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Banco Cooperativo do Brasil - Bancoob

Parent company and consolidated financial statements
June 30, 2019 and 2018
Independent auditor'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 ("Institution"), which comprise the balance sheet as at June 30, 2019 and the statements of income, changes in equity and cash flows for the 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 June 30, 2019 and the consolidated statements of income, changes in equity and cash flows for the six-month period then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Banco Cooperativo do Brasil S.A. - Bancoob and its subsidiaries as at June 30, 2019, and the financial performance and cash flows for the six-month period then ended, as well as the consolidated financial performance and the cash flows for the 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 Institution 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 auditor's report

The Institution'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 the parent company and consolidated financial statements in accordance with accounting practices adopted in Brazil applicable to institutions authorized to operate by 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 Institution'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 Institution 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 Institution 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 Institution 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 Institution '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 Institution 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, August 13, 2019

PricewaterhouseCoopers
Auditores Independentes
CRC 2SP000160/O-5

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

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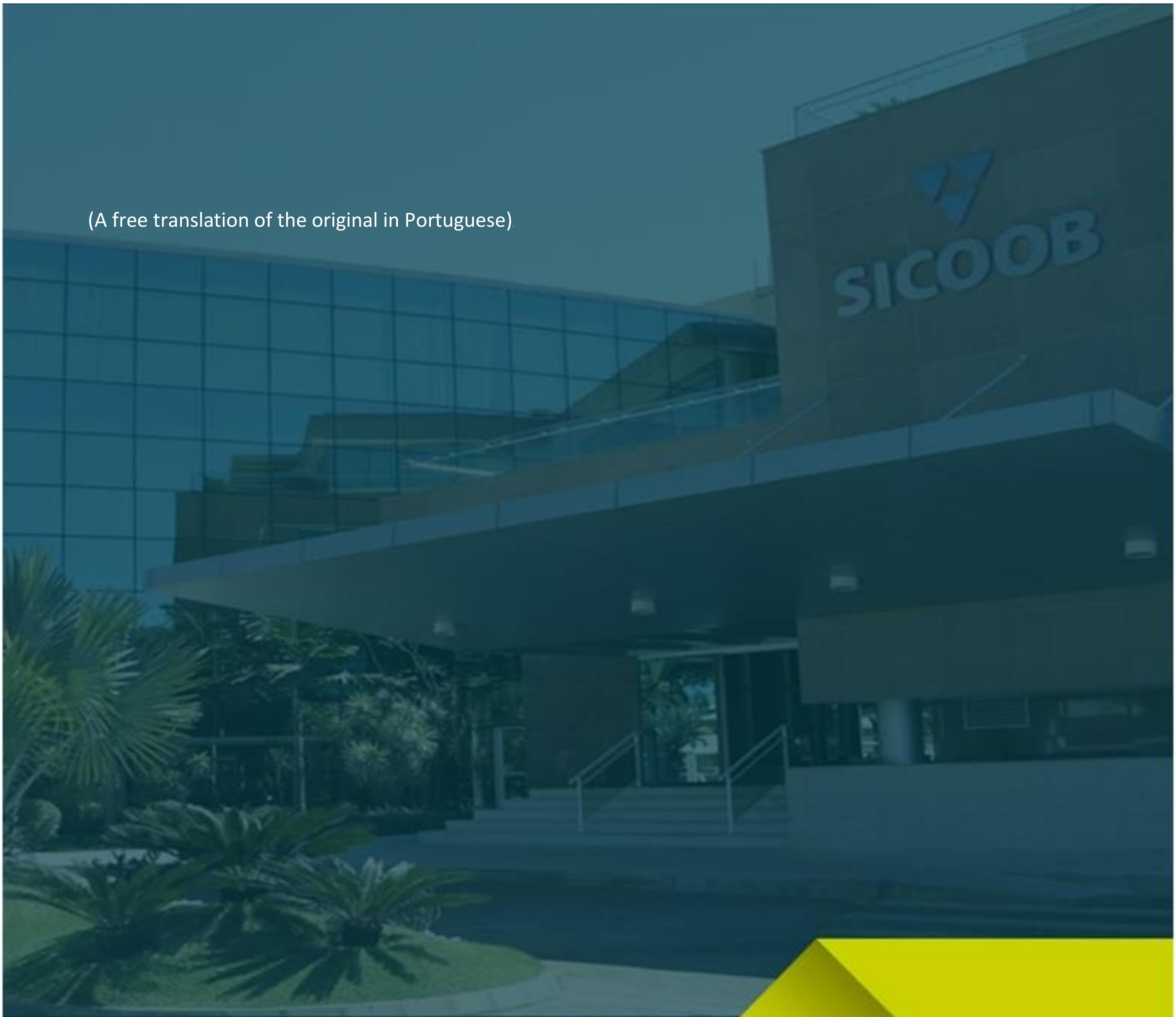

PARENT COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS

Banco Cooperativo do Brasil - Bancoob

June 30, 2019 and 2018

BANCOOB

(A free translation of the original in Portuguese)

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Macroeconomic Scenario

In Brazil, the expected boost in confidence generated by the new government did not result in economic activity gains in the first half of 2019. Instead, a confrontational relationship between the executive power and the Congress has brought uncertainty to the economic agenda, particularly with respect to the reform of the Social Security system, for which a positive trend only became evident in the latter part of the semester. With weak demand, Brazilian GDP fell by 0.2% in the first quarter of the year, growing annually by only 0.5%.

The economy's fragility was seen clearly in the manufacturing sector, where total production shrank by 0.7% from January to May when compared to the same period of 2018, and household consumption performed modestly, as measured by the monthly trade survey (PMC/IBGE). In the year to date, retail sales in the restricted market increased by only 0.7%, while the expansion recorded for the same period in 2018 was 2.3%. In relation to the extended retail market, which includes vehicles and parts and construction materials, the 3.3% increase was still below that recorded for the previous year (5.0%). The Continuous National Household Sample Survey (PNAD) showed that unemployment for the quarter ended May reached 12.3% in the time series, slightly below the 12.7% recorded in May 2018, in line with the slow reduction pace.

The credit market continued to provide relatively positive news. In the first five months of the year, lending operations through non-restricted funds presented a trend of real growth, of 8.3% for individuals and 6.6% for legal entities, when compared to the same period of last year. Default rates on bank loans also remained at low levels. In the case of individuals, the rate fluctuated between 4.7% and 4.8% in the first half of the year, the lowest level recorded in the series started in 2011. Legal entities' default rate, of 2.7% in May, also reached the lowest historical level.

The official inflation rate measured by the Amplified Consumer Price Index (IPCA) remained low and under control, except for a moderate pressure on food and fuel prices in the months of March (0.75%) and April (0.57%). Following this small surge, the index returned to low levels in May (0.13%) and June (0.01%). As a result, the IPCA closed the first half of 2019 with an accumulated change of 2.23%, below that recorded for the same period of 2018 (2.60%). It should be kept in mind that June 2018 was marked by an atypical pressure caused by the truckers' strike.

In this environment of controlled inflation and a favorable risk balance resulting from a favorable risk assessment of the global economy and the progress in the Brazilian reform agenda, particularly in relation to the Social Security Reform bill, the Monetary Policy Committee (COPOM) confirmed expectations by significantly reducing the base interest rate in July.

The external accounts reflected a comfortable position. The trade surplus totaled US$ 27.1 billion in the first half of the year, slightly below that recorded for the same period in 2018 (US$ 30.1 billion), matching the expectations of a lower balance this year. Exports: the daily average dropped by 1.8% in the six-month period, reflecting the challenging external environment, which includes the economy slowdown in China, the trade tensions, and the crisis in Argentina. Imports: the daily average grew by 0.8% in the period. The balance of payment figures also reflected this positive scenario. The current account deficit totaled US$ 7.6 billion in the first five months of the year, and US$ 13, 9 billion in the period ended May, which corresponds to only 0.75% of estimated GDP for the period. The deficit, in addition to being low, is mostly financed by direct investments in the country.

The public accounts continued to be a concern. Given the low economic activity in the first months of the year, net income collected by the National Treasury decreased by 0.5% in real terms between January and May, in comparison with the same period in 2018. On the other hand, the expenses, limited by the constitutional ceiling, decreased by 0.9% in the period, also in real terms. As a result, the central government's primary deficit reached R$ 17.5 billion in the period, slightly above the R$ 15.2 billion deficits recorded in the period from January to May 2018. The extraordinary income receipt of R$ 3.0 billion from the sovereign wealth fund was not received in 2019, as in last year, which contributed to worsening the situation. Furthermore, the gross debt/GDP ratio, which reached 77.2% at the end of 2018, increased to 78.7% in May, which confirms the seriousness of the fiscal profile currently faced in Brazil.

Internationally, concerns about the performance of the main economies currently and in coming years have grown. The perspective of an economic slowdown has intensified as shown by the rising threat of protectionist policies over the year, particularly the trade war developing between the United States and China. Although the expectation that the parties will eventually reach a trade deal has been frustrated, the recent announcement of a truce avoiding further impediments has reduced tensions. Despite the prospects of a decline in economic activity in the coming months, a resumption of interest rate cuts by the Federal Reserve in the second half of this year is expected.

In short, the first six-month period of 2019 witnessed an economic agenda of great relevance, which should be the basis for a more positive performance in the second half this year, and into 2020. The economic recovery has been hindered by a particular set of circumstances, such as political uncertainties, the international scenario, and the failure of the Vale dam in Brumadinho (MG). This was further aggravated by structural aspects, especially the continuous weakening of government's demand, in view of the still serious fiscal crisis involving the Federal Government, states, and municipalities. As the uncertainties reduce, the structural reforms advance and the agenda of concessions and privatizations accelerates, the private sector is expected to expand into the vacuum left by the public sector and be a driver of demand and the economic activity.

Bancoob

Banco Cooperativo do Brasil S/A (Bancoob) is a multi-service private bank, specialized in the rendering of services to credit unions, which forms part of the Sistema de Cooperativas de Crédito do Brasil (Sicoob), and is controlled by the entities affiliated to Sicoob. Bancoob's group is currently comprised of the following companies: Bancoob DTVM, Sicoob Seguradora, Cabal Brasil, and Ponta Administradora de Consórcios, in addition to Fundação Sicoob de Previdência Privada (Sicoob Previ), of which it is the founder and sponsor.

Being responsible for providing financial solutions to the credit unions, Bancoob increased the remuneration for individual credit unions, by enhancing the incentives for marketing products and services in the first half of 2019, aiming at improving Sicoob's competitiveness. This action reduced profit by 38.11% in relation to the same period in 2018, totaling R$ 82.5 million. After the change in the bonus rules, transfers to the credit unions increased by 45% when compared to 2018.

The balance in the portfolio of loans and interbank onlendings totaled R$ 13.21 billion in the six-month period, up 22.98%, a significant increase when compared to the 5.13% growth of the National Financial System in the same period. This scenario reaffirms the important role of the financial cooperativism to support regional development. The Bank ended the six-month period with total deposits of R$ 35.13 billion, an increase of 8.66%. Another aspect that deserves to be highlighted is the 26.19% increase in savings deposits.

In 2019, Bancoob took an important step towards the consolidation of its culture of innovation by investing in an internal program, the "*Mais Program*". The initiative aims to stimulate the identification of value solutions for the organization, through the use of a 'gamified' methodology by prototyping and accelerating ideas for processes, products and services. The concepts of startups and intra-entrepreneurship will be applied in guiding multidisciplinary teams that will be exclusively dedicated to test and implement the proposed solutions.

Performance

For the first six-month period of 2019, Bancoob's consolidated assets totaled R$ 51.50 billion, a 9.41% increase in relation to the amount recorded for the same period last year, with the following items being particularly noteworthy:

a. Short-term interbank investments and marketable securities

Short-term interbank investments and securities amounted to R$ 28.91 billion in the first half of 2019, comprised mainly of federal government securities (LFTs, LTNs and NTNs), which accounted for 88.53% of the total.

b. Lending operations and interbank onlendings

The portfolio of loans and interbank onlendings totaled R$ 13.22 billion, a 22.98% increase when compared to 2018. As for the loan portfolio, the highlights were working capital credit lines, which increased by 767.41%, mortgage loans, which increased by 219.50%, and BNDES-PROCAP, with an increase of 115.42%. Growth was also recorded 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 of the National Institute of Social Security (INSS) and under traditional credit facilities) totaled R$ 865.6 million, an increase of 17.88 % in comparison with 2018.

c. Card operations

Bancoob's card issuance segment, comprising Sicoob’s and other cooperative systems' cards, ended the six-month period with 4.29 million cards issued, 2.14 million of which have a built-in limit. The expansion of the card base through partner cooperative systems represented approximately 22% of total operations. The volume of purchases with cards increased by 34% in relation to the same period of 2018, totaling R$ 17.30 billion. Considering only the transactions carried out using the credit function, the volume reached R$ 9.60 billion.

d. Acquiring operations

In the first half of 2019, the segment of acquiring operations recorded an increase of 14.42% in the number of authorized licensees of the Sipag card machine, in comparison with the same period of 2018.

Thee expansion in Sipag's customer base contributed to an accumulated revenue increase of R$ 3.6 billion, representing a growth of 28.81% in relation to 2018.

e. Deposits

In the first half of 2019, total consolidated deposits reached R$ 35.13 billion, an increase of 8.66% when compared to the same period in 2018, reflecting the confidence placed in Bancoob as the manager of Sicoob's available funds.

The Cooperative Savings Account closed the period with a total of R$ 5.61 billion, up 26.19% when compared to the same period last year.

f. Services

Bancoob provides services such as document custody, microfilming and tracking, and real-time surveys, among others. During the first six-month period of the year, Bancoob processed a total of 200,318,342 documents, an increase of 16.56% in relation to the same period of previous year.

g. New agreements

During the semester, new corporate agreements for the collection of bar-coded invoices/payment slips and direct debits were added to the Bank's portfolio, totaling 613 partnership agreements signed. Bancoob’s portfolio of agreements, an important contributor to the Brazilian National Financial System, is 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 established.

The allocation of resources, the definition of responsibilities and processes, and the application of the optimum risk management practices provide greater transparency, effectiveness and timeliness to the Bank's activities. Its risk management framework is consistent with the nature of its operations and the complexity of the products and services offered, as well as being proportional to the Bank's exposure to risks.

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

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

Bancoob prepares a risk interaction map, which is published in a specific manual, to highlight existing correlations for risks considered relevant.

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

The procedures adopted by the Bank ensure the 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, which would require 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 of three lines of defense, as below:

a) **First line of defense:** controls and operational management performed by risk-taking areas;
b) **Second line of defense:** specific areas, responsible for the performance of internal control, risk management, and compliance, in an integrated manner;
c) **Third line of defense:** independent assessment by the internal audit function.

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

The Stress Testing Program (STP) inserted into Bancoob's integrated risk management function is designed to identify potential impacts caused by adverse events and circumstances on the Institution as a whole, or on a specific portfolio, through the application of sensitivity stress tests. This structure is provided with 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 monitor, on a continuous basis, 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, monitored by the Risk Committee.

The internal audit function provides an independent assessment of activities, systems, models and procedures developed at the Institution, complementing 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 is 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 Sicoob's entities.

As the entity responsible for the credit risk management of the group companies and the sponsored foundation, in accordance with item II, Article 2 of CMN Resolution 4,557/2017, Bancoob standardizes processes, establishes methodologies to assess the risk posed by counterparties, and monitors the assets that involve credit risk.

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's models are periodically tested in order to ensure that they are consistent with the economic and financial condition of the borrowers. Default on the portfolio and the respective ratings assigned to the operations are also monitored, in accordance with CMN Resolution 2,682/1999.

The credit risk management framework is structured around the following procedures:

- **a)** definition of policies and strategies, including risk limits;
- **b)** validation of systems, models and internal procedures;
- **c)** estimates (using consistent and prudent criteria) of losses associated with credit risk, and comparison between the estimated and actually incurred losses;
- **d)** specific monitoring of operations carried out with related parties;
- **e)** monitoring of loan portfolios;
- **f)** identification and treatment of troubled assets;
- **g)** systems, routines and procedures to identify, measure, assess, monitor, report, control, and mitigate the exposure to credit risk;
- **h)** monitoring and reporting of risk appetite limits;
- **i)** periodic submission of managerial information to the governance bodies;
- **j)** assignment of the area responsible for the calculation and projection of the regulatory capital required, and for the adequate level of provision for loan losses;
- **k)** definition of models to assess the counterparty credit risk, according to the operation and the public involved, which take into consideration specific characteristics of the borrowers, as well as industry-related and macroeconomic matters;
- **l)** application of stress tests identifying and assessing the Institution's potential vulnerabilities;
- **m)** establishment of credit limits for each counterparty and overall limits by portfolio or credit line;
- **n)** definition of a model to assess the impact of an extreme risk scenario on the provision for loan losses, regulatory capital and Basel ratio; and

o) specific risk assessment for new products and services.

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

b. Market risks and interest rate 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 risks is consistent with the nature of its operations and the complexity of the products and services it offers, as well as proportional to its exposure to risks.

The management of market and interest rate 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 calculation of market risk and interest rate 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 risks;
c) preparation of reports that allow the timely identification and correction of deficiencies 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 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 the market risk areas RWAjur1, RWAjur2, RWAjur3, RWAjur4, RWAcam, RWAcom, and RWAacs, Bancoob uses methodologies based on the regulations of Brazilian Central Bank.

The interest rate risk in the banking portfolio is managed by applying best 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 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, and 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 and enabling the adoption of preventive measures.

c. Liquidity risk

Bancoob has adhered to the following policies: Institutional Policy for Financial Centralization Management, and Institutional Policy for Liquidity Risk Management. These policies set out standardized procedures, metrics and actions to be followed by all the 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 it offers, as well as proportional to its 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 managing the liquidity risk, procedures for identification of short-term and long-term risks are adopted, considering possible impacts on the liquidity of Bancoob Group.

Stress testing is performed for the purpose of identifying any deficiencies and atypical situations that could threaten the liquidity of the Institution.

A control mechanism is used to assess the effectiveness of the contingency plan, the main measures are tested, on a quarterly basis, and evaluate the liquidity generation capacity.

d. Operational and reputational risks

The guidelines for managing operational risks 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 the phases of identification, assessment and treatment.

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

The results are submitted to the Executive 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 communication channels of the Institution (Ombudsman's Office, Customer Support Service - SAC), of the Brazilian Central Bank (On-line Demand Registration System – Citizen Module - RDR), as well as public communication channels ("*Reclame Aqui*" and social networks).

Sicoob and Bancoob monitor, on a permanent basis, the brands' exposure and the impacts on their reputation from the campaigns carried out.

The monitoring of reputational risk is also assessed through the materialization of financial and non-financial risks, including potential non-compliances with regulatory bodies.

e. Social and environmental risk

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

The process of social and environmental risk management includes the evaluation of potentially negative impacts, including in relation to reputational risk, such as:

a) individuals punished for environmental crimes;
b) employers suspected of employing workers under slave-like conditions or exploiting child labor;
c) sectors at greater exposure to socio-environmental risk;
d) credit lines and borrowing facilities at greater exposure to socio-environmental risk;
e) amount of debt balance in lending operations at greater exposure to socio-environmental risk.

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 exclusively dedicated to the implementation of the policy and specific procedures, who also act as consultants responsible for providing the information required for the effective implementation of the compliance process.

g. Strategy risk

Bancoob's strategy of enhancing aspects of competitiveness to Sicoob's credit unions, by acting as a managing system for retail banking products, is developed through the following business platforms:

- ✓ Payments;
- ✓ Credit;
- ✓ Management of third-party funds;
- ✓ Financial centralization;
- ✓ Social security;
- ✓ Insurance;
- ✓ Cards;
- ✓ Pre-paid cards (Coopcerto);
- ✓ Acquiring products;
- ✓ Consortia;
- ✓ Housing credit facilities;
- ✓ Digitalization;
- ✓ Investments;
- ✓ Foreign exchange and foreign trade;
- ✓ Agribusiness derivatives.
- ✓ BNDES and incentive programs.

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 process of business continuity management is structured on the following activities:

a) identification of the possibility of stoppage of activities;
b) assessment of the results and consequences (potential impacts) to the entity that may arise from the stoppage of activities;
c) definition of the strategy of recovery in the event of incidents;
d) planned continuity of operations (assets, including people, processes and systems), considering procedures for the periods before, during and after the stoppage; and
e) transition between the contingency and the resumption of the normal course of business (end of the event).

i. Money laundering prevention

The guidelines are set out in the 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 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 to identify and evaluate significant risks to its operations, with a view to maintaining a compatible level of capital. Additionally, stress scenarios and extreme market conditions are simulated, and the related results and impacts on 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 is available on Bancoob's website (www.bancoob.com.br).

Equity and profit for the period

At June 30, 2019, consolidated equity totaled R$ 1.88 billion, representing an increase of 10.52% in comparison with the previous year.

During the six-month period, consolidated profit totaled R$ 82.5 million, with an annualized return on average equity of 7.31%.

Acknowledgments

We would like to thank our shareholders for the trust placed in our management; Sicoob Confederation and the central and individual 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 employees of the Bank, its subsidiaries and the sponsored foundation, for their dedication and commitment.

The Management

Balance sheet
At June 30, 2019 and 2018

All amounts in thousands of reais unless otherwise stated

(A free translation of the original in Portuguese)

Assets	Note	Bank 2019	Bank 2018	Consolidated 2019	Consolidated 2018
Current assets		**35,120,100**	**32,364,012**	**35,204,885**	**32,416,011**
Available funds	5	**31,236**	**8,761**	**31,241**	**8,770**
Short-term interbank investments	6	**15,139,187**	**15,301,140**	**15,139,187**	**15,301,140**
Money market investments		14,039,108	14,239,777	14,039,108	14,239,777
Investments in interbank deposits		1,100,079	1,061,363	1,100,079	1,061,363
Marketable securities	7	**3,288,452**	**2,776,688**	**3,320,668**	**2,782,511**
Bank's own portfolio		2,327,434	2,030,696	2,359,650	2,036,519
Subject to repurchase agreements		200,086	-	200,086	-
Linked to the provision of guarantees		760,891	745,992	760,891	745,992
Derivative financial instruments		41	-	41	-
Interbank accounts	21(a)	**11,427,909**	**10,347,860**	**11,463,203**	**10,377,663**
Payments and receipts pending settlement		4,181,636	3,932,532	4,216,930	3,962,335
Receivables linked to the Brazilian Central Bank		1,117,591	1,349,950	1,117,591	1,349,950
Interbank onlendings		6,133,393	5,071,761	6,133,393	5,071,761
(-) Provision for losses on interbank onlendings		(4,783)	(6,455)	(4,783)	(6,455)
Correspondent banks		72	72	72	72
Lending operations	8	**1,445,502**	**1,033,709**	**1,445,502**	**1,033,709**
Lending operations - private sector		1,473,911	1,048,023	1,473,911	1,048,023
(-) Provision for loan losses	8(g)	(28,409)	(14,314)	(28,409)	(14,314)
Other receivables		**3,718,506**	**2,846,303**	**3,733,835**	**2,861,240**
Foreign exchange portfolio	21(b)	10,576	-	10,576	-
Income receivable		21,708	15,374	26,086	19,161
Sundry	21(c)	3,721,850	2,850,404	3,732,801	2,861,554
(-) Provision for loan losses		(35,628)	(19,475)	(35,628)	(19,475)
Other assets	21(d)	**69,308**	**49,551**	**71,249**	**50,978**
Other assets		2,122	2,480	2,122	2,480
Prepaid expenses		67,186	47,071	69,127	48,498
Non-current assets		**16,373,777**	**14,690,718**	**16,292,119**	**14,652,669**
Long-term receivables					
Short-term interbank investments		**-**	**15,845**	**-**	**15,845**
Investments in interbank deposits		-	15,845	-	15,845
Marketable securities	7	**10,445,327**	**9,800,088**	**10,447,186**	**9,821,754**
Bank's own portfolio		2,335,285	5,529,463	2,337,144	5,551,129
Subject to repurchase agreements		3,778,623	1,573,554	3,778,623	1,573,554
Linked to the provision of guarantees		4,331,419	2,697,071	4,331,419	2,697,071
Interbank accounts	21(a)	**2,377,639**	**2,080,630**	**2,377,639**	**2,080,630**
Interbank onlendings		2,380,218	2,083,577	2,380,218	2,083,577
(-) Provision for losses on interbank onlendings		(2,579)	(2,947)	(2,579)	(2,947)
Lending operations	8	**3,265,840**	**2,567,843**	**3,265,840**	**2,567,843**
Lending operations - private sector		3,308,455	2,592,303	3,308,455	2,592,303
(-) Provision for loan losses		(42,615)	(24,460)	(42,615)	(24,460)
Other receivables		**61,334**	**29,101**	**62,046**	**29,829**
Sundry	21(c)	63,841	33,195	64,553	33,923
(-) Provision for loan losses		(2,507)	(4,094)	(2,507)	(4,094)
Investments		**148,511**	**117,924**	**45,643**	**35,226**
Investments in subsidiaries	10	148,158	117,724	45,290	35,026
Other investments		353	200	353	200
Property and equipment	11	**73,226**	**76,800**	**85,687**	**90,920**
Properties in use		75,592	75,592	77,497	77,092
Other property and equipment in use		32,897	29,638	55,077	50,870
(-) Accumulated depreciation		(35,263)	(28,430)	(46,887)	(37,042)
Intangible assets	12	**1,900**	**2,487**	**8,078**	**10,622**
Software		9,413	9,233	24,794	24,254
(-) Accumulated amortization		(7,513)	(6,746)	(16,716)	(13,632)
Total assets		**51,493,877**	**47,054,730**	**51,497,004**	**47,068,680**

Balance sheet
At June 30, 2019 and 2018

All amounts in thousands of reais unless otherwise stated

(continued)

		Bank		Consolidated	
Liabilities and equity	**Note**	**2019**	**2018**	**2019**	**2018**
Current liabilities		**43,938,200**	**39,930,144**	**44,065,190**	**40,028,603**
Deposits	13	**31,719,926**	**28,841,226**	**31,736,676**	**28,860,890**
Demand deposits		50,797	707,286	48,221	705,383
Savings deposits		5,610,670	4,446,149	5,610,670	4,446,149
Interbank deposits		25,950,540	23,639,571	25,950,540	23,639,571
Time deposits		107,919	48,220	101,880	47,536
Other deposits		-	-	25,365	22,251
Repurchase agreement obligations	14	**3,970,603**	**3,708,093**	**3,970,603**	**3,708,093**
Bank's own portfolio		3,970,603	1,571,561	3,970,603	1,571,561
Third-party portfolio		-	2,136,532	-	2,136,532
Funds from the acceptance of bills of exchange, real estate and mortgage notes and debentures	15	**195,984**	**178,762**	**195,984**	**178,762**
Agribusiness credit note obligations		195,984	178,762	195,984	178,762
Interbank accounts	21(a)	**3,907,312**	**3,048,724**	**3,907,330**	**3,048,732**
Receipts and payments pending settlement		3,907,312	3,048,724	3,907,330	3,048,732
Interdepartmental accounts		**51,471**	**28,832**	**51,471**	**28,832**
Third-party funds in transit		51,471	28,832	51,471	28,832
Onlendings in Brazil - Official institutions	16	**765,538**	**1,080,031**	**765,538**	**1,080,031**
Banco do Brasil - FCO		11,257	13,772	11,257	13,772
BNDES		327,184	294,882	327,184	294,882
Brazilian Central Bank		-	479,496	-	479,496
FINAME		193,493	163,552	193,493	163,552
Funcafé		233,604	128,329	233,604	128,329
Derivative financial instruments	17	**36**	**-**	**36**	**-**
Derivative financial instruments		36	-	36	-
Other payables		**3,327,330**	**3,044,476**	**3,437,552**	**3,123,263**
Collection of taxes and similar charges		269,097	205,671	269,097	205,671
Foreign exchange portfolio	21(b)	10,537	-	10,537	-
Social and statutory charges		10,105	11,910	10,954	12,032
Tax and social security obligations	21(f)	82,818	127,020	96,063	140,419
Sundry	21(g)	2,954,773	2,699,875	3,050,901	2,765,141
Non-current liabilities		**5,685,188**	**5,432,074**	**5,552,427**	**5,339,618**
Deposits	13	**3,530,730**	**3,567,253**	**3,397,848**	**3,473,664**
Interbank deposits		3,015,205	3,113,871	3,015,205	3,113,871
Time deposits		515,525	453,382	382,643	359,793
Funds from the acceptance of bills of exchange, real estate and mortgage notes and debentures	15	**38,751**	**6,322**	**38,751**	**6,322**
Agribusiness credit note obligations		38,751	6,322	38,751	6,322
Onlendings in Brazil - Official institutions	16	**2,100,631**	**1,852,987**	**2,100,631**	**1,852,987**
Banco do Brasil - FCO		23,317	36,460	23,317	36,460
BNDES		1,439,461	1,259,014	1,439,461	1,259,014
FINAME		625,580	543,332	625,580	543,332
Funcafé		12,273	14,181	12,273	14,181
Other payables		**15,076**	**5,512**	**15,197**	**6,645**
Tax and social security obligations	21(f)	529	506	529	506
Sundry	21(g)	14,547	5,006	14,668	6,139
Deferred income		**216**	**188**	**216**	**188**
Prepaid income		216	188	216	188
Equity	19	**1,870,273**	**1,692,324**	**1,879,171**	**1,700,271**
Share capital		1,742,769	1,525,152	1,742,769	1,525,152
Capital reserve		51	51	51	51
Revenue reserve		128,883	165,821	128,883	165,821
Adjustment to market value - marketable securities		(1,430)	1,300	(1,430)	1,300
Non-controlling interest		-	-	8,898	7,947
Total liabilities and equity		**51,493,877**	**47,054,730**	**51,497,004**	**47,068,680**

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

Statement of income

Six-months ended June 30, 2019 and 2018

All amounts in thousands of reais unless otherwise stated

(A free translation of the original in Portuguese)

		BANK		CONSOLIDATED	
	Note	2019	2018	2019	2018
Income from financial intermediation		**1,464,916**	**1,328,975**	**1,465,790**	**1,329,738**
Lending operations	8 (h)	531,283	454,222	531,283	454,222
Gains on marketable securities	7(c)	909,626	855,476	910,500	856,239
Gains on derivative financial instruments	7(c)	374	-	374	-
Gains on foreign exchange transactions	21(b)	456	-	456	-
Gains on compulsory investments		23,177	19,277	23,177	19,277
Expenses with financial intermediation		**(1,238,535)**	**(1,101,740)**	**(1,234,662)**	**(1,099,051)**
Money market funding	13(b)	(1,147,714)	(1,040,344)	(1,143,841)	(1,037,650)
Borrowings and onlendings	16(b)	(57,196)	(47,287)	(57,196)	(47,292)
Provision for loan losses	8(g)	(33,625)	(14,109)	(33,625)	(14,109)
Gross profit (loss) from financial intermediation		**226,381**	**227,235**	**231,128**	**230,687**
Other operating income (expenses)		**(99,824)**	**6,766**	**(95,315)**	**12,730**
Income from services rendered	21 (h)	526,483	502,663	620,846	572,381
Income from banking fees	21 (h)	32	29	32	29
Personnel expenses	21 (i)	(63,113)	(53,558)	(93,801)	(75,081)
Administrative expenses	21 (i)	(120,953)	(105,283)	(137,198)	(119,504)
Taxes		(61,747)	(74,724)	(74,475)	(84,204)
Equity in the results of subsidiaries and associates	10	24,437	19,037	14,094	3,780
Other operating income	21(k)	167,832	137,680	170,562	140,298
Other operating expenses	21(l)	(572,795)	(419,078)	(595,375)	(424,969)
Operating result		**126,557**	**234,001**	**135,813**	**243,417**
Non-operating income (expenses)	21 (m)	**(1,012)**	**(142)**	**(1,014)**	**(140)**
Profit before taxation and profit sharing		**125,545**	**233,859**	**134,799**	**243,277**
Income tax and social contribution	9	**(38,405)**	**(96,097)**	**(46,162)**	**(104,691)**
Income tax	9(d)	(38,125)	(57,885)	(43,282)	(63,447)
Social contribution	9(d)	(23,201)	(46,672)	(25,762)	(49,715)
Deferred tax credit	9(b)	22,921	8,460	22,882	8,471
Employee profit sharing	23(e)	**(5,319)**	**(5,135)**	**(6,137)**	**(5,251)**
Profit for the six-month period		**81,821**	**132,627**	**82,500**	**133,335**
Number of shares		**943,870,276**	**829,448,865**	**943,870,276**	**829,448,865**
Earnings per thousand shares - R$		**86.69**	**159.90**	**87.41**	**160.75**

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

Statement of changes in equity
June 30, 2019 and 2018

All amounts in thousands of reais unless otherwise stated

(A free translation of the original in Portuguese)

	Note	Share capital	Capital increase	(-) Unpaid share capital	Capital reserve	Revenue reserve	Adjustment to market value	Retained earnings	Treasury shares	Total
At December 31, 2017		**1,319,242**	**40,000**	**-**	**45**	**197,108**	**2,818**	**-**	**(59)**	**1,559,154**
Capital increase	19(a)	205,910	-	-	-	-	-	-	-	205,910
Unpaid share capital		-	125,910	(165,910)	-	-	-	-	-	(40,000)
Capital payment		-	(165,910)	165,910	-	-	-	-	-	-
Proposed dividends from previous years	19(d)	-	-	-	-	(157,614)	-	-	-	(157,614)
Carrying value adjustment - securities available for sale		-	-	-	-	-	(1,518)	-	-	(1,518)
Treasury shares		-	-	-	6	-	-	-	59	65
Profit for the six-month period		-	-	-	-	-	-	**132,627**	**-**	**132,627**
Proposed allocations:										
Legal reserve		-	-	-	-	6,631	-	(6,631)	-	-
Revenue reserve		-	-	-	-	119,696	-	(119,696)	-	-
Proposed dividends	19(d)	-	-	-	-	-	-	(6,300)	-	(6,300)
At June 30, 2018		**1,525,152**	**-**	**-**	**51**	**165,821**	**1,300**	**-**	**-**	**1,692,324**
Changes in the six-month period		**205,910**	**(40,000)**	**-**	**6**	**(31,287)**	**(1,518)**	**-**	**59**	**133,170**
At December 31, 2018		**1,525,152**	**-**	**-**	**51**	**257,685**	**1,359**	**-**	**-**	**1,784,247**
Capital increase	19(a)	217,618	(217,618)	-	-	-	-	-	-	-
Unpaid share capital		-	-	(217,618)	-	-	-	-	-	(217,618)
Capital payment		-	217,618	217,618	-	-	-	-	-	435,236
Share buyback		-	-	-	-	-	-	-	-	-
Proposed dividends from previous years		-	-	-	-	(206,737)	-	-	-	(206,737)
Carrying value adjustment - securities available for sale		-	-	-	-	-	(2,790)	-	-	(2,790)
Profit for the six-month period		**-**	**-**	**-**	**-**	**-**	**-**	**81,821**	**-**	**81,821**
Proposed allocations										
Legal reserve		-	-	-	-	4,091	-	(4,091)	-	-
Revenue reserve		-	-	-	-	73,844	-	(73,844)	-	-
Proposed dividends	19(d)	-	-	-	-	-	-	(3,886)	-	(3,886)
At June 30, 2019		**1,742,769**	**-**	**-**	**51**	**128,883**	**(1,430)**	**-**	**-**	**1,870,273**
Changes in the six-month period		**217,618**	**-**	**-**	**-**	**(128,802)**	**(2,790)**	**-**	**-**	**86,026**

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

Statement of cash flows

Six-months ended June 30, 2019 and 2018

All amounts in thousands of reais unless otherwise stated

(A free translation of the original in Portuguese)

		Bank		Consolidated	
Cash flows from operating activities	**Note**	**2019**	**2018**	**2019**	**2018**
Adjusted profit		**140,910**	**235,874**	**163,517**	**263,267**
Profit before income tax and social contribution		125,545	233,859	134,799	243,277
Provision for loan losses		33,625	14,109	33,625	14,109
Depreciation and amortization		4,011	4,115	7,009	6,821
Equity in the results of subsidiaries		(24,437)	(19,037)	(14,094)	(3,780)
Goodwill on equity interest in subsidiaries		983	1,026	983	1,026
Provision for tax, labor and civil contingencies		1,183	1,802	1,195	1,814
Decrease (increase) in short-term interbank investments		362,840	743,228	362,840	743,228
Decrease (increase) in marketable securities		(1,535,518)	(548,743)	(1,538,088)	(541,994)
Decrease in interbank and interdepartmental accounts		126,837	(389,031)	126,588	(389,308)
Increase (decrease) in lending operations		(629,269)	(316,674)	(629,269)	(316,674)
Decrease (increase) in other receivables		88,647	(65,147)	104,517	(42,914)
Decrease in other assets		4,475	(10,635)	3,697	(11,437)
Increase in deposits		(478,100)	1,438,388	(493,997)	1,432,318
Increase (decrease) in repurchase agreement obligations		681,899	1,045,689	681,899	1,045,689
Increase (decrease) in funds from acceptance of bills of exchange, real estate and mortgage notes, and debentures		14,211	(152,669)	14,211	(152,669)
Increase (decrease) in borrowings and onlendings		76,467	(84,353)	76,467	(84,353)
Increase (decrease) in other payables		(352,578)	85,710	(360,246)	50,842
Income tax and social contribution paid		(37,292)	(46,647)	(44,495)	(53,850)
Changes in deferred income		43	109	43	109
Net cash inflow (outflow) from operating activities		**(1,536,428)**	**1,935,099**	**(1,532,316)**	**1,942,254**
Cash flows from investing activities					
Dividends received from associates		10,686	2,522	8,000	-
Disposal of property and equipment in use		29	183	30	210
Purchases of property and equipment		(2,989)	(1,418)	(4,547)	(3,940)
Purchases of intangible assets		(178)	(53)	(279)	(2,207)
Net cash inflow (outflow) from investing activities		**7,549**	**1,234**	**3,205**	**(5,937)**
Cash flows from financing activities					
Increase in share capital		217,618	165,910	217,618	165,910
Share buyback		-	65	-	65
Payment of dividends		(217,426)	(165,527)	(217,426)	(165,527)
Net cash inflow from financing activities		**192**	**448**	**192**	**448**
Net increase (decrease) in cash and cash equivalents	**4**	**(1,528,688)**	**1,936,781**	**(1,528,920)**	**1,936,765**
Cash and cash equivalents at the beginning of the six-month period		15,599,032	12,311,757	15,599,269	12,311,782
Cash and cash equivalents at the end of the six-month period		14,070,344	14,248,538	14,070,349	14,248,547

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

Notes to the financial statements

June 30, 2019 and 2018

All amounts in thousands of reais unless otherwise stated

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 individual credit unions, comprise the Sistema de Cooperativas de Crédito do Brasil ("Sicoob").

At June 30, 2019, the excess of current liabilities over current assets, in the parent company and consolidated balance sheet, totaling R$ 8.82 billion and 8.86 billion, respectively, does not pose any risk to the Bank in view of the following:

i) approximately 63.79% and 64.12% 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 Corporate Law, as well as on standards and instructions issued by the National Monetary Council ("CMN") and 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. Equity interests, intercompany receivables and payables, as well as revenue and expenses, have been eliminated in the consolidated financial statements.

The Joint Executive Board of Bancoob submitted these financial statements to the Board of Directors, which approved them on August 13, 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 include the valuation of the recoverable amounts 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 the 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 whose maturities at the investment date are equal to or lower than 90 days, 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 operations 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 portfolios of securities defined by BACEN Circular Letter 3,068/01, 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, where 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 methodology for the marking-to-market of 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 period.

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 (losses) on marketable securities".

g. Derivative financial instruments

In compliance with BACEN Circular Letter 3,082/01, derivative financial instruments are valued at market value at least 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 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 operations 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 as 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 that had been previously recorded as losses start to be classified as 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 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 associated with an increase in the economic benefits related to the asset. Any other type of expenditure is expensed in the statement of income when incurred.

Impairment of assets – An impairment 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 period.

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 the provisions of Law 13169/15. Tax credits are recognized considering the expected generation of future taxable profit, over a maximum period of ten years, pursuant to CMN Resolution 3355/06. 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.

All amounts in thousands of reais unless otherwise stated

- **Contingent liabilities** - Contingent liabilities are recognized based on the advice of legal counsel, the nature of the lawsuits, similarities with previous proceedings, 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 financial statements:

- CPC 00 (R1) – Basic Conceptual Pronouncement;
- CPC 01 (R1) – Impairment of Assets;
- CPC 02 (R2) – Effects of Exchange Rates Variations 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.

Note 4 – Cash and cash equivalents

a. Breakdown

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

		Bank		Consolidated	
Cash	**Note**	**2019**	**2018**	**2019**	**2018**
Available funds	5	**31,236**	**8,761**	**31,241**	**8,770**
Local currency		331	375	333	377
Bank deposits		-	-	3	7
Non-earmarked reserves		59	272	59	272
Foreign currency		30,846	8,114	30,846	8,114
Cash equivalents					
Short-term interbank investments (up to 90 days)	6	**14,039,108**	**14,239,777**	**14,039,108**	**14,239,777**
Total		**14,070,344**	**14,248,538**	**14,070,349**	**14,248,547**

All amounts in thousands of reais unless otherwise stated

Note 5 – Available funds

		Bank		Consolidated	
	Note	2019	2018	2019	2018
Local currency		331	375	333	377
Bank deposits		-	-	3	7
Non-earmarked reserves		59	272	59	272
Foreign currency		30,846	8,114	30,846	8,114
Total		**31,236**	**8,761**	**31,241**	**8,770**

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	2019	2018	2019	2018
Investments in repurchase agreements		**517,876**	**13,521,232**	**-**	**14,039,108**	**14,239,777**	**14,039,108**	**14,239,777**
Resales pending settlement - own resources		517,876	13,521,232	-	14,039,108	12,103,929	14,039,108	12,103,929
Resales pending settlement - third-party resources		-	-	-	-	2,135,848	-	2,135,848
Investments in interbank deposits		**746,747**	**343,536**	**9,796**	**1,100,079**	**1,077,208**	**1,100,079**	**1,077,208**
Total		**1,264,623**	**13,864,768**	**9,796**	**15,139,187**	**15,316,985**	**15,139,187**	**15,316,985**
Current					**15,139,187**	**15,301,140**	**15,139,187**	**15,301,140**
Non-current					**-**	**15,845**	**-**	**15,845**

b. Income from short-term interbank investments

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

	Bank and Consolidated	
Income from investments in repurchase agreements	**2019**	**2018**
Own resources	441,777	351,388
Third-party resources	35,441	60,650
Sub-total	**477,218**	**412,038**
Income from investments in interbank deposits	44,077	52,602
Total	**521,295**	**464,640**

Note 7 - Marketable securities and derivative financial instruments

a. Marketable securities

Securities are classified "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** - are marked to market periodically, using an in-house methodology that first considers the prices available on 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 shares whose records are kept by the respective administrators.

All amounts in thousands of reais unless otherwise stated

The updated cost (including income accruals) and the market values of marketable securities are shown below:

		Maturity						Total 2019			Total 2018		
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		**43,540**	**247,627**	**304,277**	**381,029**	**2,305,608**	**10,445,327**	**13,728,200**	**13,727,408**	**(792)**	**12,569,285**	**12,571,479**	**2,194**
Bank's own portfolio													
Financial Treasury Bills (LFT)		-	-	-	-	1,280,543	1,197,038	2,478,386	2,477,581	(805)	5,689,706	5,688,261	(1,445)
Funds		43,540	-	-	-	-	-	43,540	43,540	-	39,231	39,231	-
Financial Bills (LF)		-	247,627	276,037	381,029	92,328	1,138,247	2,133,687	2,135,268	1,581	1,823,202	1,827,370	4,168
Total		**43,540**	**247,627**	**276,037**	**381,029**	**1,372,871**	**2,335,285**	**4,655,613**	**4,656,389**	**776**	**7,552,139**	**7,554,862**	**2,723**
Subject to repurchase agreements													
Financial Treasury Bills (LFT)		-	-	-	-	200,086	3,778,623	3,979,475	3,978,709	(766)	1,574,097	1,573,554	(543)
Total		**-**	**-**	**-**	**-**	**200,086**	**3,778,623**	**3,979,475**	**3,978,709**	**(766)**	**1,574,097**	**1,573,554**	**(543)**
Linked to the provision of guarantees													
Financial Bills (LF)		-	-	28,240	-	-	3,292	31,517	31,532	15	404,307	405,549	1,242
Financial Treasury Bills (LFT)		-	-	-	-	732,651	4,328,127	5,061,595	5,060,778	(817)	3,038,742	3,037,514	(1,228)
Total		**-**	**-**	**28,240**	**-**	**732,651**	**4,331,419**	**5,093,112**	**5,092,310**	**(802)**	**3,443,049**	**3,443,063**	**14**
II - Trading securities		**6,371**	**-**	**-**	**-**	**-**	**-**	**6,391**	**6,371**	**(20)**	**5,298**	**5,297**	**(1)**
Bank's own portfolio													
Rural Producer Notes (CPR)		698	-	-	-	-	-	717	698	(19)	-	-	-
Financial Bills (LF)		-	-	-	-	-	-	-	-	-	5,298	5,297	(1)
Financial Treasury Bills (LFT)		5,632	-	-	-	-	-	5,633	5,632	(1)	-	-	-
Total		**6,330**	**-**	**-**	**-**	**-**	**-**	**6,350**	**6,330**	**(20)**	**5,298**	**5,297**	**(1)**
Derivative financial instruments													
FUTURES – CPR		23	-	-	-	-	-	23	23	-	-	-	-
FUTURES – EXCHANGE		18	-	-	-	-	-	18	18	-	-	-	-
Total		**41**	**-**	**-**	**-**	**-**	**-**	**41**	**41**	**-**	**-**	**-**	**-**
Total - marketable securities		**49,911**	**247,627**	**304,277**	**381,029**	**2,305,608**	**10,445,327**	**13,734,591**	**13,733,779**	**(812)**	**12,574,583**	**12,576,776**	**2,193**
Current									**3,288,452**			**2,776,688**	
Non-current									**10,445,327**			**9,800,088**	

All amounts in thousands of reais unless otherwise stated

The updated cost (including income accruals) and the market values of marketable securities are shown below:

		Maturity						Total 2019			Total 2018		
Consolidated	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		**54,578**	**247,627**	**304,277**	**381,029**	**2,326,786**	**10,447,186**	**13,762,275**	**13,761,483**	**(792)**	**12,596,774**	**12,598,968**	**2,194**
Bank's own portfolio													
Financial Treasury Bills (LFT)		-	-	-	-	1,301,721	1,197,679	2,500,205	2,499,400	(805)	5,710,223	5,708,778	(1,445)
Bank Deposit Certificate (CDB)		-	-	-	-	-	1,218	1,218	1,218	-	1,149	1,149	-
Funds		54,578	-	-	-	-	-	54,578	54,578	-	45,054	45,054	-
Financial Bills (LF)		-	247,627	276,037	381,029	92,328	1,138,247	2,133,687	2,135,268	1,581	1,823,202	1,827,370	4,168
Total		**54,578**	**247,627**	**276,037**	**381,029**	**1,394,049**	**2,337,144**	**4,689,688**	**4,690,464**	**776**	**7,579,628**	**7,582,351**	**2,723**
Subject to repurchase agreements													
Financial Treasury Bills (LFT)		-	-	-	-	200,086	3,778,623	3,979,475	3,978,709	(766)	1,574,097	1,573,554	(543)
Total		**-**	**-**	**-**	**-**	**200,086**	**3,778,623**	**3,979,475**	**3,978,709**	**(766)**	**1,574,097**	**1,573,554**	**(543)**
Linked to the provision of guarantees													
Financial Bills (LF)		-	-	28,240	-	-	3,292	31,517	31,532	15	404,307	405,549	1,242
Financial Treasury Bills (LFT)		-	-	-	-	732,651	4,328,127	5,061,595	5,060,778	(817)	3,038,742	3,037,514	(1,228)
Total		**-**	**-**	**28,240**	**-**	**732,651**	**4,331,419**	**5,093,112**	**5,092,310**	**(802)**	**3,443,049**	**3,443,063**	**14**
II - Trading securities		**6,371**	**-**	-	**-**	-	-	**6,391**	**6,371**	**(20)**	**5,298**	**5,297**	**(1)**
Bank's own portfolio													
Rural Producer Notes (CPR)		698	-	-	-	-	-	717	698	(19)	-	-	-
Financial Bills (LF)		-	-	-	-	-	-	-	-	-	5,298	5,297	(1)
Financial Treasury Bills (LFT)		5,632	-	-	-	-	-	5,633	5,632	(1)	-	-	-
Total		**6,330**	**-**	**-**	**-**	**-**	**-**	**6,350**	**6,330**	**(20)**	**5,298**	**5,297**	**(1)**
Derivative financial instruments													
FUTURES – CPR		23	-	-	-	-	-	23	23	-	-	-	-
FUTURES – EXCHANGE		18	-	-	-	-	-	18	18	-	-	-	-
Total		**41**	**-**	**-**	**-**	**-**	**-**	**41**	**41**	-	**-**	**-**	**-**
Total - marketable securities		**60,949**	**247,627**	**304,277**	**381,029**	**2,326,786**	**10,447,186**	**13,768,666**	**13,767,854**	**(812)**	**12,602,072**	**12,604,265**	**2,193**
Current									**3,320,668**			**2,777,655**	
Non-current									**10,447,186**			**9,821,754**	

All amounts in thousands of reais unless otherwise stated

b. Breakdown of marketable securities

	Note	Bank 2019	Bank 2018	Consolidated 2019	Consolidated 2018
Market value of available-for-sale securities		13,727,408	12,571,479	13,730,971	12,598,968
Market value of trading securities		6,330	5,297	6,330	5,297
Total		**13,733,738**	**12,576,776**	**13,737,301**	**12,604,265**

In the first six-month period of 2019 and 2018, there were no reclassifications of securities between the categories.

At June 30, 2019, Bancoob's securities linked to the provision of guarantees totaled R$ 5,092,310 (R$ 3,443,063 in 2018), mainly distributed as follows:

(a) R$ 2,340,396 (R$ 2,090,536 in 2018) as collateral for funding operations;
(b) R$ 2,720,652 (R$ 1,333,102 in 2018) as collateral for credit card transactions.

c. Gains on marketable securities

	Note	Bank 2019	Bank 2018	Consolidated 2019	Consolidated 2018
Income from fixed-income securities		385,007	389,739	385,698	390,471
Income from investment funds		4,652	2,868	4,905	2,899
Positive adjustment of securities to market value		-	1	-	1
Income from short-term interbank investments	6(b)	521,295	464,640	521,295	464,640
Gains on transactions with derivatives		374	-	374	-
Expenses with marketable securities and derivative financial instruments		(1,328)	(1,772)	(1,398)	(1,772)
Total		**910,000**	**855,476**	**910,874**	**856,239**

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	Bank and Consolidated 2019	Bank and Consolidated 2018
Interbank onlendings		8,513,611	7,155,338
Loans and discounted notes		1,660,918	1,064,464
Financing		854,904	640,590
Rural and agribusiness financing		2,225,132	1,922,311
Real estate financing		41,413	12,961
Other Receivables 20(b)		3,436,975	2,613,121
Sub-total		**16,732,953**	**13,408,785**
(-) Provision for losses on interbank onlendings		(7,362)	(9,402)
(-) Provision for loan losses		(71,024)	(38,774)
(-) Provision for other receivables		(35,689)	(19,477)
Total		**16,618,878**	**13,341,132**
Current		**10,973,509**	**8,692,236**
Non-current		**5,645,369**	**4,648,895**

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	2019	2018
Interbank onlendings	7,536,855	664,420	266,523	45,813	-	-	-	-	-	8,513,611	7,155,337
Loans and discounted notes	318,357	1,033,578	162,996	93,328	37,905	5,251	1,810	1,264	6,429	1,660,918	1,064,464
Financing	2,450	333,479	292,851	183,669	23,307	10,761	2,291	2,267	3,829	854,904	640,590
Rural and agribusiness financing	41,514	1,748,996	281,537	89,633	41,951	20,614	28	609	250	2,225,132	1,922,311
Real estate financing	2,358	31,621	5,934	1,015	485	-	-	-	-	41,413	12,962
Total	**7,901,534**	**3,812,094**	**1,009,841**	**413,458**	**103,648**	**36,626**	**4,129**	**4,140**	**10,508**	**13,295,978**	**10,795,664**
Other receivables	6,947	2,652,844	460,894	229,170	79,326	6,569	316	99	810	3,436,975	2,613,121
Grand Total	**7,908,481**	**6,464,938**	**1,470,735**	**642,628**	**182,974**	**43,195**	**4,445**	**4,239**	**11,318**	**16,732,953**	**13,408,785**
Provision for loan losses	-	(32,325)	(14,707)	(19,279)	(18,297)	(12,958)	(2,224)	(2,967)	(11,318)	(114,075)	(67,653)
Total provisions at 6/30/2019, net	**7,908,481**	**6,432,613**	**1,456,028**	**623,349**	**164,677**	**30,237**	**2,221**	**1,272**	**-**	**16,618,878**	**-**
Total provisions at 6/30/2018, net	**5,817,060**	**6,442,999**	**746,092**	**296,463**	**19,183**	**18,126**	**881**	**328**	**-**	**-**	**13,341,132**

c. Breakdown of the provision for loan losses by type

Bank and Consolidated

Lending operations	AA	A	B	C	D	E	F	G	H	2019	2018
Interbank onlendings	-	3,322	2,665	1,375	-	-	-	-	-	7,362	9,402
Loans and discounted notes	-	5,168	1,630	2,800	3,791	1,575	905	884	6,429	23,182	14,096
Financing	-	1,667	2,929	5,510	2,331	3,228	1,146	1,587	3,829	22,227	10,731
Rural and agribusiness financing	-	8,745	2,815	2,689	4,195	6,184	15	426	250	25,319	13,877
Real estate financing	-	158	59	30	49	-	-	-	-	296	70
Total	**-**	**19,060**	**10,098**	**12,404**	**10,366**	**10,987**	**2,066**	**2,897**	**10,508**	**78,386**	**48,176**
Other receivables	-	13,264	4,609	6,875	7,933	1,971	158	69	810	35,689	19,477
Grand Total	**-**	**32,324**	**14,707**	**19,279**	**18,299**	**12,958**	**2,224**	**2,966**	**11,318**	**114,075**	**67,653**

d. Breakdown by maturity range and risk level

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

Bank and Consolidated

	AA	A	B	C	D	E	F	G	H	2019	2018
1 to 30 days	204,650	271,526	62,234	36,062	12,519	2,062	174	119	304	589,650	609,101
31 to 60 days	441,292	229,537	47,766	18,381	6,001	738	145	96	92	744,048	714,280
61 to 90 days	647,620	314,777	121,459	25,448	8,074	1,248	91	88	113	1,118,918	932,233
91 to 180 days	1,879,894	1,049,459	213,964	96,347	28,745	4,293	270	265	487	3,273,724	2,606,763
181 to 360 days	2,449,732	2,074,398	420,862	211,696	68,692	9,868	575	525	851	5,237,199	3,815,812
Over 360 days	2,285,042	2,505,868	570,004	228,347	47,349	21,485	1,069	1,270	2,919	5,663,353	4,659,388
Total	**7,908,230**	**6,445,565**	**1,436,289**	**616,281**	**171,380**	**39,694**	**2,324**	**2,363**	**4,766**	**16,626,892**	**13,337,577**

All amounts in thousands of reais unless otherwise stated

d2. Extraordinary 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	2019	2018
1 to 30 days	20	11,864	23,464	7,895	3,823	493	90	59	233	47,941	32,362
31 to 60 days	-	-	78	10,010	1,333	232	66	67	176	11,962	8,839
61 to 90 days	-	-	-	135	3,682	175	66	48	168	4,274	2,400
91 to 180 days	-	-	-	20	55	178	218	182	505	1,156	877
181 to 360 days	-	-	-	-	-	47	43	56	1,071	1,217	1,072
Over 360 days	-	-	-	-	-	-	-	-	75	75	40
Total	**20**	**11,864**	**23,542**	**18,060**	**8,893**	**1,124**	**482**	**412**	**2,228**	**66,625**	**45,590**
Falling due installments											
1 to 30 days	5	194	362	262	86	76	52	49	168	1,254	935
31 to 60 days	3	119	276	213	84	67	49	46	151	1,008	725
61 to 90 days	3	120	271	213	83	67	47	45	169	1,018	750
91 to 180 days	9	372	809	644	236	209	142	137	492	3,050	2,159
181 to 360 days	18	758	1,528	1,225	485	433	279	269	810	5,805	4,132
Over 360 days	193	5,946	7,658	5,730	1,727	1,525	1,070	918	2,534	27,301	16,917
Total	**231**	**7,509**	**10,904**	**8,287**	**2,701**	**2,377**	**1,639**	**1,464**	**4,324**	**39,436**	**25,618**
Total	**251**	**19,373**	**34,446**	**26,347**	**11,594**	**3,501**	**2,121**	**1,876**	**6,552**	**106,061**	**71,208**

e. Breakdown of the portfolio by industry and maturity

Bank and Consolidated

	Past-due	Not yet due						Total	Total
		Up to 3 months	From 3 to 12 months	From 1 to 3 years	From 3 to 5 years	From 5 to 15 years	Over 15 years	2019	2018
Rural	-	81,255	323,287	698,276	555,591	566,723	-	2,225,132	1,922,311
Financial intermediaries	-	1,510,186	4,623,207	1,935,447	363,265	81,506	-	8,513,611	7,155,337
Individuals	32,026	626,901	2,596,382	493,799	215,594	60,001	15,058	4,039,761	3,185,714
Other services	13,042	259,110	976,903	448,785	222,132	34,367	110	1,954,449	1,145,423
Total	**45,068**	**2,477,452**	**8,519,779**	**3,576,307**	**1,356,582**	**742,597**	**15,168**	**16,732,953**	**13,408,785**

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

f1. Concentration of operations - interbank onlendings

Bank and Consolidated

	2019	%	2018	%
10 largest debtors	3,137,834	36.86	2,627,330	36.72
50 next largest debtors	3,400,571	39.94	2,836,035	39.64
100 next largest debtors	1,835,238	21.56	1,561,101	21.82
Other	139,968	1.64	130,871	1.83
Total	**8,513,611**	**100.00**	**7,155,336**	**100.00**

f2. Concentration of operations - lending operations

Bank and Consolidated

	2019	%	2018	%
10 largest debtors	352,398	7.37	87,829	2.41
50 next largest debtors	252,214	5.27	140,432	3.86
100 next largest debtors	199,503	4.17	155,152	4.26
Other	3,978,252	83.19	3,256,913	89.47
Total	**4,782,367**	**100.00**	**3,640,326**	**100.00**

All amounts in thousands of reais unless otherwise stated

f3. Concentration of operations - Other receivables with loan characteristics

	Bank and Consolidated			
	2019	%	2018	%
10 largest debtors	6,532	0.19	4,690	0.18
50 next largest debtors	10,105	0.29	8,382	0.32
100 next largest debtors	11,968	0.35	10,119	0.39
Other	3,408,370	99.17	2,589,930	99.11
Total	**3,436,975**	**100.00**	**2,613,121**	**100.00**

g. Changes in the provision for loan losses

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

	Bank and Consolidated	
	2019	2018
Balance at the beginning of the six-month period	58,303	46,356
Constitution (reversal) of provision for loan losses - lending operations	977	(2,132)
Constitution (reversal) of provision for loan losses	23,061	7,425
Lending operations written off as losses	(3,955)	(3,473)
Balance at the end of the six-month period	**78,386**	**48,176**

The loans renegotiated in the first six-month period of 2019 totaled R$ 5,496 (R$ 277.6 in 2018) and related to non-performing contracts of Payroll-deductible Loans, Rural Credit, and Loan transactions.

The recovery of loans written off as losses during the reported period totaled R$ 1,184 (R$ 986 in 2018).

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

	Bank and Consolidated	
	2019	2018
Balance at the beginning of the six-month period	26,868	14,756
Constitution of allowance for loan losses	8,821	4,721
Balance at the end of the six-month period	**35,689**	**19,477**

g3. Guarantees provided

Provisions are recorded for guarantees provided and not yet honored, subject to the same minimum criteria established by Resolution 2,682/99. In the first six-month period of 2019, the amount of R$ 120 (R$ 58 in 2018) was recorded as a provision for these accounts.

h. Income from lending operations

	Bank and Consolidated	
	2019	2018
Income from interbank onlendings	306,067	272,977
Loans and discounted notes	121,255	97,661
Financing	36,297	27,517
Rural and agribusiness financing	65,031	54,660
Income from housing financing	1,449	421
Sub-total	**530,099**	**453,236**
Recovery of receivables written-off as losses	1,184	986
Balance at the end of the six-month period	**531,283**	**454,222**

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

	2019				2018			
	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	120,784	120,784	120,784	120,784	75,655	75,655	75,655	75,655
Civil and labor contingencies	13,085	13,085	13,085	13,085	4,925	4,925	4,925	4,925
Profit sharing	5,256	5,256	5,400	5,400	5,136	5,136	5,257	5,257
Adjustment to market value - securities	1	1	1	1	3,218	3,218	3,218	3,218
Government Severance Indemnity Fund for Employees (FGTS) - 50% - Executive Board	1,424	1,424	1,806	1,806	1,182	1,182	1,502	1,502
SIPAG Acceleration Program	3,041	3,041	3,041	3,041	2,263	2,263	2,263	2,263
Provisions for the national sales campaign	11,273	11,273	11,273	11,273	10,469	10,469	10,469	10,469
Card bonus	116,334	116,334	116,334	116,334	92,427	92,427	92,427	92,427
Legal fees	1,518	1,518	1,518	1,518	1,681	1,681	1,681	1,681
Other provisions	39,233	39,233	39,340	39,340	4,163	4,163	4,260	4,260
Amount	**311,950**	**311,950**	**312,584**	**312,584**	**201,119**	**201,119**	**201,658**	**201,658**
Tax rates	25%	15%	25%	15%	25%	20%	25%	20%
Tax credits recognized	**77,988**	**46,792**	**78,146**	**46,887**	**50,280**	**32,707**	**50,414**	**32,816**

(*) The Social Contribution tax credit was recognized on temporary differences at the rate of 20% up to December 2018; from January 2019, the rate is 15%, pursuant to Law 13,169/15.

b. Changes

	2019				2018			
	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	63,569	38,141	63,731	38,271	44,585	29,438	44,715	29,541
Deferred tax liabilities	(567)	(340)	(567)	(340)	(1,681)	(1,073)	(1,681)	(1,073)
Sub-total	**63,002**	**37,801**	**63,164**	**37,931**	**42,904**	**28,365**	**43,034**	**28,468**
Adjustment to profit (loss)	**14,325**	**8,595**	**14,322**	**8,560**	**5,376**	**3,084**	**5,382**	**3,089**
Tax credits recognized	21,533	12,919	21,588	12,952	9,332	13,615	9,388	13,658
Tax credits derecognized	(7,114)	(4,268)	(7,173)	(4,336)	(3,956)	(10,531)	(4,006)	(10,570)
Changes in deferred taxes	(93)	(56)	(93)	(56)	-	-	-	-
Adjustment to equity (securities)	**168**	**101**	**169**	**101**	**648**	**420**	**646**	**421**
Tax credits recognized	-	-	-	-	1,390	1,192	1,388	1,193
Tax credits derecognized	-	-	-	-	(1,071)	(1,007)	(1,071)	(1,007)
Changes in deferred taxes	168	101	169	101	329	235	329	235
Changes	**14,494**	**8,696**	**14,491**	**8,661**	**8,661**	**3,504**	**6,028**	**3,509**
At June 30								
Deferred tax assets	77,988	46,792	78,146	46,887	46,888	32,707	50,414	32,816
Deferred tax liabilities	(492)	(295)	(491)	(295)	(1,352)	(838)	(1,352)	(838)
Total	**77,496**	**46,497**	**77,655**	**46,592**	**48,928**	**31,869**	**49,062**	**31,978**

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:

	2019			
	Bank		Consolidated	
Years	Nominal amount	Present value	Nominal amount	Present value
2019	36,657	36,849	36,691	36,883
2020	29,586	28,011	29,805	28,219
2021	23,291	20,583	23,291	20,583
2022	8,789	7,248	8,789	7,248
2023	8,114	6,246	8,114	6,246
2024 to 2028	18,343	13,179	18,343	13,179
Total tax credits	**124,780**	**112,116**	**125,033**	**112,358**

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 of the effective income tax charge in the statement of Income to the combined statutory income tax and social contribution rates, is as follows:

	Bank				Consolidated			
	2019		2018		2019		2018	
Breakdown	Income tax	Social contribution	Income tax	Social contribution	Income tax	Social contribution	Income tax	Social contribution
Profit before taxation and profit sharing	125,545	125,545	233,859	233,859	134,799	134,799	243,277	243,277
Equity in the results of subsidiaries	(24,437)	(24,437)	(19,037)	(19,037)	(14,094)	(14,094)	(3,780)	(3,780)
Employee profit sharing	(5,319)	(5,319)	(5,135)	(5,135)	(6,137)	(6,137)	(5,251)	(5,251)
Tax base	**95,789**	**95,789**	**209,687**	**209,687**	**114,568**	**114,568**	**234,246**	**234,246**
Tax rate - statutory	25%	15%	25%	20%	25%	15%/9%	25%	20%/9%
Total	**23,947**	**14,368**	**54,422**	**41,937**	**28,642**	**16,626**	**58,561**	**45,117**
Tax effects on permanent differences								
Provision for loan losses	8,202	4,920	2,818	2,254	8,202	4,921	2,818	2,254
Provision for contingent liabilities	(422)	(253)	344	275	(415)	(250)	344	275
National Sales Campaign (CNV)	1,227	737	1,179	944	1,227	737	1,179	944
Other provisions	5,319	3,191	1,034	827	5,640	3,343	471	630
Total	**14,325**	**8,595**	**5,375**	**4,300**	**14,654**	**8,751**	**4,812**	**4,103**
Tax effects on permanent differences	412	238	557	435	624	386	623	491
Sponsorships	-	-	-	-	-	-	-	-
Workers' Meal Program (PAT)	(409)	-	(343)	-	(518)	-	(430)	-
Extension of parenthood leave	(151)	-	(126)	-	(160)	-	(160)	-
Tax losses to offset	-	-	-	-	(1)	(1)	-	-
Total	**(560)**	**-**	**(469)**	**-**	**(679)**	**(1)**	**(590)**	**-**
Current income tax and social contribution	**38,125**	**23,201**	**57,885**	**46,672**	**43,241**	**25,762**	**63,406**	**49,711**
Income tax and social contribution from prior years	**-**	**-**	**-**	**-**	**41**	**-**	**41**	**4**
Total	**38,125**	**23,201**	**57,885**	**46,672**	**43,282**	**25,762**	**63,447**	**49,715**

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 recorded within "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 period	Ownership interest (%)	Number of shares	Equity in the results		Goodwill on investments		Bank		Consolidated	
							Six-month period							
							2019	2018	2019	2018	2019	2018	2019	2018
Bancoob Distribuidora de Títulos e Valores Mobiliários Ltda. (a)	6/30/2019	2,170	4,235	1,716	99.9994	2,000,000	1,716	1,266	-	-	4,321	3,805	-	-
Cabal Brasil Ltda. (b)	6/30/2019	36,174	44,459	3,390	80	36,174,099	2,712	2,829	4,818	6,433	40,385	38,201	4,818	6,433
Ponta Administradora de Consórcios Ltda. (c)	6/30/2019	6,191	62,319	5,867	99.99	6,191,000	5,866	11,159	-	-	62,313	46,509	-	-
Bancoob Participações em Seguridade S.A. (d)	6/30/2019	20,000	41,139	14,143	100	20,000,000	14,143	3,783	-	-	41,139	29,209	40,472	28,593
Total							**24,437**	**19,037**	**4,818**	**6,433**	**148,158**	**117,724**	**45,290**	**35,026**

(a) Administrator and manager of investment funds with managed assets amounting to R$ 24,676,952 at June 30, 2019 (R$ 21,606,457 in 2018).
(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 129,237 active participants and a managed portfolio of R$ 9.2 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, 2017	**3,010**	**58,365**	**2,684**	**14,761**	**385**	**79,205**	**92,515**
Acquisitions	-	-	753	467	198	1,418	3,940
Disposal	-	-	(182)	(1)	-	(183)	(210)
Depreciation	-	(1,637)	(329)	(1,625)	(49)	(3,640)	(5,325)
At June 30, 2018	**3,010**	**56,728**	**2,926**	**13,602**	**534**	**76,800**	**90,920**
Total cost	3,010	72,582	7,579	21,195	864	105,230	127,962
Accumulated depreciation	-	(15,854)	(4,653)	(7,593)	(330)	(28,430)	(37,042)
Net book value	**3,010**	**56,728**	**2,926**	**13,602**	**534**	**76,800**	**90,920**
At December 31, 2018	**3,010**	**55,092**	**2,850**	**12,471**	**517**	**73,940**	**86,684**
Acquisitions	-	-	1,923	968	98	2,989	4,547
Disposal	-	-	(12)	-	(17)	(29)	(30)
Depreciation	-	(1,638)	(263)	(1,712)	(61)	(3,674)	(5,514)
At June 30, 2019	**3,010**	**53,454**	**4,498**	**11,727**	**537**	**73,226**	**85,687**
Total cost	3,010	72,582	9,485	22,437	975	108,489	132,574
Accumulated depreciation	-	(19,128)	(4,987)	(10,710)	(439)	(35,263)	(46,887)
Net book value	**3,010**	**53,454**	**4,498**	**11,727**	**537**	**73,226**	**85,687**
Annual amortization 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, 2017	**2,909**	**9,912**
Acquisitions	53	2,207
Disposal	-	-
Depreciation	(475)	(1,497)
At June 30, 2018	**2,487**	**10,622**
Total cost	9,233	24,254
Accumulated depreciation	(6,746)	(13,632)
Net book value	**2,487**	**10,622**
At December 31, 2018	**2,059**	**9,294**
Acquisitions	178	279
Disposal	-	-
Depreciation	(337)	(1,495)
At June 30, 2019	**1,900**	**8,078**
Total cost	9,413	24,794
Accumulated depreciation	(7,513)	(16,716)
Net book value	**1,900**	**8,078**
Annual amortization rates (%)	**20%**	**20%**

Note 13 - Deposits

a. Breakdown of deposits

	Bank								Consolidated	
	2019							2018	2019	2018
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	50,797	-	-	-	-	-	50,797	707,286	48,221	705,383
Savings deposits	5,610,670	-	-	-	-	-	5,610,670	4,446,149	5,610,670	4,446,149
Interbank deposits	-	3,467,202	6,534,811	4,022,699	9,702,404	2,719,050	26,446,166	24,902,208	26,446,166	24,902,208
Rural interbank deposits	-	958,649	569,220	128,985	566,570	296,155	2,519,579	1,851,234	2,519,579	1,851.234
Time deposits	-	42,159	2,223	3,117	60,420	515,525	623,444	501,602	484,523	407,329
Prepaid payment accounts	-	-	-	-	-	-	-	-	25,365	22,251
Total	**5,661,467**	**4,468,010**	**7,106,254**	**4,154,801**	**10,329,394**	**3,530,730**	**35,250,656**	**32,408,479**	**35,134,524**	**32,334,554**
Current							**31,719,926**	**28,841,226**	**31,736,676**	**28,860,890**
Non-current							**3,530,730**	**3,567,253**	**3,397,848**	**3,473,664**

b. Expenses with money market funding

	Bank		Consolidated	
	2019	**2018**	**2019**	**2018**
Savings deposits	113,995	92,468	113,995	92,468
Interbank deposits	916,796	819,461	916,796	819,461
Time deposits	18,688	14,271	14,815	11,577
Money market funding	87,434	103,435	87,434	103,435
Other funding expenses	10,801	10,709	10,801	10,709
Total	**1,147,714**	**1,040,344**	**1,143,841**	**1,037,650**

All amounts in thousands of reais unless otherwise stated

Note 14 - Repurchase agreement obligations

Maturity

	Bank and Consolidated					
	2019					2018
	Up to 1 month	From 1 to 3 months	From 3 to 6 months	From 6 to 12 months	Total	Total
Own portfolio	1,258,368	1,605,825	700,165	406,245	3,970,603	1,571,561
Third-party portfolio	-	-	-	-	-	2,136,532
Total	**1,258,368**	**1,605,825**	**700,165**	**406,245**	**3,970,603**	**3,708,093**
Current					**3,970,603**	**3,708,093**
Non-current					**-**	**-**

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

	Bank and Consolidated						
	2019						2018
	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	21,777	37,166	99,142	37,899	38,751	234,735	185,084
Total	**21,777**	**37,166**	**99,142**	**37,899**	**38,751**	**234,735**	**185,084**
Current						**195,984**	**178,762**
Non-current						**38,751**	**6,322**

Note 16 – Onlendings in Brazil

a. Breakdown of onlendings in Brazil

Onlendings in Brazil are represented mainly by funds obtained from the National Bank for Economic and Social Development ("BNDES")/Government Agency for Machinery and Equipment Financing ("FINAME"), the 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							
	2019							2018
	Up to 3 months	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 6-2 and 6-7 (a)	-	-	-	-	-	-	-	479,496
BNDES	62,321	264,862	527,623	409,550	502,179	110	1,766,645	1,553,895
Banco do Brasil/ FCO	2,423	8,834	17,134	4,969	1,214	-	34,574	50,232
FINAME	48,510	144,983	316,625	214,145	94,810	-	819,073	706,885
Funcafé	102,043	131,562	12,272	-	-	-	245,877	142,510
Total	**215,297**	**550,241**	**873,654**	**628,664**	**598,203**	**110**	**2,866,169**	**2,933,018**
Current							**765,538**	**1,080,031**
Non-current							**2,100,631**	**1,852,987**

(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	
	2019	2018	2019	2018
BNDES	33,006	29,736	33,006	29,736
FINAME	17,445	11,809	17,445	11,809
Banco do Brasil/ FCO	784	1,078	784	1,078
Other Institutions - Funcafé	5,961	4,664	5,961	4,664
Total	**57,196**	**47,287**	**57,196**	**47,287**

Note 17 – Derivative financial instruments

	Bank and Consolidated		
	2019		2018
	Without defined maturity	Total	Total
Futures - CPR	2	2	-
Futures – Exchange	34	34	-
Total	**36**	**36**	**-**
Current	**36**	**36**	**-**
Non-current	**-**	**-**	**-**

Note 18 – 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, Bancoob records a provision when it is probable that a present obligation exists at the balance sheet date. Otherwise, the contingent liability is disclosed, 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 involving risk of 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 period. Deposits in court are recorded under "Other receivables - sundry".

All amounts in thousands of reais unless otherwise stated

Provisions recorded

a1. Breakdown of balance sheet balances

	Bank				Consolidated			
	2019		2018		2019		2018	
	Deposits in court	Provisions	Deposits in court	Provisions	Deposits in court	Provisions	Deposits in court	Provisions
Tax	2,321	-	523	-	2,321	1	523	1
Labor	827	1,956	731	1,785	827	2,061	817	1,949
Civil	8,893	11,129	478	3,140	8,898	11,293	478	3,180
Total	**12,041**	**13,085**	**1,732**	**4,925**	**12,046**	**13,355**	**1,818**	**5,130**

a2. Changes in the provisions for lawsuits

	Bank				Consolidated	
	2019			2018	2019	2018
	Labor	Civil	Total	Total	Total	Total
At December 31	**2,363**	**10,791**	**13,154**	**4,054**	**13,404**	**4,253**
Additions in the period	306	1,066	1,372	1,871	1,401	1,877
Use in the period	(480)	(500)	(980)	(444)	(980)	(444)
Reversals	(233)	(228)	(461)	(556)	(470)	(556)
At June 30	**1,956**	**11,129**	**13,085**	**4,925**	**13,355**	**5,130**

The provision for tax risks is recorded within "Other payables - tax and social security obligations" (Note 21f), and the provisions for civil and labor risks within "Other payables - sundry" (Note 21g).

Nature of lawsuits classified as involving "risk of 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, the registration of clients with credit protection services, and pain and suffering.

a3. Schedule of expected cash outflows

Due to the nature of the existing contingencies and the complexity of Brazil's legal environment, there are uncertainties that do not allow a reasonable definition of the schedule for the future settlement of the lawsuits

b. Contingencies classified as involving "risk of possible losses"

The lawsuits classified as possible losses are not recognized and are only disclosed when the amount involved is significant. 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 and Social Integration Program (PIS) ;(v) action for annulment of a tax assessment notice, filed by the Bank. An amount deducted from the tax base by BANCOOB in 2008. The deduction arose through offset of the amount paid by Bancoob, as agreed at an Extraordinary General Meeting, following a failure in the provision of services under the Bank's responsibility.

b1. Balance of contingent liabilities classified as involving risk of possible losses

	Bank		Consolidated	
	2019	2018	2019	2018
Labor	14,013	11,469	14,208	12,505
Tax/social security	183,961	21,948	183,961	21,949
Civil	133,595	99,392	139,695	103,256
Total	**331,569**	**132,809**	**337,864**	**137,710**

All amounts in thousands of reais unless otherwise stated

Note 19 – Equity

a. Share capital
At June 30, 2019, share capital is comprised of 474,525,166 common shares (417,000,482 in 2018) and 469,345,110 preferred shares (412,448,383 in 2018), totaling 943,870,276 (829,448,865 in 2018) shares, with no par value.

b. Capital reserve
The balance of R$ 51 (R$ 51 in 2018) relates to gains on the sale of treasury shares.

c. Revenue reserve
In accordance with its bylaws, Bancoob transferred 5% of adjusted profit for the period to the revenue reserve, which totaled R$ 4,091 (R$ 6,631 in 2018).

The amount of R$ 73,844 (R$ 119,696 in 2018) was transferred to "Revenue reserve - Other", to be allocated as decided at the next general meeting.

d. Dividends
Bancoob's shareholders are entitled to mandatory minimum dividends corresponding to 5% of the adjusted profit for the period. Bancoob accrued dividends totaling R$ 3,886, equivalent to R$ 4.12 per thousand shares (R$ 6,300, equivalent to R$ 7.60 per thousand shares in 2018).

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

Note 20 – Operational limits – Basel Accord

The net assets of Bancoob's Prudential Conglomerate are consistent with the risk characterized by its asset framework. The Basel ratio for 2019 is 16.20% (18.89% for 2018).

Note 21 – Other items in the financial statements

a. Breakdown of interbank relations
a1. Receivables

	Bank		Consolidated	
	2019	2018	2019	2018
Rights with participants of settlement systems	4,181,636	3,932,532	4,216,930	3,962,335
Bacen – MCR (a)	-	479,496	-	479,496
Compulsory reserves in cash held with BACEN	3,490	997	3,490	997
BACEN - Mandatory payments	1,114,101	869,457	1,114,101	869,457
Interbank onlendings	8,506,249	7,145,936	8,506,249	7,145,936
Correspondent banks	72	72	72	72
Total	**13,805,548**	**12,428,490**	**13,840,842**	**12,458,293**
Current	**11,427,909**	**10,347,860**	**11,463,203**	**10,377,663**
Non-current	**2,377,639**	**2,080,630**	**2,377,639**	**2,080,630**

(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	
	2019	2018	2019	2018
Obligations to participants of settlement systems	**3,907,312**	**3,048,724**	**3,907,330**	**3,048,732**
Clearing of checks and documents	1,005,423	752,051	1,005,423	752,051
Payment transactions	2,901,889	2,296,673	2,901,907	2,296,681
Total	**3,907,312**	**3,048,724**	**3,907,330**	**3,048,732**
Current	**3,907,312**	**3,048,724**	**3,907,330**	**3,048,732**
Non-current	-	-	-	-

b. Foreign exchange operations

b1. Receivables

	Bank		Consolidated	
Receivables	2019	2018	2019	2018
Foreign exchange portfolio	10,576	-	10,576	-
Total	**10,576**	-	**10,576**	-
Current	**10,576**	-	**10,576**	-
Non-current	-	-	-	-

b2. Payables

	Bank		Consolidated	
	2019	2018	2019	2018
Payables				
Foreign exchange portfolio	10,537	-	10,537	-
Total	**10,537**	-	**10,537**	-
Current	**10,537**	-	**10,537**	-
Non-current				

b3. Result

	Bank		Consolidated	
	2019	2018	2019	2018
Foreign exchange results				
Income from foreign exchange	1,343	-	1,343	-
Foreign exchange expenses	(887)	-	(887)	-
Total	**456**	-	**456**	-

c. Breakdown of other receivables - sundry

		Bank		Consolidated	
	Note	2019	2018	2019	2018
Guarantee deposits	18(a)	12,041	1,732	12,046	1,818
Tax credits	9(c)	124,780	82,987	125,033	83,230
Receivables from credit units (a)		4,541	9,453	4,541	9,453
Taxes to be offset		42,075	50,091	50,529	58,247
Notes and credits receivable		27,690	15,782	27,588	15,706
Salary prepayments and advances		2,794	2,375	3,828	2,654
Payments to be reimbursed (b)		76,777	61,968	77,776	62,619
Amounts receivable related to payment transactions (c)		3,436,975	2,613,121	3,436,975	2,613,121
Other		58,018	46,090	59,038	48,629
Total		**3,785,691**	**2,883,599**	**3,797,354**	**2,895,477**
Current		**3,721,850**	**2,850,404**	**3,732,801**	**2,861,554**
Non-current		**63,841**	**33,195**	**64,553**	**33,923**

(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 of the provision of the services.
(b) These relate to the supply of 24-hour ATMs.
(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 as shown in the Note 8.

All amounts in thousands of reais unless otherwise stated

d. Other assets

	Bank		Consolidated	
	2019	**2018**	**2019**	**2018**
Other assets	2,122	2,480	2,122	2,480
Prepaid expenses (a)	67,186	47,071	69,127	48,498
Total	**69,308**	**49,551**	**71,249**	**50,978**
Current	**69,308**	**49,551**	**71,249**	**50,978**
Non-current	-	-	-	-

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

e. Interdepartmental accounts

	Bank and Consolidated	
	2019	**2018**
Public utility companies	46,806	24,719
Other agreements (a)	4,665	4,113
Total	**51,471**	**28,832**
Current	**51,471**	**28,832**
Non-current	-	-

f.Tax and social security obligations

		Bank		Consolidated	
	Note	**2019**	**2018**	**2019**	**2018**
Provision for income tax		38,124	57,885	43,273	63,405
Provision for social contribution		23,201	46,672	25,762	49,711
Taxes payable on third-party services		2,747	2,749	2,996	2,894
Taxes and contributions on salaries		3,600	3,069	4,977	4,236
Deferred taxes and contributions (marking-to-market of securities)	9(b)	788	2,191	788	2,190
Other taxes payable		14,887	14,960	18,796	18,489
Total		**83,347**	**127,526**	**96,592**	**140,925**
Current		**82,818**	**127,020**	**96,063**	**140,419**
Non-current		**529**	**506**	**529**	**506**

g. Breakdown of other obligations - sundry

	Bank		Consolidated	
	2019	**2018**	**2019**	**2018**
Provision for payment of administrative expenses	84,973	66,688	89,340	72,861
Credit card obligations (a)	220,947	188,541	244,466	204,747
Del Credere provision (b)	29,302	25,670	29,302	25,675
Obligations related to official agreements - INSS	35,826	28,579	35,826	28,579
Amounts payable on collection	24,195	15,943	24,195	15,943
Obligations related to funds received from consortium members (c)	-	-	-	4,948
Obligations related to payment transactions	2,523,796	2,370,465	2,574,795	2,408,144
Other	50,281	8,994	67,645	10,382
Total	**2,969,320**	**2,704,881**	**3,065,569**	**2,771,280**
Current	**2,954,773**	**2,699,875**	**3,050,901**	**2,765,141**
Non-current	**14,547**	**5,006**	**14,668**	**6,139**

(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% to 90% 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.

All amounts in thousands of reais unless otherwise stated

h. Income from services rendered and banking fees

	Bank		Consolidated	
	2019	2018	2019	2018
Sicoob Agreement	8,463	7,404	8,463	7,404
Income from banking fees (a)	16,142	19,499	16,142	19,499
Income from fund services	920	1,047	920	1,047
Income from fund management services	-	-	5,880	4,956
Income from consortia management services	-	-	73,201	54,406
Income from credit card services (b)	241,326	237,915	244,838	240,451
Income from prepayments of obligations related to payment transactions	183,911	170,786	183,943	170,808
Income from collection services for public utility companies (c)	34,920	28,384	34,920	28,384
Income from banking fees	32	29	32	29
Income from acquiring services	1,137	2,262	1,137	2,262
Other income - sundry	39,664	35,366	51,402	43,164
Total	**526,515**	**502,692**	**620,878**	**572,410**

(a) Relate to services provided to Sicoob members unrelated 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.

i. Personnel expenses

	Bank		Consolidated	
	2019	2018	2019	2018
Fees paid to Officers and Directors	4,194	4,047	6,560	6,093
Salaries (a)	32,653	27,655	46,836	37,415
Social charges (b)	14,274	12,343	20,117	16,151
Benefits (c)	9,796	8,241	16,986	13,506
Training	1,824	951	2,535	1,117
Interns' compensation	372	321	767	799
Total	**63,113**	**53,558**	**93,801**	**75,081**

(a) Relates 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.

j. Administrative expenses

	Bank		Consolidated	
	2019	2018	2019	2018
Water, electricity, gas, maintenance and upkeep	75	87	632	545
Communication	14,537	11,702	18,392	14,299
Materials	318	395	829	884
Data processing	28,439	36,992	27,810	37,232
Advertising and publicity	24,029	17,118	27,296	18,614
Financial system services	17,546	10,059	17,961	10,416
Outsourced services	14,710	12,951	19,792	17,598
Specialized technical services	9,627	5,550	7,295	4,773
Depreciation and amortization	4,011	4,116	7,009	6,823
Travel	2,882	1,743	3,025	1,921
Other administrative expenses	4,779	4,570	7,157	6,399
Total	**120,953**	**105,283**	**137,198**	**119,504**

k. Breakdown of other operating income

	Bank		Consolidated	
	2019	2018	2019	2018
Recovery of charges and expenses	4,970	2,970	4,970	2,974
Income from credit card operations (a)	29,752	36,622	29,973	36,622
Acquiring operations	132,354	96,860	132,354	96,860
Other	756	1,228	3,265	3,842
Total	**167,832**	**137,680**	**170,562**	**140,298**

(a) Total income from credit card operations should include the information disclosed in Note 21h.

All amounts in thousands of reais unless otherwise stated

l. Breakdown of other operating expenses

	Bank		Consolidated	
	2019	2018	2019	2018
Credit card administration expenses	246,805	206,186	246,900	206,185
Adjustment of INSS tax credits (a)	682	633	682	633
Expenses with collection fees	23,767	19,668	23,767	19,668
Commissions on lending operations (b)	112,724	59,005	112,724	59,005
Acquiring operations (c)	186,211	124,501	186,211	124,501
Other	2,606	9,085	25,091	14,977
Total	**572,795**	**419,078**	**595,375**	**424,969**

(a) Relate to the indexation for inflation, based on the SELIC rate, of INSS funds available but not yet paid to the beneficiary.
(b) Relate to the commission paid to credit units for the loan operations negotiated.
(c) Relate mainly to commissions paid to credit unions regarding the accreditation of new units.

m. Non-operating income (expenses)

	Bank		Consolidated	
	2019	2018	2019	2018
Non-operating income	-	1,067	-	1,069
Non-operating expense	(29)	(183)	(31)	(183)
Amortization of goodwill - Consórcio Ponta	(983)	(1,026)	(983)	(1,026)
Total	**(1,012)**	**(142)**	**(1,014)**	**(140)**

Note 22 – Related-party transactions

a. Sicoob System

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

The transactions carried out between Bancoob and Sicoob system are shown below:

	Note	2019	2018
Assets		**8,948,017**	**9,152,605**
Lending operations and interbank onlendings		8,882,114	9,102,559
Receivables		4,527	9,474
Prepaid expenses - commission		61,376	40,572
Liabilities		**30,190,483**	**28,193,186**
Deposits		26,498,271	24,898,329
Repurchase agreements		2,712,163	2,480,782
Payables		980,049	814,075
Revenue		**485,791**	**450,373**
Lending operations and interbank onlendings		319,222	328,883
Other income		166,569	121,490
Expenses		**1,220,408**	**980,667**
Funding		907,131	812,108
Other expenses		313,277	168,559

All amounts in thousands of reais unless otherwise stated

b. Subsidiaries

	Bancoob DTVM		Bancoob PAR		Cabal		Consórcio Ponta	
	2019	2018	2019	2018	2019	2018	2019	2018
Assets	**31**	**13**	**-**	**-**	**-**	**-**	**71**	**63**
Receivables	31	13	-	-	-	-	71	63
Liabilities	**9,423**	**3,801**	**547**	**491**	**64,375**	**44,355**	**76,014**	**53,925**
Demand deposits	3	4	1	1	2,546	1,872	26	26
Time deposits	557	3,797	546	490	61,829	36,087	75,988	53,899
Payables	8,863	-	-	-	-	6,396	-	-
Expenses	**142**	**147**	**79**	**15**	**37,443**	**26,639**	**2,176**	**1,526**
Funding expenses	142	147	79	15	1,475	1,006	2,176	1,526
Administrative expenses	-	-	-	-	35,968	25,633	-	-
Income	**-**	**-**	**-**	**-**	**7**	**7**	**508**	**389**
Sundry income	-	-	-	-	7	7	508	389

c. Remuneration of the 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	
	2019	2018	2019	2018
Fees	3,529	3,328	5,034	4,762
Benefits	1,047	1,005	2,421	1,681
Charges	898	842	1,982	1,212
Total	**5,474**	**5,175**	**9,437**	**7,655**

Note 23 – 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 the line items related to products under assets and liabilities, respectively.

The amounts subject to offsetting are summarized below:

	Bank					
	2019			2018		
Description	**Receivables**	**Payables**	**Net amount**	**Receivables**	**Payables**	**Net amount**
Time deposit/CDI	2,875,250	1,943,976	931,274	2,927,027	1,575,690	1,351,337
Total	**2,875,250**	**1,943,976**	**931,274**	**2,927,027**	**1,575,690**	**1,351,337**

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$ 21,260 at June 30, 2019 (R$ 18,761 in 2018). In 2019, a provision of R$ 120 (R$ 58 in 2018) was set up for these amounts.

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 June 30, 2019, Sicoob Previ had 567 active participants (543 in 2018), whose contributions totaled R$ 1,778 (R$ 1,469 in 2018).

e. Employee profit sharing

Bancoob offers profit sharing to its employees, which is calculated in accordance with the Collective Labor Agreement. In the first six-month period of 2019, the amounts recorded as provision for profit sharing in “Other obligations - social and statutory” totaled R$ 5,256 (R$ 5,136 in 2018) in the parent company and R$ 6,105 (R$ 5,257 in 2018) in the consolidated.

* * *

Board of Directors

Geraldo Souza Ribeiro Filho – Chairman
Hudson Tabajara Camilli – Vice-Chairman
Ismael Perina Júnior
Ivo Azevedo de Brito
José Alves Sena
Luiz Antônio Ferreira de Araujo
Luiz Gonzaga Viana Lage
Marcelo Baiocchi Carneiro
Rui Schneider da Silva

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. The Audit Committee of Bancoob 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 internal and independent auditors.

2. Under statutory and regulatory terms, in addition to Banco Cooperativo do Brasil S/A – Bancoob, the activities of the Audit Committee also address 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 performs, in an independent manner, regular assessments of the risk management activities and of the suitability and effectiveness of internal controls in all Group companies.

5. PricewaterhouseCoopers Auditores Independentes ("PwC") is the independent audit firm hired to provide audit services on 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 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 the course of and for the purpose of 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 first half of 2019;

   b) acted independently in the performance of its duties, always supported by information received from Management, independent and internal auditors, and the officers responsible for risk 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 Board of Directors, the Statutory Audit Board, and Risk Committee, 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; the Independent Audit conducted by PwC; the management of credit, market, interest rate, liquidity, operational, social and environmental, reputation, compliance and strategy risks; business continuity; money laundering prevention; Risk Appetite Statement (RAS); and stress testing program (STP); and

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

Internal control and risk management systems

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 laws, regulations, and internal rules, which could put the organization at risk.

8. In the first six-month period of 2019, 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 companies comprising the Group. Furthermore, Management is continuously striving to improve the systems, processes and procedures.

Independent Audit

10. PwC, the contracted independent auditors, presented the results of its work and addressed relevant accounting aspects at the Audit Committee's monthly meetings. No situations were identified that could affect the objectivity and independence of the auditor.

11. The Audit Committee considers satisfactory the work carried out by the Independent Auditor, which confirm the Committee's opinion on the integrity of the consolidated financial statements at 6/30/2019.

Internal Audit

12. In accordance with the annual planning approved by the Board of Directors, the Internal Audit 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 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.

Audit Committee Report

Financial Statements

14. The analyses addressed the procedures adopted in the 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 June 30, 2019 were prepared in compliance with legal and regulatory standards and in accordance with accounting practices adopted in Brazil, reflecting, in all material respects, the financial position of the Bancoob Group for the period then ended.

Brasília, August 8, 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 performance of its legal and statutory duties, having analyzed the consolidated financial statements at June 30, 2019 and 2018, 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, August 13, 2019.

Ronaldo Siqueira Santos
Chairman

Marcelo Martins
Secretary

Carlos Augusto de Macedo Chiarava
Sitting Board Member

Gentil Luiz Marció
Sitting Board Member

Vanderval José Ribeiro
Sitting Board Member