the provision for loan losses, the estimated realization of tax credits, the provision for cash outflows in connection with tax, labor and civil contingencies, and the valuation of securities and derivative financial instruments. The settlement amounts of the transactions may differ from the estimated amounts presented in the financial statements due to inaccuracies inherent in their determination process. The Bank reviews accounting estimates and assumptions on a half-yearly basis.

b. Determination of results

The results of operations are determined on the accrual basis of accounting.

c. Foreign currency

Monetary assets denominated in foreign currency were translated into Brazilian Reais at the exchange rate in effect on the balance sheet date, and currency translation differences were recorded in the statement of income for the period.

d. Cash and cash equivalents

Cash and cash equivalents comprise cash in local and foreign currency, and short-term interbank investments with maturities of three months or less, and subject to an immaterial risk of change in fair value, which are used by Bancoob to manage its short-term obligations.

e. Short-term interbank investments and repurchase agreement obligations

Short-term interbank investments are stated at the amount of the investment or acquisition, plus income earned up to the balance sheet date. These transactions are backed by federal public securities and private securities.

f. Marketable securities

Marketable securities are classified based on a set of criteria adopted for the registration and valuation of securities portfolios defined by BACEN Circular Letter 3,068/2001, and on Management's intention, into three specific categories, in accordance with the following recognition criteria:

i. **Trading securities -** securities acquired to be frequently and actively traded, adjusted to market value with a corresponding entry to profit or loss for the period;

ii. **Available-for-sale securities -** securities that are not classified as "trading securities" or "held-to-maturity securities". These securities are adjusted to market value, and the result of the adjustment, net of tax effects, is recorded in a separate account in equity. Gains and losses, when applicable, are recognized in the statement of income;

iii. **Held-to-maturity securities -** securities acquired to be held to maturity, based on financial capacity studies, accounted for at acquisition cost plus any income earned.

The mark-to-market methodology for securities was established in compliance with consistent and verifiable criteria, which take into consideration the average trading price on the day of the calculation, or, in the absence thereof, pricing models that reflect the probable net realizable value.

Income from securities, irrespective of the category in which they are classified, is accrued on a daily pro-rata basis, under the exponential or straight-line method, based on the return clauses and acquisition cost distributed over the term of the investment, and recognized directly in the statement of income for the year.

When available-for-sale securities are sold, the difference between the selling price and the initial acquisition cost, adjusted for accrued income, is considered the result of the transaction and recognized on the transaction date within "Gains or losses on securities".

g. Derivative financial instruments

In compliance with BACEN Circular Letter 3,082/01, derivative financial instruments are measured at market value at the time the monthly trial balances and balance sheets are prepared.

Any appreciation or depreciation is recognized directly in income or expense accounts for the respective derivative financial instruments.

The methodology for the marking-to-market of derivative financial instruments was established in compliance with consistent and verifiable criteria, which take into consideration the average trading price on the day of the calculation, or, in the absence thereof, pricing models that reflect the probable net realizable value in accordance with the characteristics of the derivative.

h. Provision for loan losses and losses on interbank onlendings

The provision for loan losses is calculated based on management's judgment concerning the risk level, considering the analysis and rating of the borrower and the transaction, in compliance with the parameters established by CMN Resolution 2,682/99.

This Resolution requires a periodic analysis of the loan portfolio, as well as the classification of its transactions into nine levels, of which "AA" is the lowest risk level and "H" the highest risk level.

Income from lending operations overdue for more than 60 days, irrespective of their risk level, is only recognized in profit or loss after it has been received.

Operations classified in risk level "H" are transferred to the offsetting account, with the corresponding debit entry to the provision account, only six months after their classification into this risk level. Renegotiated operations are maintained in the same risk level in which they were classified prior to the renegotiation, and operations which had been previously recorded as losses start to be classified in risk level "H". Renegotiated operations are only transferred to the lowest risk level category after significant amortization has occurred, or when new relevant facts justify a change in their risk classification. Any gains arising from renegotiations are only recognized as income when effectively received. The provision for loan losses, which is considered sufficient by management, complies with the minimum requirement established in the aforementioned Resolution, as shown in Note 8g.

i. Investments

Investments are recorded at acquisition cost, and equity interests in subsidiaries and associates are accounted for under the equity method.

j. Property and equipment

Property and equipment are recorded at acquisition, formation or construction cost, including interest and other capitalized financial charges. Depreciation is calculated on the straight-line basis, in accordance with the following annual rates, based on the useful lives of the assets: properties in use - 4.70%; equipment in use - 10%; vehicles and data processing equipment - 20%.

Other expenditures are capitalized only when there is an increase in the economic benefits related to the asset. Any other type of expenditure is recognized in the statement of income as an expense when incurred.

Impairment of assets - A loss is recognized if there is clear evidence that the assets are not stated at their recoverable amount.

k. Intangible assets

These correspond to rights acquired in intangible assets that are maintained for or used in the Bank's operations. Intangible assets with a defined useful life are usually amortized on a straight-line basis during an estimated period of economic benefit. Intangible assets comprise software acquired from third parties and are amortized at an annual rate of 20%. Intangible assets are also reviewed for impairment on an annual basis.

l. Other current and non-current assets

These are stated at net realizable value.

m. Deposits and money market funding

Funds arising from deposits are stated at the amount raised, plus any accrued income, on a daily pro-rata basis.

n. Borrowings and onlendings

These are stated at known or determinable amounts, including accrued charges and monetary variations, net of the corresponding unrecognized expenses, where applicable.

o. Private pension plan

The private pension plan established by Bancoob is of a defined contribution type, and the monthly contributions to the plan are expensed in the statement of income for the year.

p. Income tax and social contribution

The provision for income tax was set up at the rate of 15%, plus a 10% surtax, and the provision for social contribution at the rate of 20%, on taxable profit calculated as per the prevailing tax laws.

Income tax credits were calculated in accordance with the aforementioned tax rate, and social contribution tax credits were calculated at the rate of 15%, in compliance with Law 13,169/15. Tax credits are recognized considering the expected generation of future taxable profit, over a maximum period of ten years, pursuant to CMN Resolution 3,355/06. The expected generation of future taxable profit is supported by a technical study prepared by Management and updated on a half-yearly basis.

q. Contingent assets and liabilities and legal obligations

Provisions are recognized in the balance sheet when Bancoob has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of funds will be required to settle the obligation. The provisions are recorded based on the best estimates of the risk involved.

Contingent Assets and Liabilities - The recognition, measurement and disclosure of provisions and contingent assets and liabilities is carried out in accordance with CMN Resolution 3,823/09, which requires financial institutions and other institutions authorized to operate by BACEN to comply with Technical Pronouncement CPC 25, issued by the Accounting Pronouncements Committee (CPC), as follows:

- **Contingent assets** - Contingent assets are not accounted for, except when backed by real guarantees or final court decisions, for which a favorable outcome is virtually certain. Contingent assets for which a favorable outcome is classified as probable are only disclosed in the notes to the financial statements.

- **Contingent liabilities** - Contingent liabilities are recognized based on the advice of the legal advisors, the nature of the lawsuits, similarities with previous lawsuits, and the complexity of the lawsuits, when the risk of an unfavorable outcome is classified as probable, generating an outflow of funds to settle the obligation, and the amounts involved can be measured reliably. The lawsuits for which an unfavorable outcome is classified as possible are only disclosed in the notes to the financial statements when considered material on a stand-alone basis.

- **Legal Obligations** - These are obligations that derive from a contract, through implicit or explicit terms, a law or other operation of law, which should be recognized by Bancoob.

r. Other current and non-current liabilities

These are stated at known or estimated amounts including, where applicable, the corresponding charges and monetary variations incurred.

s. Technical Pronouncements - CPCs

The Brazilian Central Bank has approved the adoption of the following Technical Pronouncements issued by CPC, which were considered in the preparation of the financial statements:

- CPC 00 (R1) – Basic Conceptual Pronouncement;
- CPC 01 (R1) – Impairment of Assets;
- CPC 02 (R2) – Effects of Changes in Foreign Exchange Rates and Translation of Financial Statements;
- CPC 03 (R2) – Statement of Cash Flows;
- CPC 04 (R1) – Intangible Assets;
- CPC 05 (R1) – Related-party Disclosures;
- CPC 10 (R1) – Share-based Payments;
- CPC 23 - Accounting Policies, Changes in Accounting Estimates and Correction of Errors;
- CPC 24 - Events After the Reporting Period;
- CPC 25 – Provisions, Contingent Liabilities and Contingent Assets;
- CPC 27 - Property and Equipment;
- CPC 33 (R1) – Employee Benefits.

The other Technical Pronouncements issued by CPC will be applied after their adoption has been approved by the Brazilian Central Bank.

All amounts in thousands of reais unless otherwise stated

Note 4 – Breakdown of cash and cash equivalents

a. Breakdown

Cash and cash equivalents, presented in the statement of cash flows, are as follows:

		Bank		Consolidated	
Cash	**Note**	**2018**	**2017**	**2018**	**2017**
Available funds	5	**8,187**	**12,142**	**8,424**	**12,167**
Local currency		225	235	229	260
Bank deposits		-	-	233	-
Non-earmarked reserves		76	-	76	-
Foreign currency		7,886	11,907	7,886	11,907
Cash equivalents					
Short-term interbank investments (up to 90 days)	6	**15,590,845**	**12,299,615**	**15,590,845**	**12,299,616**
Total		**15,599,032**	**12,311,757**	**15,599,269**	**12,311,783**

Note 5 – Available funds

		Bank		Consolidated	
	Note	**2018**	**2017**	**2018**	**2017**
Local currency		225	235	229	260
Bank deposits		-	-	233	-
Non-earmarked reserves		76	-	76	-
Foreign currency		7,886	11,907	7,886	11,907
Total		**8,187**	**12,142**	**8,424**	**12,167**

Note 6 – Short-term interbank investments

a. Breakdown of short-term interbank investments

		Bank							Consolidated	
		Maturity					Total	Total	Total	Total
	Note	**Up to 1 month**	**From 1 to 3 months**	**From 3 to 6 months**	**From 6 to 12 months**	**Over 1 year**	**2018**	**2017**	**2018**	**2017**
Investments in repurchase agreements		**1,046,982**	**14,543,863**	**-**	**-**	**-**	**15,590,845**	**12,299,616**	**15,590,845**	**12,299,616**
Resales pending settlement - own resources		1,046,982	11,971,957	-	-	-	13,018,939	10,251,072	13,018,939	10,251,072
Resales pending settlement - third-party resources		-	2,571,906	-	-	-	2,571,906	2,048,544	2,571,906	2,048,544
Investments in interbank deposits		**69,112**	**-**	**327,119**	**1,066,688**	**-**	**1,462,919**	**1,820,435**	**1,462,919**	**1,820,435**
Total		**1,116,094**	**14,543,863**	**327,119**	**1,066,688**	**-**	**17,053,764**	**14,120,051**	**17,053,764**	**14,120,051**
Current							**17,053,764**	**14,120,051**	**17,053,764**	**14,120,051**
Non-current							**-**	**-**	**-**	**-**

All amounts in thousands of reais unless otherwise stated

b. Income from short-term interbank investments

Classified in the statement of income as profit or loss arising from transactions with marketable securities.

	Bank		
Income from investments in repurchase agreements	**2nd six-month period of 2018**	**2018**	**2017**
Own resources	467,711	819,099	935,151
Third-party resources	70,576	131,226	131,675
Sub-total	**538,287**	**950,325**	**1,066,826**
Income from investments in interbank deposits	39,255	91,857	173,927
Total	**577,542**	**1,042,182**	**1,240,753**

Note 7 - Marketable securities and derivative financial instruments

a. Marketable securities

Securities are classified as "trading" and "available for sale". Their market value was calculated considering the following parameters:

i. **Federal government securities (LTNs, LFTs, NTNs) -** the index disclosed by the Brazilian Association of Capital and Financial Markets Institutions (ANBIMA) is used.

ii. **Investment funds** - the latest price disclosed by the fund's administrator for the subordinated share, which represents the fair value of the fund's net assets, is used.

iii. **Private securities** – these are marked to market periodically, using an in-house methodology that first considers the prices available in liquid markets. Alternatively, fair values are calculated based on a method that considers the average spreads (for similar private securities) adopted for the own portfolio, in accordance with the size of the issuer.

Marketable securities, including derivative financial instruments and short-term interbank investments, are under the custody of [B]³ Brasil Bolsa Balcão and SELIC, except for investment fund quotas whose records are kept by the respective administrators.

(All amounts in thousands of reais unless otherwise stated)

The indexed cost (including income earned) and the market values of marketable securities were as follows

		Maturity						Total 2018			Total 2017		
Bank	Note	Without defined maturity	Up to 1 month	From 1 to 3 months	From 3 to 6 months	From 6 to 12 months	Over 1 year	Curve value	Market value	Unrealized gain (loss)	Curve value	Market value	Unrealized gain (loss)
I - Available-for-sale securities		**41,327**	**14,361**	**1,410,168**	**90,020**	**904,531**	**9,735,165**	**12,193,306**	**12,195,572**	**2,266**	**12,017,200**	**12,021,981**	**4,781**
Bank's own portfolio													
Financial Treasury Bills (LFT)		-	-	566,860	-	-	5,208,664	5,775,079	5,775,524	445	6,174,980	6,174,671	(309)
Funds		41,263	-	-	-	-	-	41,263	41,263	-	38,977	38,977	-
Financial Bills (LF)		-	14,361	350,313	90,020	729,219	729,161	1,911,222	1,913,074	1,852	1,684,399	1,689,146	4,747
Total		**41,263**	**14,361**	**917,173**	**90,020**	**729,219**	**5,937,825**	**7,727,564**	**7,729,861**	**2,297**	**7,898,356**	**7,902,794**	**4,438**
Subject to repurchase agreements													
Financial Treasury Bills (LFT)		-	-	-	-	-	718,950	719,129	718,950	(179)	615,529	615,170	(359)
Total		**-**	**-**	**-**	**-**	**-**	**718,950**	**719,129**	**718,950**	**(179)**	**615,529**	**615,170**	**(359)**
Linked to the Brazilian Central Bank													
Financial Treasury Bills (LFT)		-	-	-	-	-	-	-	-	-	40,301	40,288	(13)
Total		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**40,301**	**40,288**	**(13)**
Linked to the provision of guarantees													
Financial Bills (LF)		-	-	7,964	-	175,312	8,499	191,384	191,775	391	491,348	493,321	1,973
Financial Treasury Bills (LFT)		-	-	485,031	-	-	3,069,891	3,555,165	3,554,922	(243)	2,971,666	2,970,408	(1,258)
Fund Quotas (QF)		64	-	-	-	-	-	64	64	-	-	-	-
Total		**64**	**-**	**492,995**	**-**	**175,312**	**3,078,390**	**3,746,613**	**3,746,761**	**148**	**3,463,014**	**3,463,729**	**715**
II – Trading securities		**5,479**	**-**	**-**	**-**	**-**	**-**	**5,480**	**5,479**	**(1)**	**7,568**	**7,570**	**2**
Bank's own portfolio													
Rural Producer Notes (CPR)		16	-	-	-	-	-	17	16	(1)	-	-	-
Financial Bills (LF)		-	-	-	-	-	-	-	-	-	2,434	2,437	3
Financial Treasury Bills (LFT)		5,463	-	-	-	-	-	5,463	5,463	-	5,134	5,133	(1)
Total		**5,479**	**-**	**-**	**-**	**-**	**-**	**5,480**	**5,479**	**(1)**	**7,568**	**7,570**	**2**
Total – marketable securities		**46,806**	**14,361**	**1,410,168**	**90,020**	**904,531**	**9,735,165**	**12,198,786**	**12,201,051**	**2,265**	**12,024,768**	**12,029,551**	**4,783**
Current									**2,465,886**			**1,707,896**	
Non-current									**9,735,165**			**10,321,655**	

(All amounts in thousands of reais unless otherwise stated)

The indexed cost (including income earned) and the market values of marketable securities were as follows

Consolidated	Note	Maturity						Total 2018			Total 2017		
		Without defined maturity	Up to 1 month	From 1 to 3 months	From 3 to 6 months	From 6 to 12 months	Over 1 year	Curve value	Market value	Unrealized gain (loss)	Curve value	Market value	Unrealized gain (loss)
I - Available-for-sale securities		**50,485**	**14,361**	**1,410,168**	**90,020**	**904,531**	**9,757,512**	**12,224,811**	**12,227,077**	**2,266**	**12,051,438**	**12,056,219**	**4,781**
Bank's own portfolio													
Financial Treasury Bills (LFT)		-	-	566,860	-	-	5,229,828	5,796,243	5,796,688	445	6,201,073	6,200,764	(309)
Bank Deposit Certificate (CDB)		-	-	-	-	-	1,183	1,183	1,183	-	796	796	-
Debentures		-	-	-	-	-	-	-	-	-	45,820	45,820	-
Funds		50,421	-	-	-	-	-	50,421	50,421	-	506	506	-
Financial Bills (LF)		-	14,361	350,313	90,020	729,219	729,161	1,911,222	1,913,074	1,852	1,684,399	1,689,146	4,747
Total		**50,421**	**14,361**	**917,173**	**90,020**	**729,219**	**5,960,172**	**7,759,069**	**7,761,366**	**2,297**	**7,932,594**	**7,937,032**	**4,438**
Subject to repurchase agreements													
Financial Treasury Bills (LFT)		-	-	-	-	-	718,950	719,129	718,950	(179)	615,529	615,170	(359)
Total		**-**	**-**	**-**	**-**	**-**	**718,950**	**719,129**	**718,950**	**(179)**	**615,529**	**615,170**	**(359)**
Linked to the Brazilian Central Bank													
Financial Treasury Bills (LFT)		-	-	-	-	-	-	-	-	-	40,301	40,288	(13)
Total		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**40,301**	**40,288**	**(13)**
Linked to the provision of guarantees													
Financial Bills (LF)		-	-	7,964	-	175,312	8,499	191,384	191,775	391	491,348	493,321	1,973
Financial Treasury Bills (LFT)		-	-	485,031	-	-	3,069,891	3,555,165	3,554,922	(243)	2,971,666	2,970,408	(1,258)
Fund Quotas (QF)		64	-	-	-	-	-	64	64	-	-	-	-
Total		**64**	**-**	**492,995**	**-**	**175,312**	**3,078,390**	**3,746,613**	**3,746,761**	**148**	**3,463,014**	**3,463,729**	**715**
II - Trading securities		**5,479**	**-**	**-**	**-**	**-**	**-**	**5,480**	**5,479**	**(1)**	**7,568**	**7,570**	**2**
Bank's own portfolio													
Rural Producer Notes (CPR)		16	-	-	-	-	-	17	16	(1)	-	-	-
Financial Bills (LF)		-	-	-	-	-	-	-	-	-	2,434	2,437	3
Financial Treasury Bills (LFT)		5,463	-	-	-	-	-	5,463	5,463	-	5,134	5,133	(1)
Total		**5,479**	**-**	**-**	**-**	**-**	**-**	**5,480**	**5,479**	**(1)**	**7,568**	**7,570**	**2**
Total - marketable securities		**55,964**	**14,361**	**1,410,168**	**90,020**	**904,531**	**9,757,512**	**12,230,291**	**12,232,556**	**2,265**	**12,059,006**	**12,063,789**	**4,783**
Current									**2,475,044**			**1,741,338**	
Non-current									**9,757,512**			**10,322,451**	

(All amounts in thousands of reais unless otherwise stated)

b. Breakdown of marketable securities

	Note	Bank		Consolidated	
		2018	2017	2018	2017
Market value of available-for-sale securities		12,195,572	12,021,981	12,227,077	12,056,219
Market value of trading securities		5,479	7,570	5,479	7,570
Adjusted curve value of held-to-maturity securities		-	-	-	-
Total		**12,201,051**	**12,029,551**	**12,232,556**	**12,063,789**

In 2018, there were no reclassifications of securities between the categories.

At December 31, 2018, Bancoob's securities linked to the provision of guarantees totaled R$ 3,746,761 (R$ 3,463,729 in 2017), distributed as follows:

(a) R$ 1,713,715 (R$ 2,181,893 in 2017) as collateral for funding operations;
(b) R$ 2,004,288 (R$ 1,258,145 in 2017) as collateral for card operations.

c. Gains (losses) on marketable securities

	Note	Bank			Consolidated	
		2nd six-month period	2018	2017	2018	2017
Income from fixed-income securities		380,846	770,585	1,082,489	771,997	1,085,207
Income from investment funds		3,885	6,753	5,338	6,822	5,428
Positive adjustment of securities to market value		1	2	3	2	3
Income from short-term interbank investments	6 (b)	577,542	1,042,182	1,240,753	1,042,182	1,240,753
Expenses with marketable securities		(1,351)	(3,123)	(3,422)	(3,123)	(3,422)
Total		**960,923**	**1,816,399**	**2,325,161**	**1,817,881**	**2,327,969**

Note 8 – Lending operations, interbank onlendings, and other receivables with loan characteristics

a. Breakdown of the loan portfolio, interbank onlendings, and other receivables with loan characteristics.

	Note	2018	2017
Interbank onlendings		7,885,596	6,754,518
Loans and discounted bills		1,329,357	940,295
Financing		722,551	603,642
Rural and agribusiness financing		2,078,055	1,779,112
Real estate financing		25,094	6,039
Other receivables	20(b)	3,308,984	2,443,943
Sub-total		**15,349,637**	**12,527,549**
(-) Provision for losses on interbank onlendings		(6,385)	(11,533)
(-) Provision for loan losses		(51,918)	(34,822)
(-) Provision for losses on other receivables		(26,868)	(14,756)
Total		**15,264,466**	**12,466,438**
Current		9,978,292	8,540,280
Non-current		5,286,174	3,926,158

All amounts in thousands of reais unless otherwise stated

b. Breakdown of the portfolio by type and risk level

					Bank and Consolidated						
Lending operations	**AA**	**A**	**B**	**C**	**D**	**E**	**F**	**G**	**H**	**2018**	**2017**
Interbank onlendings	6,889,728	802,073	171,951	21,844	-	-	-	-	-	7,885,596	6,754,518
Loans and discounted bills	147,377	1,005,462	105,141	49,929	9,582	5,215	1,365	747	4,539	1,329,357	940,295
Financing	9,297	262,729	297,964	130,995	9,780	8,986	354	551	1,895	722,551	603,644
Rural and agribusiness financing	130,495	1,567,022	262,353	71,193	27,918	18,014	261	513	285	2,078,055	1,779,112
Real estate financing	3,002	18,022	3,420	500	150	-	-	-	-	25,094	6,039
Total	**7,179,899**	**3,655,308**	**840,829**	**274,461**	**47,430**	**32,215**	**1,980**	**1,811**	**6,719**	**12,040,654**	**10,083,606**
Other receivables	7,570	3,051,629	149,930	68,973	8,531	21,583	87	36	645	3,308,984	2,443,943
Grand total	**7,187,469**	**6,706,938**	**990,759**	**343,434**	**55,961**	**53,798**	**2,067**	**1,847**	**7,364**	**15,349,637**	**12,527,549**
Provision for loan losses	-	33,535	9,908	10,302	5,596	16,139	1,034	1,293	7,364	85,171	61,111
Total provisions at 12/31/2018, net	**7,187,469**	**6,673,403**	**980,851**	**333,132**	**50,365**	**37,659**	**1,033**	**554**	**-**	**15,264,466**	**-**
Total provisions at 12/31/2017, net	**6,006,348**	**5,360,773**	**339,957**	**204,578**	**7,467**	**2,370**	**1,695**	**303**	**-**	**-**	**12,466,438**

c. Breakdown of the provision for loan losses by type

					Bank and Consolidated						
Lending operations	**AA**	**A**	**B**	**C**	**D**	**E**	**F**	**G**	**H**	**2018**	**2017**
Interbank onlendings	-	4,010	1,720	655	-	-	-	-	-	6,385	11,533
Loans and discounted bills	-	5,027	1,051	1,498	958	1,565	683	523	4,539	15,844	12,316
Financing	-	1,314	2,980	3,930	978	2,696	176	386	1,895	14,355	9,877
Rural and agribusiness financing	-	7,836	2,624	2,135	2,792	5,403	131	359	285	21,565	12,596
Real estate financing	-	90	34	15	15	-	-	-	-	154	33
Total	**-**	**18,277**	**8,409**	**8,233**	**4,743**	**9,664**	**990**	**1,268**	**6,719**	**58,303**	**46,355**
Other receivables	-	15,258	1,499	2,069	853	6,475	44	25	645	26,868	14,756
Grand total	**-**	**33,535**	**9,908**	**10,302**	**5,596**	**16,139**	**1,034**	**1,293**	**7,364**	**85,171**	**61,111**

d. Breakdown of the portfolio by maturity range and risk level

d1. Lending operations, interbank onlendings, and other receivables with loan characteristics

					Bank and Consolidated						
	AA	**A**	**B**	**C**	**D**	**E**	**F**	**G**	**H**	**2018**	**2017**
1 to 30 days	147,945	275,454	25,111	14,546	3,843	2,310	61	11	222	469,503	488,270
31 to 60 days	272,499	218,814	24,352	8,950	1,065	1,687	10	49	42	527,468	431,843
61 to 90 days	353,170	317,846	39,895	10,308	733	2,298	10	6	64	724,330	607,902
91 to 180 days	1,368,725	1,141,115	95,030	37,423	4,317	7,339	61	84	327	2,654,421	2,284,665
181 to 360 days	2,808,044	2,404,223	257,991	93,353	10,170	16,620	141	79	584	5,591,205	4,718,931
Over 360 days	2,237,086	2,327,275	521,451	162,687	30,231	20,485	235	453	1,638	5,301,541	3,937,699
Total	**7,187,469**	**6,684,727**	**963,830**	**327,267**	**50,359**	**50,739**	**518**	**682**	**2,877**	**15,268,468**	**12,469,310**

All amounts in thousands of reais unless otherwise stated

d2. Lending operations, interbank onlendings, and other receivables with loan characteristics

	Bank and Consolidated										
Past-due installments	**AA**	**A**	**B**	**C**	**D**	**E**	**F**	**G**	**H**	**2018**	**2017**
1 to 30 days	-	14,783	18,527	1,093	250	435	45	32	143	35,308	24,368
31 to 60 days	-	-	85	8,834	162	139	38	25	123	9,406	7,792
61 to 90 days	-	-	-	87	2,583	101	47	22	135	2,975	2,316
91 to 180 days	-	-	-	27	94	317	204	201	390	1,233	993
181 to 360 days	-	-	-	-	-	32	36	33	878	979	1,210
Over 360 days	-	-	-	-	-	-	-	-	73	73	113
Total	**-**	**14,783**	**18,612**	**10,041**	**3,089**	**1,024**	**370**	**313**	**1,742**	**49,974**	**36,792**
Falling due installments											
1 to 30 days	-	208	333	202	66	59	40	29	119	1,056	721
31 to 60 days	-	137	256	175	63	57	39	33	110	870	644
61 to 90 days	-	149	266	174	68	57	40	20	114	888	620
91 to 180 days	-	414	767	516	190	163	115	70	359	2,594	1,780
181 to 360 days	-	857	1,442	1,082	462	395	252	177	522	5,189	3,816
Over 360 days	-	5,662	5,253	3,977	1,664	1,304	693	523	1,521	20,597	13,866
Total	**-**	**7,427**	**8,317**	**6,126**	**2,513**	**2,035**	**1,179**	**852**	**2,745**	**31,194**	**21,447**
Total	**-**	**22,210**	**26,929**	**16,167**	**5,602**	**3,059**	**1,549**	**1,165**	**4,487**	**81,168**	**58,239**

e. Breakdown of the portfolio by industry and maturity

	Bank and Consolidated								
	Past-due	**Not yet due**						**Total**	**Total**
		3 months or less	**From 3 to 12 months**	**From 1 to 3 years**	**From 3 to 5 years**	**From 5 to 15 years**	**Over 15 years**	**2018**	**2017**
Rural	-	943,579	4,913,611	2,595,836	906,413	604,212	-	9,963,651	8,533,630
Financial intermediaries	677	29,755	77,418	143,615	76,079	28,046	125	355,715	115,588
Individuals	23,777	567,017	2,461,620	366,251	154,733	13,885	-	3,587,283	2,811,845
Other services	9,316	199,528	799,870	282,119	119,271	7,790	-	1,417,894	1,060,447
Housing	-	440	892	2,233	2,209	9,857	9,464	25,094	6,039
Total	**33,770**	**1,740,319**	**8,253,410**	**3,390,054**	**1,258,705**	**663,790**	**9,589**	**15,349,637**	**12,527,549**

f. Concentration of lending operations, interbank onlendings, and other receivables with loan characteristics

f1. Concentration of operations - interbank onlendings

	Bank and Consolidated			
	2018	**%**	**2017**	**%**
10 largest debtors	2,977,650	37.76	2,667,945	39.50
50 next largest debtors	3,115,594	39.51	2,531,355	37.48
100 next largest debtors	1,667,744	21.15	1,429,558	21.16
Other	124,608	1.58	125,660	1.86
Total	**7,885,596**	**100.00**	**6,754,518**	**100.00**

f2. Concentration of operations - lending operations

	Bank and Consolidated			
	2018	**%**	**2017**	**%**
10 largest debtors	231,992	5.58	92,314	2.77
50 next largest debtors	197,718	4.76	133,436	4.01
100 next largest debtors	178,270	4.29	144,743	4.35
Other	3,547,077	85.37	2,958,595	88.87
Total	**4,155,057**	**100.00**	**3,329,088**	**100.00**

All amounts in thousands of reais unless otherwise stated

f3. Concentration of operations - other receivables with loan characteristics

	Bank and Consolidated			
	2018	%	2017	%
10 largest debtors	4,187	0.13	3,252	0.13
50 next largest debtors	9,895	0.30	7,422	0.30
100 next largest debtors	12,223	0.37	9,669	0.40
Other	3,282,679	99.20	2,423,600	99.17
Total	**3,308,984**	**100.00**	**2,443,943**	**100.00**

g. Changes in the provision for loan losses

g1. Provision for loan losses - Lending operations and interbank onlendings

	Bank and Consolidated		
	2nd six-month period of 2018	2018	2017
Balance at the beginning of the year	48,176	46,355	36,465
Constitution/(reversal) of provision for loan losses - interbank onlendings	(3,016)	(5,148)	6,746
Constitution/(reversal) of provision for loan losses	16,515	23,941	11,533
Lending operations written off as losses	(3,372)	(6,845)	(8,389)
Balance at the end of the year	**58,303**	**58,303**	**46,355**

Receivables renegotiated in 2018 totaled R$ 27.9 (R$ 123,433 in 2017) and related to non-performing contracts of Payroll-deductible Loan, Rural Credit and Lending operations.

The recovery of loans written off as losses during 2018 totaled R$ 4,041 (R$ 4,723 in 2017).

g2. Provision for loan losses - Other receivables with loan characteristics

	Bank and Consolidated		
	2nd six-month period of 2018	2018	2017
Balance at the beginning of the year	19,477	14,756	10,461
Constitution of provision for loan losses	7,390	12,112	4,295
Balance at the end of the year	**26,868**	**26,868**	**14,756**

g3. Guarantees provided

Provisions are recorded for guarantees provided and not yet honored, subject to the same criteria established by Resolution 2,682/99. In 2018, the amount of R$ 148 (R$ 59 in 2017) was recorded as a provision to cover this risk.

h. Income from lending operations

	Bank and Consolidated		
	2nd six-month period of 2018	2018	2017
Income from interbank onlendings	250,331	523,308	615,209
Loans and discounted bills	109,149	206,810	182,234
Financing	31,132	58,649	55,227
Rural and agribusiness financing	59,967	114,627	99,727
Income from housing financing	843	1,264	288
Sub-total	**451,422**	**904,658**	**952,685**
Recovery of receivables written-off as losses	3,055	4,041	4,723
Balance at the end of the year	**454,477**	**908,699**	**957,408**

All amounts in thousands of reais unless otherwise stated

Note 9 - Tax credits, income tax and social contribution on net income

a. Breakdown of tax credits

	2018				2017			
	Bank		Consolidated		Bank		Consolidated	
Breakdown	Income tax	Social contribution (a)	Income tax	Social contribution	Income tax	Social contribution	Income tax	Social contribution
Provision for loan losses	91,068	91,068	91,068	91,068	64,384	64,384	64,384	64,384
Civil and labor contingencies	13,154	13,154	13,154	13,154	3,668	3,668	3,668	3,668
Adjustment to market value - securities	-	-	-	-	1,941	1,941	1,941	1,941
Profit sharing	10,890	10,890	11,143	11,143	9,164	9,164	9,164	9,164
SIPAG Acceleration Program	2,248	2,248	2,248	2,248	1,816	1,816	1,816	1,816
Government Severance Indemnity Fund for Employees (FGTS) - 50% - Executive Board	1,300	1,300	1,650	1,650	1,067	1,067	1,067	1,067
National sales campaign	16,184	16,184	16,184	16,184	5,751	5,751	5,751	5,751
Card bonus	104,573	104,573	104,573	104,573	84,085	84,085	84,085	84,085
Legal fees	1,518	1,518	1,518	1,518	1,518	1,518	1,518	1,518
Other provisions	13,339	13,339	13,385	13,385	4,949	4,949	4,961	4,961
Amount	**254,274**	**254,274**	**254,923**	**254,923**	**178,343**	**178,343**	**178,858**	**178,858**
Tax rates	25%	15%	25%	15%	25%	20%	25%	20%
Tax credits recognized	**63,569**	**38,141**	**63,731**	**38,271**	**44,586**	**29,438**	**44,715**	**29,541**

(a) At December 31, 2018, the Social Contribution tax credit was recognized on temporary differences at the rate of 15%, pursuant to Law 13,169/15.

b. Changes

	2018				2017			
	Bank		Consolidated		Bank		Consolidated	
Breakdown	Income tax	Social contribution (a)	Income tax	Social contribution	Income tax	Social contribution	Income tax	Social contribution
At December 31								
Deferred tax assets	44,586	29,438	44,715	29,541	21,413	14,727	21,527	14,817
Deferred tax liabilities	(1,681)	(1,073)	(1,681)	(1,073)	(1,209)	(809)	(1,209)	(809)
Sub-total	**42,905**	**28,365**	**43,034**	**28,468**	**20,204**	**13,918**	**20,318**	**14,008**
Adjustment to profit (loss)	**19,469**	**9,010**	**19,502**	**9,037**	**25,794**	**16,318**	**25,809**	**16,331**
Tax credits recognized	24,942	26,103	25,053	26,192	30,454	26,195	30,548	26,272
Tax credits derecognized	(5,473)	(17,093)	(5,551)	(17,155)	(4,659)	(9,876)	(4,739)	(9,940)
Changes in deferred taxes	-	-	-	-	(1)	(1)	(1)	(1)
Adjustment to equity (securities)	**629**	**426**	**628**	**426**	**(3,093)**	**(1,871)**	**(3,093)**	**(1,871)**
Tax credits recognized	-	81	-	81	2,829	2,833	2,827	2,833
Tax credits derecognized	(486)	(388)	(485)	(388)	(5,450)	(4,440)	(5,449)	(4,440)
Changes in deferred taxes	1,115	733	1,114	733	(472)	(264)	(471)	(264)
Changes	**20,097**	**9,436**	**20,130**	**9,463**	**22,701**	**14,447**	**22,716**	**14,460**
At December 31								
Deferred tax assets	63,569	38,141	63,731	38,271	44,586	29,438	44,715	29,541
Deferred tax liabilities	(566)	(340)	(567)	(340)	(1,681)	(1,073)	(1,681)	(1,073)
	63,003	**37,801**	**63,165**	**37,931**	**42,905**	**28,365**	**43,034**	**28,468**

All amounts in thousands of reais unless otherwise stated

c. Expected realization of tax credits

Based on a study conducted by Management, which considered the expected generation of future taxable profit, the tax credits will be realized within ten years, distributed as follows:

	2018			
	Bank		Consolidated	
Years	Nominal amount	Present value	Nominal amount	Present value
2019	35,860	33,462	35,994	33,587
2020	15,770	13,632	15,928	13,768
2021	12,211	9,774	12,211	9,774
2022	18,332	13,594	18,332	13,594
2023	6,465	4,440	6,465	4,440
2024 to 2028	13,072	8,314	13,072	8,314
Total tax credits	**101,710**	**83,215**	**102,002**	**83,477**

The present value of tax credits was calculated considering the SELIC rate projected for the realization years.

d. Income tax and social contribution on net income

The reconciliation between the expense calculated based on the combined statutory nominal income tax and social contribution rates and the expense charged to the statement of income is as follows:

	Bank				Consolidated			
	2018		2017		2018		2017	
Breakdown	Income tax	Social contribution	Income tax	Social contribution	Income tax	Social contribution	Income tax	Social contribution
Profit before taxation and profit sharing	408,112	408,112	313,850	313,850	425,585	425,585	335,251	335,251
Equity in the results of subsidiaries	(37,334)	(37,334)	(30,929)	(30,929)	(11,137)	(11,137)	(4,932)	(4,932)
Employee profit sharing	(10,890)	(10,890)	(8,922)	(8,922)	(9,564)	(9,564)	(9,135)	(9,135)
Tax base	**359,888**	**359,888**	**273,999**	**273,999**	**404,884**	**404,884**	**321,184**	**321,184**
Tax rate	25%	20%	25%	20%	25%	20%/9%	25%	20%/9%
	89,972	**71,978**	**68,500**	**54,800**	**101,221**	**77,596**	**80,296**	**60,939**
Tax effect on temporary differences								
Provision for loan losses	6,672	5,337	3,583	2,867	6,672	5,337	3,583	2,867
Provision for contingent liabilities	2,407	1,926	428	342	2,420	1,935	422	341
Other provisions	10,390	8,312	21,782	17,426	9,835	8,130	22,779	17,791
	19,469	**15,575**	**25,793**	**20,635**	**18,927**	**15,402**	**26,784**	**20,999**
Tax effect on permanent differences	1,612	1,277	3,168	2,553	1,790	1,433	3,366	2,759
Sponsorships	(2,344)	-	(2,181)	-	(2,344)	-	(2,180)	-
Workers' Meal Program (PAT)	(726)	-	(657)	-	(887)	-	(813)	-
Extension of maternity/paternity leave	(184)	-	(213)	-	(251)	-	(237)	-
Tax losses to offset	-	-	-	-	(1)	-	-	-
	(3,254)	-	(3,051)	-	(3,483)	-	(3,230)	-
Current income tax and social contribution	**107,799**	**88,830**	**94,410**	**77,988**	**118,455**	**94,431**	**107,214**	**84,697**
Income tax and social contribution from prior years	**-**	**-**	**-**	**-**	**41**	**7**	**-**	**-**
Total	**107,799**	**88,830**	**94,410**	**77,988**	**118,496**	**94,438**	**107,214**	**84,697**

(All amounts in thousands of reais unless otherwise stated)

Note 10 – Investments in subsidiaries

In the parent company financial statements, investments in subsidiaries are accounted for under the equity method and recorded within "Non-current assets - investments". Adjustments arising from equity interests were included under "Equity in the results of subsidiaries". In the consolidated financial statements, investments in subsidiaries are eliminated upon consolidation, except for jointly-controlled subsidiaries.

Description	Reporting date	Paid-up share capital	Adjusted equity	Profit for the year	Ownership interest (%)	Number of shares	Equity in the results			Goodwill on investments		Bank		Consolidated	
							2nd six-month period	Years							
							2018	2018	2017	2018	2017	2018	2017	2018	2017
Bancoob Distribuidora de Títulos e Valores Mobiliários Ltda. (a)	12/31/2018	2,170	5,156	2,751	99.9994	2,000,000	1,485	2,751	2,655	-	-	5,290	5,061	-	-
Cabal Brasil Ltda. (b)	12/31/2018	36,174	41,070	4,896	80	36,174,099	1,088	3,917	5,206	5,801	7,458	38,657	36,397	5,801	7,458
Ponta Administradora de Consórcios Ltda.(c)	12/31/2018	6,191	56,452	21,098	99.99	6,191,000	9,937	21,096	18,534	-	-	56,447	35,351	-	-
Bancoob Participações em Seguridade S.A. (d)	12/31/2018	20,000	32,723	9,570	100	20,000,000	5,787	9,570	4,534	-	-	34,996	25,426	34,378	24,814
Total							**18,297**	**37,334**	**30,929**	**5,801**	**7,458**	**135,390**	**102,235**	**40,179**	**32,272**

(a) Administrator and manager of investment funds, with managed assets amounting to R$ 24,219,302 at December 31, 2018 (R$ 19,457,638 in 2017).
(b) Operator of Mastercard, Visa and Cabal credit cards within Sicoob.
(c) Operator of consortia for the sale of light and heavy-duty vehicles, properties and services, with over 110,120 active participants and a managed portfolio of R$ 7.7 billion.
(d) Bancoob Participações em Seguridade S.A. – Bancoob PAR Seguridade, the purpose of which is to hold interest in an insurance company.

All amounts in thousands of reais unless otherwise stated

Note 11 - Property and equipment

	Bank						Consolidated
	Land	Buildings and improvements	Machinery and equipment	Information technology equipment	Other	Total	Total
At December 31, 2016	**3,010**	**41,481**	**2,509**	**954**	**345**	**48,299**	**52,758**
Acquisitions	-	19,678	800	14,692	163	35,333	45,936
Disposals	-	-	-	-	(22)	(22)	(39)
Depreciation	-	(2,794)	(625)	(885)	(101)	(4,405)	(6,140)
At December 31, 2017	**3,010**	**58,365**	**2,684**	**14,761**	**385**	**79,205**	**92,515**
Total cost	3,010	72,582	7,784	22,470	777	106,623	126,904
Accumulated depreciation	-	(14,217)	(5,100)	(7,709)	(392)	(27,418)	(34,389)
Net book value	**3,010**	**58,365**	**2,684**	**14,761**	**385**	**79,205**	**92,515**
At December 31, 2017	**3,010**	**58,365**	**2,684**	**14,761**	**385**	**79,205**	**92,515**
Acquisitions	-	-	921	1,001	242	2,164	5,184
Disposals	-	-	(182)	-	-	(182)	(299)
Depreciation	-	(3,273)	(573)	(3,291)	(110)	(7,247)	(10,716)
At December 31, 2018	**3,010**	**55,092**	**2,850**	**12,471**	**517**	**73,940**	**86,684**
Total cost	3,010	72,582	7,720	21,727	908	105,947	128,482
Accumulated depreciation	-	(17,490)	(4,870)	(9,256)	(391)	(32,007)	(41,798)
Net book value	**3,010**	**55,092**	**2,850**	**12,471**	**517**	**73,940**	**86,684**
Annual depreciation rates - %	**-**	**4.70%**	**10%**	**20%**	**10%**		

(All amounts in thousands of reais unless otherwise stated)

Note 12 – Intangible assets - Software

	Bank	Consolidated
At December 31, 2016	**3,358**	**6,828**
Acquisitions	757	5,733
Disposals	(194)	(194)
Depreciation	(1,012)	(2,455)
At December 31, 2017	**2,909**	**9,912**
Total cost	9,180	22,046
Accumulated depreciation	(6,271)	(12,134)
Net book value	**2,909**	**9,912**
At December 31, 2017	**2,909**	**9,912**
Acquisitions	58	2,472
Disposals	(2)	(2)
Depreciation	(906)	(3,088)
At December 31, 2018	**2,059**	**9,294**
Total cost	9,235	24,515
Accumulated depreciation	(7,176)	(15,221)
Net book value	**2,059**	**9,294**
Annual depreciation rates - %	**20%**	**20%**

Note 13 - Deposits

a. Breakdown

	Bank								Consolidated	
	2018							2017	2018	2017
Deposits	**Without defined maturity**	**Up to 1 month**	**From 1 to 3 months**	**From 3 to 6 months**	**From 6 to 12 months**	**Over 1 year**	**Total**	**Total**	**Total**	**Total**
Demand deposits	57,685	-	-	-	-	-	57,685	46,337	42,594	40,008
Savings deposits	5,239,265	-	-	-	-	-	5,239,265	3,891,630	5,239,265	3,891,630
Interbank deposits	-	2,588,514	3,382,777	2,846,644	16,095,768	2,114,229	27,027,932	23,192,543	27,027,932	23,192,543
Rural interbank deposits	-	157,265	-	876,151	1,580,220	232,608	2,846,244	3,426,398	2,846,244	3,426,398
Time deposits	-	45,607	1,071	6,345	7,635	496,972	557,630	413,183	448,200	326,561
Other deposits	-	-	-	-	-	-	-	-	24,286	25,096
Total	**5,296,950**	**2,791,386**	**3,383,848**	**3,729,140**	**17,683,623**	**2,843,809**	**35,728,756**	**30,970,091**	**35,628,521**	**30,902,236**
Current							**32,884,947**	**28,187,258**	**32,893,886**	**28,198,428**
Non-current							**2,843,809**	**2,782,833**	**2,734,635**	**2,703,808**

b. Expenses with money market funding

	Bank			Consolidated	
	2nd six-month period	**2018**	**2017**	**2018**	**2017**
Savings deposits	105,137	197,605	208,094	197,605	208,094
Interbank deposits	928,261	1,747,722	2,364,639	1,747,722	2,364,639
Time deposits	16,733	31,004	34,995	25,098	29,226
Money market funding	88,028	191,463	156,773	191,463	156,773
Other funding expenses	9,803	20,512	36,708	20,512	36,808
Total	**1,147,962**	**2,188,306**	**2,801,209**	**2,182,400**	**2,795,440**

All amounts in thousands of reais unless otherwise stated

Note 14 - Repurchase agreement obligations

Maturity

	Bank and Consolidated						
	2018						2017
	Up to 1 month	From 1 to 3 months	From 3 to 6 months	From 6 to 12 months	Over 1 year	Total	Total
Own portfolio	-	326,250	340,811	50,494	-	717,555	614,264
Third-party portfolio	1,398,786	1,172,363	-	-	-	2,571,149	2,048,140
Total	**1,398,786**	**1,498,613**	**340,811**	**50,494**	**-**	**3,288,704**	**2,662,404**
Current						**3,288,704**	**2,662,404**
Non-current						**-**	**-**

Note 15 - Funds from acceptance of bills of exchange, real estate and mortgage notes, and debentures

	Bank and Consolidated						
	2018						2017
	Up to 1 month	From 1 to 3 months	From 3 to 6 months	From 6 to 12 months	Over 1 year	Total	Total
Agribusiness Credit Notes (LCAs) - floating rate	33,432	51,413	52,200	70,819	12,660	220,524	337,753
Total	**33,432**	**51,413**	**52,200**	**70,819**	**12,660**	**220,524**	**337,753**
Current						**207,864**	**337,070**
Non-current						**12,660**	**683**

Note 16 – Obligations related to local onlendings

a. Breakdown of obligations related to local onlendings

These obligations consist mainly of funds obtained from National Bank for Economic and Social Development ("BNDES")/Government Agency for Machinery and Equipment Financing ("FINAME"), National Treasury, Banco do Brasil, and Funcafé, with maturities up to 2038, and bearing finance charges of up to 11.31 % per year.

	Bank and Consolidated								
	2018								2017
	Without defined maturity	3 months or less	From 3 to 12 months	From 1 to 3 years	From 3 to 5 years	From 5 to 15 years	Over 15 years	Total	Total
BACEN MCR 6-2 and 6-7 (a)	-	-	-	-	-	-		-	479,438
BNDES	-	82,982	227,491	505,651	386,815	464,803	125	1,667,867	1,432,583
Banco do Brasil/ FCO	-	1,935	10,293	21,080	7,551	1,569	-	42,428	54,558
FINAME	-	34,513	141,182	285,895	201,742	91,575	-	754,907	686,768
Funcafé	-	91,346	181,463	51,691	-	-	-	324,500	364,024
Total	**-**	**210,776**	**560,429**	**864,317**	**596,108**	**557,947**	**125**	**2,789,702**	**3,017,371**
Current								**771,205**	**1,192,051**
Non-current								**2,018,497**	**1,825,320**

(a) Transfer to Rural Credit Funds to comply with the amount required in BACEN's Rural Credit Manual (MCR) 6-2 and MCR 6-7.

All amounts in thousands of reais unless otherwise stated

b. Expenses with onlendings in Brazil

	Bank			Consolidated	
	2nd six-month period	2018	2017	2018	2017
National Treasury	-	-	1	-	1
BNDES	31,918	61,654	53,125	61,654	53,125
FINAME	14,280	26,089	18,357	26,089	18,357
Banco do Brasil/ FCO	1,004	2,082	2,184	2,082	2,184
Other institutions - Funcafé	6,578	11,242	12,152	11,242	12,152
Total	**53,780**	**101,067**	**85,819**	**101,067**	**85,819**

Note 17 – Liabilities, contingencies and legal obligations

Tax-related lawsuits and administrative proceedings to which Bancoob is a party are classified by internal and external legal consultants, who take into consideration the nature and specifics of each lawsuit, as well as the case law from higher courts.

Provisions for contingent liabilities are recognized, measured, and disclosed in accordance with CMN Resolution 3,823/09, as summarized below:

a) A provision is recognized only when: (a) Bancoob has a present legal or constructive obligation as a result of past events; (b) it is probable that an outflow of resources will be required to settle the obligation; and (c) the amount of the obligation can be estimated reliably. In the event any of the above conditions is not met, the provision is not recognized.

b) Based on these assumptions, when it is probable that a present obligation exists at the balance sheet date, Bancoob records a provision. When it is not probable that a present obligation exists at the balance sheet date, Bancoob discloses the contingent liability, unless the possibility of an outflow of resources is considered remote.

Management understands that the provision recorded is sufficient to cover any losses arising from the existing lawsuits, as shown below:

a. Legal obligations classified as "probable losses"

Legal obligations classified as probable losses, the amounts of which can be reliably estimated, are provided for and presented according to their nature in the table below, with the respective changes in the year. Deposits in court are recorded under "Other receivables - sundry".

Provisions recorded

a1. Breakdown of balance sheet balances

	Bank				Consolidated			
	2018		2017		2018		2017	
	Deposits in court	Provisions	Deposits in court	Provisions	Deposits in court	Provisions	Deposits in court	Provisions
Tax	1,324	-	391	386	1,324	1	391	387
Labor	761	2,363	706	1,597	761	2,469	824	1,757
Civil	772	10,791	443	2,071	772	10,934	443	2,109
Total	**2,857**	**13,154**	**1,540**	**4,054**	**2,857**	**13,404**	**1,658**	**4,253**

All amounts in thousands of reais unless otherwise stated

a2. Changes in the provisions for lawsuits

	Bank					Consolidated	
	2018				2017	2018	2017
	Tax	Labor	Civil	Total	Total	Total	Total
At December 31	**386**	**1,597**	**2,071**	**4,054**	**2,342**	**4,253**	**2,566**
Additions	-	1,258	9,592	10,850	3,773	10,985	3,853
Utilization	-	(269)	(654)	(923)	(1,111)	(923)	(1,207)
Reversals	(386)	(223)	(218)	(827)	(950)	(911)	(959)
At December 31	**-**	**2,363**	**10,791**	**13,154**	**4,054**	**13,404**	**4,253**

The provision for tax risks is recorded under "Other payables - tax and social security obligations" (Note 20e), and the provisions for civil and labor risks under "Other payables - sundry" (Note 20f).

Nature of the lawsuits classified as probable losses

i. **Labor** – relate basically to lawsuits filed by employees claiming overtime hours in addition to the regular six-hour workday.
ii. **Civil** – relate basically to contractual terms, registration of clients with credit protection services, and pain and suffering.

a3. Schedule of expected cash outflows

Due to the existing contingencies and the complexity of Brazilian legal system, uncertainties prevent a reasonable estimate of future cash outflows required for the settlement of lawsuits.

b. Contingencies classified as possible losses

Lawsuits classified as possible losses are not recognized and are only disclosed when the amount involved is material. The following contingencies are classified as "possible losses": (i) civil lawsuits disputing Bancoob's joint liability for deposits made in credit unions; (ii) civil lawsuit disputing Bancoob's civil liability for an error made by a credit union, (iii) labor lawsuits; (iv) tax and social security administrative proceedings (Accident Prevention Factor (FAP), Scholarships ("*Bolsa de Estudos*") and Social Integration Program (PIS),(v) action for annulment of a tax assessment, filed by the Bank, related to the amount deducted from the tax base by Bancoob in 2008. The deduction arose from the compensatory nature of the amount paid by Bancoob, as decided at the Annual General Meeting, in relation to a failure in the provision of services under the Bank's responsibility.

b1. Balance of contingent liabilities classified as "possible losses"

	Bank		Consolidated	
	2018	2017	2018	2017
Labor	12,878	9,967	13,183	12,113
Tax/social security	31,902	19,388	31,902	19,388
Civil	130,282	90,586	135,830	96,021
Total	**175,062**	**119,941**	**180,915**	**127,522**

Note 18 – Equity

a. Share capital

Share capital is currently comprised of 829,448,865 shares, of which 417,000,482 are common shares (372,863,484 in 2017) and 412,448,383 preferred shares (368,793,197 in 2017), with no par value.

All amounts in thousands of reais unless otherwise stated

In 2018, a capital contribution of R$ 165,910 was made.

b. Capital reserve
The balance of R$ 51 (R$ 45 - 2017) relates to a gain on the sale of treasury shares.

c. Revenue reserve
In accordance with its bylaws, Bancoob transferred 5% of adjusted profit for the year to the revenue reserve, which totaled R$ 11,454 (R$ 8,732 in 2017).

The amount of R$ 206,737 (R$ 157,614 in 2017) was transferred to "Revenue reserve - Other", to be allocated at the next general meeting.

d. Dividends
Bancoob's shareholders are entitled to mandatory minimum dividends corresponding to 5% of adjusted profit for the year. In 2018, Bancoob accrued dividends totaling R$ 10,881, equivalent to R$ 13.12 per thousand shares (R$ 8,295 in 2017, equivalent to R$ 11.19 per thousand shares).

e. Adjustment to market value
These are adjustments arising from the marking-to-market of available-for-sale securities, as required by Circular Letter 3,068/01 of the Brazilian Central Bank (Bacen), net of tax effects (Note 9(a)).

Note 19 – Operational limits – Basel Accord

The net assets of Bancoob's Prudential Conglomerate are consistent with the level of risk posed by its asset framework. In 2018, the Basel ratio was 17.13% (18.15% in 2017).

Note 20 – Other items in the financial statements

a. Breakdown of interbank relations
a1. Receivables

	Bank		Consolidated	
	2018	2017	2018	2017
Rights with participants of settlement systems	3,627,002	3,264,791	3,662,041	3,294,315
Bacen – MCR (a)	-	479,438	-	479,438
Compulsory reserves in cash with BACEN	3,418	44,911	3,418	44,911
BACEN - Mandatory payments	1,040,037	702,480	1,040,037	702,480
Interbank onlendings	7,879,211	6,742,985	7,879,211	6,742,985
Correspondent banks	72	72	72	72
Total	**12,549,740**	**11,234,677**	**12,584,779**	**11,264,201**
Current	**10,157,704**	**9,657,000**	**10,192,743**	**9,686,524**
Non-current	**2,392,036**	**1,577,677**	**2,392,036**	**1,577,677**

(a) Transfer to Rural Credit Funds to comply with the amount required in BACEN's Rural Credit Manual - MCR 6-2 and MCR 6-7.

All amounts in thousands of reais unless otherwise stated

a2. Payables

	Bank		Consolidated	
	2018	2017	2018	2017
Obligations to participants of settlement systems	**2,561,634**	**2,260,248**	**2,561,646**	**2,260,254**
Clearing of checks and payables	-	24,940	-	24,940
Payment transactions	2,561,634	2,235,308	2,561,646	2,235,314
Total	**2,561,634**	**2,260,248**	**2,561,646**	**2,260,254**
Current	-			
Non-current				

b. Breakdown of other receivables - Sundry

		Bank		Consolidated	
	Note	2018	2017	2018	2017
Guarantee deposits	17(a)	2,857	1,540	2,857	1,658
Tax credits	9(c)	101,710	74,024	102,002	74,256
Receivables from credit units (a)		3,663	7,731	3,663	7,731
Taxes to be offset		109,647	88,648	126,980	107,097
Securities and credits receivable		14,411	8,049	14,188	7,869
Salary prepayments and advances		4,572	4,141	4,750	4,291
Payments to be reimbursed (b)		80,809	62,888	81,738	63,918
Amounts receivable related to payment transactions (c)		3,308,984	2,443,943	3,308,984	2,443,943
Other		204,392	71,108	205,643	72,334
Total		**3,831,045**	**2,762,072**	**3,850,685**	**2,783,097**
Current		**3,736,244**	**2,696,985**	**3,754,811**	**2,717,310**
Non-current		**94,801**	**65,087**	**95,994**	**65,787**

(a) These relate to banking services rendered by Bancoob to the credit union participants in the clearance system, which are settled in the month subsequent to that when the services are provided.
(b) These relate to the supply of 24-hour automated teller machines.
(c) These relate to transactions carried out by the holders of Cabal/Mastercard credit cards. The amounts presented are net of the provision for losses on other receivables with loan characteristics disclosed in Note 8.

c. Other assets

	Bank		Consolidated	
	2018	2017	2018	2017
Other assets	2,395	2,621	2,395	2,621
Prepaid expenses (a)	71,388	36,295	72,551	36,920
Total	**73,783**	**38,916**	**74,946**	**39,541**
Current	**73,783**	**38,916**	**74,946**	**39,541**
Non-current		**-**	**-**	**-**

(a) Relate mainly to the allocation of commissions on lending operations.

d. Interdepartmental accounts

	2018	2017
Public utility companies	12,580	11,593
Other agreements	1,924	933
Total	**14,504**	**12,526**
Current	**14,504**	**12,526**
Non-current	-	-

e. Tax and social security obligations

		Bank		Consolidated	
	Note	2018	2017	2018	2017
Provision for income tax		107,799	94,410	118,455	107,112
Provision for social contribution		88,829	77,988	94,431	84,697
Taxes payable on third-party services		3,717	2,644	3,922	2,836

All amounts in thousands of reais unless otherwise stated

Taxes and contributions on salaries		4,659	3,333	6,373	4,772
Deferred taxes and contributions (marking-to-market of securities)	9 (b)	906	2,754	906	2,754
Other taxes payable		15,976	20,302	19,944	22,192
Total		**221,886**	**201,431**	**244,031**	**224,363**
Current		**221,357**	**201,431**	**243,502**	**224,322**
Non-current		**529**	**-**	**529**	**41**

f. Breakdown of other obligations - Sundry

	Bank		Consolidated	
	2018	**2017**	**2018**	**2017**
Provision for payment of administrative expenses	71,515	58,029	80,633	62,469
Interbank fees to be transferred	-	-	-	-
Credit card obligations (a)	198,470	169,868	198,470	169,868
Del Credere provision (b)	27,883	24,294	27,883	24,294
Obligations related to official agreements – National Institute of Social Security (INSS)	31,575	32,069	31,575	32,069
Amounts payable on collection	13,718	10,196	13,718	10,196
BNDES amounts to be transferred	-	-	-	-
Obligations related to funds received from consortium members (c)	-	-	7,731	5,151
Obligations related to payment transactions	3,008,990	2,323,421	3,051,500	2,362,421
Other	26,672	8,563	54,378	42,884
Total	**3,378,823**	**2,626,440**	**3,465,888**	**2,709,352**
Current	**3,365,624**	**2,622,363**	**3,452,580**	**2,705,171**
Non-current	**13,199**	**4,077**	**13,308**	**4,181**

(a) Correspond to obligations assumed in relation to the Mastercard brand and store owners of the Cabal chain for transactions carried out by card holders.
(b) Relate to payments made to credit unions for the settlement of installments related to BNDES and Funcafé operations, corresponding to 50% of the spread received by the Bank from these government agencies.
(c) Relate to funds from terminated consortium groups that were not withdrawn by the participants.

g. Income from services rendered and banking fees

	Bank			Consolidated	
	2nd six-month period	**2018**	**2017**	**2018**	**2017**
Sicoob Agreement	1,997	9,401	12,530	9,401	12,530
Income from banking fees (a)	13,871	33,370	35,512	33,370	35,512
Income from fund services	948	1,995	2,749	1,995	2,749
Income from fund management services	-	-	-	10,509	5,210
Income from consortium management services	-	-	-	118,876	73,568
Income from credit card services (b)	276,887	514,803	404,052	520,456	441,924
Income from prepayments of obligations related to payment transactions	192,365	363,150	280,322	363,200	280,328
Income from collection services for public utility companies (c)	28,525	56,909	50,402	56,909	50,402
Income from banking fees	45	74	61	74	61
Income from acquiring services	1,083	3,345	20,579	3,327	20,579
Other income - sundry	19,585	54,951	39,039	73,130	54,203
Total	**535,306**	**1,037,998**	**845,246**	**1,191,247**	**977,066**

(a) Relate to services provided to Sicoob that are not related to banking fees.
(b) Relate to exchange services, withdrawals, electronic checks, annual fees of cards, credit card management services etc.
(c) Relate to fees charged for collection services rendered to public utility companies.

h. Personnel expenses

	Bank			Consolidated	
	2nd six-month period	**2018**	**2017**	**2018**	**2017**
Fees paid to officers and directors	4,356	8,403	7,523	12,522	11,686
Salaries (a)	32,735	60,391	51,593	83,740	69,309
Social charges (b)	14,228	26,571	23,198	36,007	30,851
Benefits (c)	9,557	17,798	14,969	29,718	24,631
Training	2,080	3,030	1,674	3,626	1,958
Interns' compensation	382	704	662	1,592	1,596
Total	**63,338**	**116,897**	**99,619**	**167,205**	**140,031**

(a) Relate mainly to salaries, overtime, and provisions for 13th month salary and vacation pay.
(b) Relate mainly to provisions for the National Institute of Social Security (INSS) and Government Severance Indemnity Fund for Employees (FGTS) charges.
(c) Relate mainly to health care benefits, transportation, and meal vouchers provided to employees.

All amounts in thousands of reais unless otherwise stated

i. Administrative expenses

	Bank			Consolidated	
	2nd six-month period	2018	2017	2018	2017
Water, electricity, gas, maintenance and upkeep	87	175	217	1,098	1,129
Communication	13,307	25,009	20,301	26,882	26,997
Materials	472	868	5,297	1,076	5,654
Data processing	30,457	67,449	62,438	69,782	63,936
Advertising and publicity	25,300	42,417	23,572	43,072	25,229
Financial system services	17,425	27,484	68,520	28,296	68,893
Outsourced services	13,968	26,918	37,597	31,086	45,515
Specialized technical services	9,841	15,391	17,911	15,608	18,264
Depreciation and amortization	4,038	8,153	5,417	10,043	8,594
Travel	2,742	4,485	3,552	4,754	4,053
Other administrative expenses	8,373	12,944	7,166	28,049	10,598
Total	**126,010**	**231,293**	**251,988**	**259,746**	**278,862**

j. Breakdown of other operating income

	Bank			Consolidated	
	2nd six-month period	2018	2017	2018	2017
Recovery of charges and expenses	3,292	6,261	4,765	6,273	4,765
Income from credit cards (a)	31,921	68,545	73,874	69,167	74,499
Acquiring operations	135,345	232,205	107,730	232,205	107,730
Other	1,239	2,467	6,519	6,730	10,409
Total	**171,797**	**309,478**	**192,888**	**314,375**	**197,403**

(a) Total income from credit card operations should include the information disclosed in Note 20(g).

k. Breakdown of other operating expenses

	Bank			Consolidated	
	2nd six-month period	2018	2017	2018	2017
Credit card administration expenses	262,539	468,724	334,565	468,961	334,550
Adjustment of INSS tax credits (a)	609	1,242	1,901	1,242	1,901
Collection fee expenses	19,509	39,177	33,564	39,177	33,564
Commissions on lending operations (b)	78,814	137,820	98,519	137,820	98,519
Acquiring operations (c)	143,904	268,405	182,589	268,405	182,589
Other	12,347	21,432	22,466	41,815	34,195
Total	**517,722**	**936,800**	**673,604**	**957,420**	**685,318**

(a) Relate to the monetary adjustment, based on the SELIC rate, of INSS funds available but not yet paid to the beneficiary.
(b) Relate to the commission paid to the credit units for the negotiation payroll-deductible and INSS loans.
(c) Relate mainly to commissions paid to credit unions regarding the accreditation of new units.

l. Non-operating income (expenses)

	Bank			Consolidated	
	2nd six-month period	2018	2017	2018	2017
Non-operating income	172	1,239	1,203	1,245	1,215
Non-operating expenses	-	184	195	(275)	207
Amortization of goodwill - Consórcio Ponta	631	1,656	1,887	(1,656)	1,887
Total	**459**	**601**	**879**	**(686)**	**879**

All amounts in thousands of reais unless otherwise stated

Note 21 – Related-party transactions

a. Sicoob System

Bancoob was created to provide financial, technical and operational services to credit unions (Note 1), pursuant to Article 88 of Law 5,764/71.

The transactions carried out by the Bank with the Sicoob system are shown below:

	Note	2018	2017
Assets		**8,154,620**	**8,588,712**
Lending operations and interbank onlendings		8,084,021	8,548,328
Receivables		3,674	7,742
Prepaid expenses - Commission		66,925	32,642
Liabilities		**29,975,715**	**24,359,561**
Deposits		27,025,113	23,172,011
Repurchase agreements		1,889,918	1,149,191
Payables		1,060,684	38,359
Revenue		**743,901**	**787,524**
Lending operations and interbank onlendings		531,454	624,262
Other revenues		212,447	163,262
Expenses		**2,207,798**	**2,432,267**
Funding		1,736,664	2,169,656
Other expenses		471,134	262,611

b. Subsidiaries

	Bancoob DTVM		Bancoob PAR		Cabal		Consórcio Ponta	
	2018	2017	2018	2017	2018	2017	2018	2017
Assets	**23**	**15**	**-**	**-**	**109**	**70**	**90**	**95**
Receivables	23	15	-	-	109	70	90	95
Liabilities	**5,004**	**4,271**	**507**	**512**	**64,959**	**44,338**	**104**	**43,830**
Demand deposits	19	3	1	4	15,030	5,796	41	526
Time deposits	4,985	4,268	506	508	40,677	38,542	63	43,304
Payables	-	-	-	-	9,252	-	-	-
Expenses	**148**	**163**	**15**	**27**	**30,730**	**26,881**	**1,881**	**1,409**
Funding expenses	148	163	15	27	1,168	1,281	1,881	1,409
Administrative expenses	-	-	-	-	29,562	25,600	-	-
Revenue	**-**	**-**	**-**	**-**	**8**	**8**	**453**	**242**
Sundry revenues	-	-	-	-	8	8	453	242

c. Compensation of key management personnel

Key management includes the directors and officers. At the General Shareholders' Meetings, which are held on an annual basis, the maximum aggregate compensation payable to the Board of Directors and Executive Board is established.

The compensation paid or payable to officers and directors for their services is shown below:

	Bank			Consolidated	
	2nd six-month period	2018	2017	2018	2017
Fees	3,447	6,775	6,144	9,690	8,972
Benefits	1,222	2,227	1,835	3,577	3,489
Charges	857	1,699	1,540	2,440	2,228
Total	**5,526**	**10,701**	**9,519**	**15,707**	**14,689**

All amounts in thousands of reais unless otherwise stated

Note 22 – Other information

a. Agreements for offsetting payables against receivables with the same financial institution

As established by CMN Resolution nº 3,263/05, Bancoob has investments in financial institutions that allow it to offset payables against receivables held with these institutions. The amounts receivable and payable are stated in the balance sheet in line items related to products within assets and liabilities, respectively.

The amounts subject to offsetting are summarized below:

	Bank					
	2018			2017		
Description	Receivables	Payables	Net amount	Receivables	Payables	Net amount
Time deposits/CDI	3,129,036	2,524,100	604,936	3,471,295	3,025,105	446,190
Total	**3,129,036**	**2,524,100**	**604,936**	**3,471,295**	**3,025,105**	**446,190**

b. Insurance

Bancoob's assets subject to risks are insured at amounts deemed sufficient to cover any losses, taking into consideration the nature of its activities.

c. Guarantees provided

The guarantees provided through financial charges, relating to endorsements and sureties, totaled R$ 20,957 at December 31, 2018 (R$ 6,456 - 2017). In 2018, a provision totaling R$ 148 (R$ 59 - 2017) was set up for these receivables.

d. Employee benefits

Private pension

Bancoob sponsors the Sicoob Private Pension Foundation (Sicoob Previ), established in November 2006, which provides its participants and their dependents with pension benefits, in the form of a defined contribution plan, to supplement the benefits provided by the official social security system.

At December 31, 2018, Sicoob Previ had 545 active participants (477 - 2017), whose contributions totaled R$ 3,401 (R$ 2,912 - 2017).

e. Profit sharing

Bancoob offers profit sharing to its employees, which is calculated in accordance with the Collective Labor Agreement. In the 2nd six-month period and in 2018, the amounts of R$ 5,755 and R$ 10,890 in the Parent company (R$ 5,572 and R$ 8,922 in 2017), and R$ 5,886 and R$ 11,137 (R$ 5,681 and R$ 9,134 in 2017) in the Consolidated, were recorded as "Provision for profit sharing".

Note 23 - Events after the reporting period

Foreign exchange portfolio

Committed to its vision of being a leading Brazilian financial institution set up to foster the social and economic development of its members, and aiming to leverage its product portfolio, Bancoob will start to transact Foreign Exchange operations in the first half of 2019.

* * *

(A free translation of the original in Portuguese)

Composition of Bancoob's Management Bodies

Board of Directors

Henrique Castilhano Vilares – Chairman
Geraldo Souza Ribeiro Filho – Vice-Chairman
Hudson Tabajara Camilli - Member
Ivo Azevedo de Brito – Member
Luiz Gonzaga Viana Lage – Member
Marcelo Baiocchi Carneiro – Member
Miguel Ferreira de Oliveira – Member
Neilson Santos Oliveira – Member
Rui Schneider da Silva – Member

Executive Board

Marco Aurélio Borges de Almada Abreu – Chief Executive Officer
Ênio Meinen – Executive Officer
Marcos Vinicius Viana Borges – Executive Officer
Ricardo Simone Pereira – Executive Officer
Rubens Rodrigues Filho – Executive Officer

Accountant

Primo João Cracco
CRC-SP 149.703/O-2

(A free translation of the original in Portuguese)

Audit Committee Report

Summary of the Audit Committee Report

Introduction

1. Bancoob's Audit Committee is a statutory body whose purpose is to advise the Board of Directors on the financial statements, the effectiveness of the internal control system and risk management, and the work performed by the internal and independent auditors.

2. Pursuant to the bylaws and the applicable regulations, in addition to Banco Cooperativo do Brasil S/A – Bancoob, the activities of the Audit Committee also cover the following companies that comprise the Bancoob Group: Bancoob Distribuidora de Títulos e Valores Mobiliários Ltda. – Bancoob DTVM, Ponta Administradora de Consórcios Ltda. and Cabal Brasil Ltda.

3. The Management of Bancoob and of the companies that comprise the Group are responsible for preparing and ensuring the integrity of the financial statements, managing risks, maintaining an effective and consistent system of internal controls, and ensuring compliance with legal and regulatory standards.

4. The Internal Audit function, independently and regularly assesses the risk management activities and the suitability and effectiveness of internal controls in all the Group companies.

5. PricewaterhouseCoopers Independent Auditors ("PwC") is the independent audit firm hired to audit the financial statements of Bancoob and of the companies that make up the Group. The Independent Auditor is responsible for:

   a) expressing an opinion as to whether the financial statements present fairly, in all material respects, the financial position of Bancoob and of the Group companies, in accordance with accounting practices adopted in Brazil, applicable to institutions authorized to operate by the Brazilian Central Bank (BACEN); and

   b) assessing the suitability and quality of the internal control system, in connection with the audit of the financial statements, including the risk management system and compliance with legal and regulatory requirements.

Audit Committee Activities

6. In compliance with legal and regulatory requirements, the Audit Committee:

   a) held six regular meetings in the second half of 2018;

   b) acted independently in the performance of its duties, always supported by information received from Management, independent auditors, internal auditors, and the officers responsible for risk management and internal control management, and also based on its own conclusions arising from direct observation;

   c) followed the process of preparation of the financial statements; assessed the relevant aspects, comprehensiveness, compliance and clarity of the notes to the financial statements; examined the accounting practices adopted, the procedures used for the constitution of provisions and the contents of the independent auditor's report on the parent company and consolidated financial statements;

d) held meetings with the Executive Board, the Risk Committee, the Board of Directors, and the Statutory Audit Board, suggesting improvements to the relevant function in situations where opportunities for improvement were identified;

e) monitored and evaluated the work performed by the Internal Audit Function; the Independent Audit conducted by PricewaterhouseCoopers; the management of credit, market, interest rate variation, liquidity, operational, socio-environmental, reputational, compliance and strategy risks; Business Continuity Management (BCM), Anti-Money Laundering (AML), Risk Appetite Statement (RAS) and stress testing program (STP); and

f) provided management with recommendations, which were included in the minutes of meetings and filed, remaining available to all management bodies.

Internal Control and Risk Management System

7. At meetings held with the responsible areas, and through the analysis of the information and documents requested and made available by Management, the Audit Committee evaluated aspects relating to the Group's internal control and risk management, and did not identify failures in compliance with the laws, regulations and internal rules, which may jeopardize the organization.

8. In the second half of 2018, no errors, fraud or non-compliance with statutory or regulatory provisions were reported through the communication channels made available to the employees.

9. The Audit Committee considers that the internal control system and the risk management processes are appropriate to the size and complexity of the operations of Bancoob and the companies that comprise the Group. Furthermore, Management is continuously striving to improve the systems, processes and procedures.

Independent Audit

10. PwC, the independent auditors, presented the results of their work and significant accounting findings at the Audit Committee's monthly meetings. No situations were identified that could affect the objectivity and independence of the audit work.

11. The Audit Committee considers the work performed by the Independent Auditor satisfactory, which confirm the Committee's opinion on the integrity of the consolidated financial statements at 12/31/2018.

Internal Audit

12. In accordance with the annual planning approved by the Board of Directors, the Internal Audit Function presented, at the Audit Committee's monthly meetings, the result of the work carried out, which did not identify any residual risks that could affect the strength and continuity of the operations of Bancoob and the companies that comprise the Group.

13. The Audit Committee assesses as positive the scope and quality of the work performed by the Internal Audit Function.

Financial Statements

14. The analyses included the procedures for preparation of parent company and consolidated trial balances and balance sheets, notes to the financial statements, and financial reports disclosed together with the consolidated financial statements.

15. The Audit Committee concluded that the consolidated financial statements at 12/31/2018 were prepared in compliance with legal and regulatory standards, as well as with the accounting practices adopted in Brazil, and reflect, in all material respects, the financial position of the Bancoob Group for the period then ended.

Brasília, February 7, 2019.

Rubens Rodrigues Filho – Coordinator	Marcos Vinicius Viana Borges	Rafael Alves Horta

Statutory Audit Board's Opinion

The Statutory Audit Board of Banco Cooperativo do Brasil S/A, in the fulfillment of its legal and statutory duties, having analyzed the consolidated financial statements for the years ended December 31, 2018 and 2017, the related Management Report, and the Independent Auditor's Report issued by PricewaterhouseCoopers Auditores Independentes, states that the consolidated financial statements examined present fairly, in all material respects, the financial position of Banco Cooperativo do Brasil S/A - Bancoob.

Brasília, February 12, 2019.

Fábio Henrique Granja e Barros
Chairman

Marcelo Martins
Secretary

Elmo Meurer
Sitting Board Member

Ricardo Ferreira da Silva
Sitting Board Member

Valmir Lima Silva
Sitting Board Member