

(A free translation of the original in Portuguese)

Banco Cooperativo do Brasil S.A. - Bancoob

Consolidated Financial Statements

at June 30, 2017

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1. Macroeconomic Scenario

In Brazil, the first six-month period of 2017 was marked by the continuation of political instability, and an emerging upturn in economic growth, albeit at a slow and unstable pace. Despite the turbulence, the Brazilian government obtained the approval of the National Congress for the labor reform bill, but the approval of the social security system reform was postponed to the second half of the year. The increased political uncertainty halted an emerging cycle of renewed trust and appreciation of domestic assets, even though the scenario became less harsh at the end of the six-month period. In the international scenario, the first months of the year were marked by frustration regarding the ability of the new US Government to implement its agenda which, coupled with the stabilization of inflation, reduced the strength of the U.S. dollar worldwide. China continued to grow strongly, while the Eurozone continued to expand gradually, driven by the election in France, which eased fears in this region.

In Brazil, more positive economic signs and the growing prospects of advances in the structural agenda supported an increase in confidence and in the prices of domestic assets until a new political crisis emerged in May. In the real economy, the highlight during the first six-month period of the year was GDP, the margin of which increased by 1%, interrupting eight consecutive quarters of decline. Although the positive results were concentrated in the agribusiness sector, which recorded an expansion of 13.4%, there was also a slight increase of 0.9% in GDP from manufacturing, which is an important sign for a sector that has significantly weakened in recent years. In the year-to-date ended May, industrial production increased by 0.5% compared to the same period of 2016, with an upturn mainly in relation to the production of durable consumer goods (+11.00%) and capital goods (+3.5%).

This improvement is partially attributed to the foreign sector, considering the limited improvement in local demand. However, throughout the first six-month period of the year, the figures from retail sales also started to show an improvement, while in the year-to-date ended May, real sales declined by 0.8% compared to the same period of 2016, and specifically in April and May there was an increase in the annual comparison of 1.7% and 2.4%, respectively. Despite the weakened job market, the gradual upturn in consumption resulted from an increase in real income, made possible by a decrease in inflation at a rate that exceeds that of the decline in salary adjustments, even though the balance of this dynamic is expected to be restored

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in the coming months, with the stabilization of inflation and increasingly lower salary raises. Another factor contributing to the upturn in consumption is the first sign of an improvement in the granting of loans to individuals, driven by the drop in interest rates. Finally, the release of funds from the accounts of the Government Severance Indemnity Fund for Employees (“FGTS”) over the last months also had a one-off positive impact.

A pleasant surprise during the first six-month period of the year was the intensification of the drop in inflation, as shown by the Extended Consumer Price Index (“IPCA”) of 3.0% and the General Market Price Index (“IGP-M”) of -0.78% recorded for the twelve-month period ended June. The favorable scenario in terms of inflation was complemented by an increase in price indices, whose nuclei and diffusion index were reduced as a result of the stability in inflation, which was below the targets for 2017 and 2018, resulting in a slow economic recovery, although with a still high unemployment rate and the maintenance of control over the exchange rate, despite the uncertainties. Against this backdrop, the loosening of monetary policy continued over the last months. The SELIC benchmark interest rate, which started the year at 13.75%, dropped to 9.25% in July.

In the credit market, the granting of loans to individuals began to improve slowly. Non-earmarked loans grew by 7.5% in the first six-month period of the year compared to the same period of 2016. The adverse scenario for loans to legal entities continued, with a drop of 7.0% in the volume of loans granted on the same comparison basis (non-earmarked loans). Default rates continued to present a similar trend. The default rate for individual clients dropped from 6.1% at the end of 2016 to 5.8% in June 2017, which is a positive trend in view of the adverse scenario in the job market. Meanwhile, the default rates of corporate clients increased during the first six-month period of the year, reaching 6.0% in May, and dropping to 5.3% in June, a figure which is still higher than the default rate recorded at the end of 2016 (5.2%).

Foreign accounts continued to be good news for Brazil. The trade balance surplus totaled US\$ 36.2 billion in the first six-month period of the year, a figure which is well above that recorded for the first six-month period of 2016 (US\$ 23.6 billion). Although imports started to show an improvement, as a result of the stabilization of the economy and appreciation of the real, exports were boosted by the higher prices of key exported commodities. This performance of the trade balance intensified the current account adjustment trend, which reached US\$ 715 million in the year-to-date ended June, a fact which had not occurred since 2007. It is worth mentioning that deficits of US\$ 38.4

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billion and US\$ 8.5 billion had been recorded for the first six months of 2015 and 2016, respectively.

On the other hand, public accounts continued to be the main negative factor in the Brazilian economy. Despite the measures taken, the primary deficit of the federal government was R\$ 56 billion in the first six-month period of the year, increasing the difficulty of achieving the deficit target of R\$ 139 million in 2017. In the twelve-month period ended on 30 June, the primary deficit reached 2.8% of GDP, a trend that kept debt high. Gross public debt increased from 69.9% of GDP at the end of 2016 to 73.1% of GDP in June, and these figures reinforce the extremely difficult fiscal scenario. Revenue showed signs of stabilization, with an increase in federal tax collections of 0.8% in real terms during the period. However, expenses continued to grow, mainly due to social security expenditures, which not fully offset by cost reduction measures.

In the markets, political turbulence increased volatility but, in general the prices of Brazil's assets remained at a high level, in view of the expected continuity of the current macroeconomic policy and structural reform agenda. The exchange rate, which was approximately R\$ 3.25/US\$ at the beginning of the year, reached R\$ 3.10/US\$ before the aforementioned increase in political tensions in May, when the exchange rate once again surpassed R\$ 3.30/US\$. However, the depreciation of the U.S. dollar worldwide and the continuing economic trend caused the exchange rate to be approximately R\$ 3.10/US\$ in July. On the São Paulo Stock Exchange (Bovespa), a new crisis emerged while the Bovespa index was attempting to reach 70 thousand points, causing the index to drop to approximately 60 thousand points. However, the index recovered some of these losses and resumed trading at approximately 65 thousand points in July.

In conclusion, in the first six-month period of 2017 satisfactory global performance continued, despite growing political uncertainty in the United States, and we saw the first signs of a slow upturn in the Brazilian economy. In Brazil, political turbulence caused market volatility and increased the risks to the continuity of the reform agenda, although the markets remained confident that the current economic direction can be maintained and that the social security system reform will be approved, which are key elements for the restoration of balance in public accounts in the medium and long term.

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2. Bancoob

The Bancoob Group is comprised of Banco Cooperativo do Brasil S/A (“Bancoob”), a multi-service bank with commercial and real estate portfolios, which forms part of Sistema de Cooperativas de Crédito do Brasil (“Sicoob”), and the companies Cabal Brasil Ltda., Bancoob Distribuidora de Títulos e Valores Mobiliários Ltda. (“Bancoob DTVM”), Ponta Administradora de Consórcios Ltda., and Bancoob Participações em Seguridade S.A. (“Bancoob Par Seguridade”). The Bank is also a founder and sponsor of Sicoob Previ Foundation. These institutions are engaged in the development of financial solutions for Sicoob credit unions, which are the Bank's controlling shareholder.

The Bank recorded revenue of R\$ 101 million in the first six-month period of 2017, an increase of 41% compared to the same period of 2016, reinforcing its position as a solid and entrepreneurial financial institution. The Bank's strength is also reflected by the upward trend in its financial indicators. At the end of the six-month period, the Bank recorded total deposits of R\$ 30 billion and total assets of R\$ 40,7 billion, an increase of 17% and 18%, respectively, compared to the same period of the previous year.

In the first six-month period of 2017, the Bank's Long-term National Rating was raised to "AA" by Fitch Ratings, and is expected to remain stable. This upgrade reflects the strength of the business model adopted by the Bank and Sicoob amidst the adverse economic scenario.

In line with Sicoob's 2016-2018 Strategic Plan, in the first six-month period of 2017 the Bank increased its product offering to credit union members and launched the Sicoob DI-Referenced Fund, another investment option that will be made directly available to credit union members through digital channels.

During the first six-month period of the year, the most outstanding products were Sicoob Consórcios and Sipag, which recorded significant growth. In the consortium segment, there was an increase of 83% compared to the first six-month period of 2016, with a total of 17 thousand participants, and businesses totaling R\$ 998.5 million. Similarly Sipag, the Bank's acquiring product, recorded an increase of 156% in the number of registered merchants, which reached a total of 174 thousand, against 68 thousand in the same period of 2016. In the first six-month period of 2017 alone, Sipag surpassed the total revenue accrued throughout the entire year of 2016, reaching R\$ 7.07 billion.

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3. Performance

At the end of the first six-month period of 2017, Bancoob presented consolidated assets totaling R\$ 40.71 billion, up 34.04% on the amount recorded for the same period of 2016, with the following items being particularly noteworthy:

a. Short-term interbank investments and marketable securities

Short-term interbank investments and securities amounted to R\$ 24.69 billion in June 2017, comprised mainly of federal government securities (LFTs, LTNs and NTNs), which accounted for 81.69% of the total amount. The securities classified as "held to maturity", totaling R\$ 130 million, are supported by financial capacity studies.

b. Lending operations

The loan portfolio totaled R\$ 9.94 billion, up 4.08% compared to the first six-month period of 2016. As regards the breakdown of the loan portfolio, the credit lines contracted with funds from Agribusiness Credit Bills ("LCAs") stood out, growing by 1,145%. There was also growth in Rural Savings Accounts, Compulsory Funds, Own Funds, BNDES/FINAME, and the Constitutional Financing Fund the Mid-West of Brazil ("FCO").

The operations carried out with own funds presented a good performance. The payroll-deductible loan portfolio, of both the National Institute of Social Security (INSS) and Traditional modalities, totaled R\$ 610 million, an increase of 37% compared to the first six-month period of 2016.

c. Card operations

The card issuance segment, which closed the period with 1.3 million cards with a built-in limit, recorded increased financial movement in this portfolio, which reached R\$ 10.3 billion in the period, up 44% compared to the first six-month period of 2016.

The expansion of the card base through partner cooperative systems contributed approximately 21% of this increase.

d. Deposits

In the first six-month period of 2017, total consolidated deposits reached R\$ 30 billion, an increase of 33.20% compared to the same period of the previous year, which shows the confidence placed in Bancoob as the manager of Sicoob's cash.

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The Cooperative Savings Account closed the period with a total of R\$ 3.38 million, up 19.23% compared to 2016.

e. Services

Bancoob provided document custody, microfilming, tracking and survey services and other services, on a real time basis. In addition, during the first six-month period of the year, Bancoob processed a total of 147,254,641 documents, an increase of 17.22% compared to the first six-month period of 2016.

f. New agreements

In the first six-month period of 2017, new corporate agreements for the collection of barcoded invoices/payment slips and setting up of direct debits were added to Sicoob's portfolio, with a total of 523 partnership agreements at the end of the period. It is worth mentioning the agreements entered into with public utilities companies, state finance departments, insurance companies and a number of other companies, such as Companhia Riograndense de Saneamento (“CORSAN RS”), the Finance Department of the State of Maranhão, the Water and Sewage Superintendence of São Paulo, ALGAR Telecom, Sicoob Seguradora, Ponta Consórcios, Copel Telecomunicações PR, the Autonomous Municipal Water and Sewage Service of Timbó – State of Santa Catarina, the Water and Sewage Department of Linhares – State of Espírito Santo, the Municipal Government of Aparecida de Goiânia – State of Goiás, the Municipal Government of Praia Grande - State of São Paulo, the Municipal Government of Unaí - State of Minas Gerais, the Water and Sewage Department of Santa Bárbara - State of São Paulo, and Unimed Palmas and Araguaína, State of Tocantins.

4. Risk management

a. Operational risk

The operational risk management guidelines are set out in the Operational Risk Policy.

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

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

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

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

In compliance with CMN Resolution 3,380/2006 and BACEN Circular Letter 3,678/2013, a report detailing the operational risk management structure and the risk management report - Tier III are available on Bancoob's website (www.bancoob.com.br).

b. Market and liquidity risks

Bancoob has adhered to the Financial Centralization Management Policy, Liquidity Risk Management Policy and Market Risk Management Policy. These policies define procedures, metrics and standardized actions to be followed by all Sicoob entities. Bancoob is responsible for the centralized credit, market and liquidity risk management structure, as provided for in Article 9 of CMN Resolution 3,464/2007 and Article 8 of CMN Resolution 4,090/2012.

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

The Market Risk Management Policy requires the adoption of the following procedures:

- a) Use of the Value at Risk (“VaR”) to measure market risk;
- b) Analysis of mismatches to assess the impact on the financial margin;
- c) Maximum limits on exposure to market risk;
- d) Periodic back tests on market risk calculation models;
- e) Different scenarios simulating losses in stress situations; and
- f) Contingency plans.

The Liquidity Risk Management Policy requires the adoption of the following procedures:

- a) Minimum liquidity limit;
- b) 90-day cash flow forecast;
- c) Different scenarios simulating losses in stress situations; and

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d) Liquidity contingency plans.

The systems, models and procedures are periodically reviewed by the Internal Audit function. The results presented in the audit reports are used to make improvements to market and liquidity risk management.

In compliance with CMN Resolutions 3,464/2007 and 4,090/2012 and BACEN Circular Letters 3,678/2013 and 3,748/2015, a report detailing the market and liquidity risk management structure and the risk management report - Tier III are available on Bancoob's website (www.bancoob.com.br).

c. Credit risk

Bancoob is responsible for Sicoob's centralized credit risk management structure, as provided for in Article 9 of CMN Resolution 3,721/2009, by standardizing processes, establishing methodologies to assess the risk posed by clients and operations, monitoring loan portfolios, and maintaining a single credit risk policy.

Credit risk arises from uncertainty regarding a counterparty's ability to honor its commitments. In order to mitigate credit risk, Bancoob makes use of risk analysis and rating models based on quantitative and qualitative data, to provide support for the risk calculation process and the establishment of credit limits for borrowers, with a view to maintaining the high quality of the portfolio. Bancoob performs periodic tests on its models, ensuring that they are consistent with the economic and financial condition of borrowers. It also monitors defaults on the portfolio and the respective ratings assigned to the transactions in accordance with CMN Resolution 2,682/1999.

The credit risk management structure consists of the following:

- a) Validation of systems, models and internal procedures;
- b) Estimation (using consistent and prudent criteria) of losses associated with credit risk, and a comparison of the estimated amounts with the amounts of the losses actually incurred;
- c) Procedures for the monitoring of loan portfolios;
- d) Procedures for the recovery of receivables;
- e) Systems, routines and procedures to identify, measure, control and mitigate the exposure to credit risk;
- f) Periodic submission of management information to the entities that comprise Sicoob;

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g) Area responsible for the calculation and projection of the regulatory capital required, and the adequacy of the provision for loan losses;

h) Models to assess the credit risk of clients, which take into consideration specific characteristics of the borrowers, as well as industry-specific and macroeconomic matters;

i) Portfolio-based credit limits for each client and overall credit limits by portfolio;

j) Model to assess the impact on the provision for loan losses, regulatory capital and the Basel ratio in an extreme credit risk scenario.

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

Credit granting and credit risk management processes are clearly segregated, and the organizational structure involved ensures specialization, representation and rationality within Sicoob.

The systems, models and procedures are periodically reviewed by internal audit teams. The results presented in audit reports are used to make improvements to credit risk management.

In compliance with CMN Resolutions 3,721/2009 and BACEN Circular Letter 3,678/2013, a report detailing the credit risk management structure and the risk management report - Tier III are available on Bancoob's website (www.bancoob.com.br).

5. Capital management structure

Bancoob's capital management complies with the guidelines included in Sicoob's Capital Management Policy, to which the Bank formally signed up based on a decision of the Executive Board and Board of Directors.

In addition to a specific capital plan, which sets out capital targets and projections considering the strategic objectives over a minimum period of three years, the main sources of capital, and a contingency plan, Bancoob has a set of methodologies in place that enable the identification and evaluation of significant risks to its operations, with a view to maintaining a level of capital compatible with its operations.

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Additionally, simulations of severe events and extreme market conditions are performed, and their results and impacts on the capital structure are submitted to the Executive Board and Board of Directors.

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

In compliance with CMN Resolution 3,988/2011, a report detailing the capital management structure is available on Bancoob's website (www.bancoob.com.br).

6. Equity and profit for the six-month period

At June 30, 2017, consolidated equity reached R\$ 1.45 billion, an increase of 32.33% compared to the first six-month period of 2016.

In the first six-month period of 2017, consolidated profit totaled R\$ 101.57 million, with an annualized return on average equity of 14.92%.

7. 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 the employees of the Bank and its subsidiaries for their dedication and commitment.

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Balance sheet at June 30

(All amounts in thousands of reais)

(A free translation of the original in Portuguese)

Assets	BANK		CONSOLIDATED	
	2017	2016	2017	2016
Current assets	26,482,634	18,088,215	26,549,816	18,133,219
Available funds (Note 5)	4,718	3,190	4,732	3,544
Short-term interbank investments (Note 6)	13,124,618	7,662,814	13,124,618	7,662,814
Money market investments	11,485,409	6,771,252	11,485,409	6,771,252
Investments in interbank deposits	1,639,209	891,562	1,639,209	891,562
Marketable securities (Note 7)	1,358,958	1,252,353	1,392,162	1,266,375
Own portfolio	862,758	1,098,429	895,962	1,112,451
Subject to repurchase agreements	26,514	-	26,514	-
Linked to the provision of guarantees	469,686	153,924	469,686	153,924
Interbank accounts (Note 20 a)	1,347,341	883,406	1,347,341	883,406
Payments and receipts pending settlement	726,111	628,382	726,111	628,382
Receivables linked to the Brazilian Central Bank	621,158	254,952	621,158	254,952
Correspondents	72	72	72	72
Lending operations (Note 8)	6,124,455	5,861,268	6,124,455	5,861,268
Lending operations - private sector	6,141,558	5,879,103	6,141,558	5,879,103
(-) Provision for loan losses	(17,103)	(17,835)	(17,103)	(17,835)
Other receivables	4,485,462	2,394,509	4,518,878	2,424,687
Receivables from guarantees honored	12	-	12	-
Income receivable	15,764	25,449	19,239	28,271
Sundry (Note 20b)	4,481,465	2,376,824	4,511,406	2,404,180
(-) Provision for losses on other receivables	(11,779)	(7,764)	(11,779)	(7,764)
Other assets	37,082	30,675	37,630	31,125
Other assets	2,734	450	2,734	450
Prepaid expenses	34,348	30,225	34,896	30,675
Non-current assets	14,193,075	12,240,600	14,155,237	12,234,206
Long-term receivables				
Short-term interbank investments	199,074		199,074	
Investments in interbank deposits	199,074	-	199,074	-
Securities (Note 7)	10,009,896	8,307,167	10,009,896	8,351,316
Own portfolio	6,415,649	4,645,956	6,415,649	4,690,105
Subject to repurchase agreements	37,487	115,166	37,487	115,166
Linked to the provision of guarantees	3,556,760	3,546,045	3,556,760	3,546,045
Lending operations (Note 8)	3,818,040	3,691,203	3,818,040	3,691,203
Lending operations - private sector	3,839,163	3,710,292	3,839,163	3,710,292
(-) Provision for loan losses	(21,123)	(19,089)	(21,123)	(19,089)
Other receivables	33,995	122,456	34,737	123,080
Sundry (Note 20b)	34,026	122,949	34,768	123,573
(-) Provision for losses on other receivables	(31)	(493)	(31)	(493)
Investments	81,299	67,854	29,804	10,978
Equity interests in associates and subsidiaries (Note 10)	81,099	67,654	29,604	10,778
Other investments	200	200	200	200
Property and equipment (Note 11)	47,385	49,809	54,008	52,897
Property in use	55,914	55,914	55,914	55,914
Other property and equipment in use	16,254	17,546	28,810	25,319
(-) Accumulated depreciation	(24,783)	(23,561)	(30,716)	(28,336)
Intangible assets (Note 12)	3,386	2,111	9,678	4,732
Software	9,567	7,442	20,877	14,058
(-) Accumulated amortization	(6,181)	(5,331)	(11,199)	(9,326)
Total assets	40,675,709	30,328,815	40,705,053	30,367,425

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Balance sheet at June 30

(All amounts in thousands of reais)

(continued)

Liabilities and equity	BANK		CONSOLIDATED	
	2017	2016	2017	2016
Current liabilities	35,142,909	24,599,539	35,219,100	24,648,234
Deposits (Note 13)	27,705,322	19,512,765	27,720,859	19,506,250
Demand deposits	31,103	25,688	24,004	19,249
Savings account deposits	3,380,172	2,835,087	3,380,172	2,835,087
Interbank deposits	24,278,671	16,640,397	24,278,671	16,640,397
Time deposits	15,376	11,593	14,888	11,517
Other deposits	-	-	23,124	-
Repurchase agreement obligations (Note 14)	1,631,712	1,513,173	1,631,712	1,513,173
Own portfolio	63,717	91,347	63,717	91,347
Third-party portfolio	1,567,995	1,421,826	1,567,995	1,421,826
Funds from acceptance of bills of exchange, real estate and mortgage notes and debentures (Note 15)	450,890	52,269	450,890	52,269
Agribusiness credit notes	450,890	52,269	450,890	52,269
Interbank accounts (Note 20 a)	820,348	699,471	820,348	699,471
Receipts and payments pending settlement	820,348	699,471	820,348	699,471
Interdepartmental accounts	25,297	19,820	25,297	19,820
Third-party funds in transit	25,297	19,820	25,297	19,820
Onlending in Brazil - official institutions (Note 16)	736,816	530,756	736,816	530,756
National Treasury	21	21	21	21
Banco do Brasil - FCO	11,633	9,077	11,633	9,077
BNDES	246,807	209,192	246,807	209,192
Brazilian Central Bank	165,766	-	165,766	-
FINAME	157,985	144,774	157,985	144,774
Funcafé	154,604	167,692	154,604	167,692
Other obligations	3,772,524	2,271,285	3,833,178	2,326,495
Collection of taxes and similar charges	172,897	143,325	172,897	143,325
Social and statutory charges	9,492	6,419	9,595	6,476
Taxes and social security charges (Note 20e)	95,076	63,294	103,914	69,669
Sundry (Note 20f)	3,495,059	2,058,247	3,546,772	2,107,025
Non-current liabilities	4,084,087	4,634,523	4,030,213	4,619,492
Long-term liabilities				
Deposits (Note 13)	2,406,483	3,086,644	2,352,397	3,071,250
Interbank deposits	2,088,070	2,913,974	2,088,070	2,913,974
Time deposits	318,413	172,670	264,327	157,276
Repurchase agreement obligations (Note 14)	-	23,434	-	23,434
Own portfolio	-	23,434	-	23,434
Funds from acceptance of bills of exchange, real estate and mortgage notes and debentures (Note 15)	-	13,965	-	13,965
Agribusiness credit notes	-	13,965	-	13,965
Onlending in Brazil - official institutions (Note 16)	1,674,088	1,507,691	1,674,088	1,507,691
National Treasury	-	21	-	21
Banco do Brasil - FCO	46,265	43,242	46,265	43,242
BNDES	1,083,683	905,440	1,083,683	905,440
FINAME	527,735	549,413	527,735	549,413
Funcafé	16,405	9,575	16,405	9,575
Other obligations	3,516	2,789	3,728	3,152
Taxes and social security charges (Note 20e)	3	3	75	195
Sundry (Note 20f)	3,513	2,786	3,653	2,957

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(All amounts in thousands of reais)

(continued)

Liabilities and equity	BANK		CONSOLIDATED	
	2017	2016	2017	2016
Deferred income	35	37	35	37
Prepaid income	35	37	35	37
Equity (Note 18)	1,448,678	1,094,716	1,455,705	1,099,662
Share capital				
Share capital	1,319,242	1,007,596	1,319,242	1,007,596
Increase in share capital	-	-	-	-
(-) Unpaid share capital	-	-	-	-
Capital reserve	45	45	45	45
Retained earnings	126,470	90,358	126,870	90,358
Mark-to-market of securities	2,947	(3,257)	(2,947)	(3,257)
Treasury shares	(26)	(26)	(26)	(26)
Non-controlling interests	-	-	6,627	4,946
Total liabilities and equity	40,675,709	30,328,815	40,705,053	30,367,425

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

Banco Cooperativo do Brasil S.A. - BANCOOB

Statement of income Six-month periods ended June 30

(All amounts in thousands of reais unless otherwise stated)

(A free translation of the original in Portuguese)

	BANK		CONSOLIDATED	
	2017	2016	2017	2016
Income from financial intermediation	1,739,803	1,473,998	1,741,498	1,477,344
Lending operations (Note 8h)	487,044	466,535	487,044	466,535
Gains (losses) on securities (Note 7c)	1,239,430	998,233	1,241,125	1,001,579
Gains (losses) on derivative financial instruments	-	-	-	-
Gains (losses) on compulsory investments	13,329	9,230	13,329	9,230
Financial intermediation expenses	(1,551,318)	(1,301,468)	(1,548,430)	(1,299,519)
Money market funding transactions (Note 13b)	(1,503,852)	(1,262,859)	(1,500,964)	(1,260,910)
Borrowing and onlending (Note 16b)	(39,511)	(33,234)	(39,511)	(33,234)
Provision for loan losses (Note 8)	(7,955)	(5,375)	(7,955)	(5,375)
Gross profit from financial intermediation	188,485	172,530	193,068	177,825
Other operating income (expenses)	(7,717)	(44,956)	(4,305)	(44,519)
Income from services rendered (Note 20g)	262,610	197,062	305,133	226,729
Income from banking fees (Note 20g)	30	42	30	42
Personnel expenses (Note 20h)	(47,270)	(41,513)	(66,222)	(55,917)
Administrative expenses (Note 20i)	(139,431)	(111,935)	(152,191)	(132,359)
Taxes	(55,920)	(39,415)	(62,775)	(44,731)
Equity in the results of subsidiaries and associates (Note 10)	8,909	5,141	981	-
Other operating income (Note 20j)	209,257	96,883	211,720	99,236
Other operating expenses (Note 20k)	(245,902)	(151,221)	(240,981)	(137,519)
Operating profit	180,768	127,574	188,763	133,306
Non-operating profit (Note 20l)	32	669	20	675
Profit before taxation and profit sharing	180,800	128,243	188,783	133,981
Income tax and social contribution (Note 9)	(76,969)	(54,690)	(83,757)	(59,748)
Income tax (Note 9d)	(44,154)	(29,906)	(48,325)	(32,898)
Social contribution (Note 9d)	(35,632)	(24,278)	(38,241)	(26,335)
Deferred tax credits (Note 9b)	2,817	(506)	2,809	(515)
Employee profit sharing (Note 22e)	(3,350)	(2,418)	(3,453)	(2,497)
Profit for the six-month period	100,481	71,135	101,573	71,736
Number of shares (Note 18a):	722,044,031	559,647,094	722,044,031	559,647,094
Earnings per thousand shares - R\$	139.16	127.11	140.67	128.18

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

Banco Cooperativo do Brasil S.A. - BANCOOB

Statement of changes in equity

(All amounts in thousands of reais)

(A free translation of the original in Portuguese)

	Share capital	Increase in share capital	(-) Unpaid share capital	Capital reserve	Revenue reserve	Adjustment to market value	Retained earnings (accumulated deficit)	Treasury shares	Total
At December 31, 2015	893,832	-	-	45	130,678	(1,370)	-	(26)	1,023,159
Increase in share capital (Note 18a)	113,764	-	-	-	-	-	-	-	113,764
Dividends proposed in previous years (Note 18d)	-	-	-	-	(108,077)	-	-	-	(108,077)
Adjustment to market value	-	-	-	-	-	(1,887)	-	-	(1,887)
Profit for the six-month period	-	-	-	-	-	-	71,136	-	71,136
Proposed allocations:									
Legal reserve	-	-	-	-	3,557	-	(3,557)	-	-
Revenue reserve	-	-	-	-	64,200	-	(64,200)	-	-
Proposed dividends (Note 18d)	-	-	-	-	-	-	(3,379)	-	(3,379)
At June 30, 2016	1,007,596	-	-	45	90,358	(3,257)	-	(26)	1,094,716
At December 31, 2016	1,164,179	-	-	45	178,072	(4,590)	-	(26)	1,337,680
Increase in share capital (Note 18a)	155,063	-	-	-	-	-	-	-	155,063
Unpaid share capital	-	155,063	(155,063)	-	-	-	-	-	-
Payment of capital	-	(155,063)	155,063	-	-	-	-	-	-
Dividends proposed in previous years (Note 18d)	-	-	-	-	(147,310)	-	-	-	(147,310)
Adjustment to market value	-	-	-	-	-	7,537	-	-	7,537
Profit for the six-month period	-	-	-	-	-	-	100,481	-	100,481
Proposed allocations:									
Legal reserve	-	-	-	-	5,024	-	(5,024)	-	-
Revenue reserve	-	-	-	-	90,684	-	(90,684)	-	-
Proposed dividends (Note 18d)	-	-	-	-	-	-	(4,773)	-	(4,773)
At June 30, 2017	1,319,242	-	-	45	126,470	2,947	-	(26)	1,448,678

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

Banco Cooperativo do Brasil S.A. - BANCOOB

Statement of cash flows Six-month periods ended June 30

(In thousands of reais)

(A free translation of the original in Portuguese)

	BANK		CONSOLIDATED	
	2017	2016	2017	2016
Cash flows from operating activities				
Adjusted profit	184,796	131,050	202,062	142,822
Profit before income tax and social contribution	180,800	128,243	188,783	133,981
Provision for loan losses	7,955	5,375	7,955	5,375
Depreciation and amortization	2,264	2,129	3,593	2,932
Equity in the results of investees	(8,909)	(5,141)	(981)	-
Amortization of goodwill on subsidiaries	1,003	870	1,003	870
Other operating income	-	-	-	(1)
Interest on sales of property and equipment	-	(1,511)	-	(1,511)
Provision for tax, labor and civil contingencies	1,683	1,085	1,709	1,176
Increase in short-term interbank investments	(43,902)	(880,854)	(43,902)	(880,854)
Increase in securities	(660,731)	(1,138,675)	(651,560)	(1,190,204)
(Increase) decrease in interbank and interdepartmental accounts	(33,801)	56,142	(33,801)	56,142
Increase in lending operations	(125,896)	(323,756)	(125,896)	(323,756)
Increase in other receivables	(606,268)	(452,614)	(618,986)	(473,633)
Increase in other assets	(4,300)	(3,951)	(4,370)	(4,398)
Increase in deposits	4,349,334	3,733,546	4,362,067	3,724,729
Increase in repurchase agreement obligations	288,174	296,708	288,174	296,708
Increase in funds from acceptance of bills of exchange, real estate and mortgage notes, and debentures	266,969	31,512	266,969	31,512
Increase in borrowing and onlending	60,536	12,896	60,536	12,896
Increase in other obligations	362,620	400,999	348,043	462,045
Income tax and social contribution paid	(35,479)	(25,033)	(39,471)	(29,025)
Change in deferred income	(34)	(37)	(34)	(37)
Net cash provided by (used in) operating activities	4,002,018	1,837,933	4,009,831	1,824,947
Cash flows from investment activities				
Dividends received from associates	1,858	1,042	-	-
Disposal of property and equipment in use	22	103	33	103
Acquisition of investments	-	(16,000)	-	-
Purchases of property and equipment	(877)	(392)	(3,783)	(728)
Purchases of intangible assets	(523)	(401)	(3,943)	(1,687)
Net cash provided by (used in) investment activities	480	(15,648)	(7,693)	(2,312)
Cash flows from financing activities				
Increase in share capital	155,063	113,764	155,063	113,764
Payment of dividends	(154,418)	(113,765)	(154,418)	(113,765)
Net cash provided by financing activities	645	(1)	645	(1)
Net increase (decrease) in cash and cash equivalents (Note 4)	4,003,143	1,822,284	4,002,783	1,822,634
Cash and cash equivalents at the beginning of the six-month period	7,055,539	3,374,972	7,055,913	3,374,976
Cash and cash equivalents at the end of the six-month period	11,058,682	5,197,256	11,058,696	5,197,610

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

Banco Cooperativo do Brasil S.A. - BANCOOB

Notes to the financial statements at June 30, 2017

(All amounts in thousands of reais unless otherwise stated)

1 Operations

Banco Cooperativo do Brasil S.A. ("Bancoob", the "Institution" or the "Bank") is a multi-service bank established pursuant to Resolution 2,193 of August 31, 1995, of the National Monetary Council ("CMN"). The Bank was authorized to operate by the Brazilian Central Bank the ("Central Bank" or "BACEN") on July 21, 1997, and started its 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 controlled by the central credit unions which, together with the individual credit unions comprise Sistema de Cooperativas de Crédito do Brasil ("Sicoob").

The central credit unions also established Confederação Nacional das Cooperativas do Sicoob Ltda. ("Sicoob Confederation") to provide representation and supervision services, standardize operational procedures, implement the internal control system, and provide information technology services.

Among the services rendered by Bancoob, the provision of bank reserve accounts and the clearing of checks and other paperwork are to be highlighted.

At June 30, 2017, the mismatch between current assets and current liabilities in the parent company and consolidated balance sheet, totaling R\$ 8,648,496 and R\$ 8,657,505, respectively, does not pose any risk in view of the following: i) approximately 70.59% and 70.77% of non-current assets in the parent company and consolidated balance sheets, respectively, consist of highly liquid federal government securities; ii) most of the Bank's funding is through interbank deposit certificates from the credit unions, which are the Bank's shareholders, iii) tests conducted periodically indicate the stability/renewal of short-term liabilities.

2 Presentation of the parent company and consolidated financial statements

The parent company and consolidated financial statements (the "financial statements") are the responsibility of Management, and have been prepared based on the accounting guidelines established by the Brazilian Corporation Law, as well as the 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. In the consolidated financial statements, equity interests, as well as intercompany receivables and payables, revenue and expenses, have been eliminated.

Banco Cooperativo do Brasil S.A. – BANCOOB

Notes to the financial statements at June 30, 2017

(All amounts in thousands of reais unless otherwise stated)

The Joint Executive Board of Bancoob submitted these financial statements to the Board of Directors, and the latter approved them on August 15, 2017.

3 Summary of significant accounting policies

a. Accounting estimates

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

b. Determination of results

Results of operations are calculated on the accrual basis of accounting.

c. Foreign currency

Monetary assets denominated in foreign currencies 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 represent cash in local currency 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 government and private securities.

Banco Cooperativo do Brasil S.A. - BANCOOB

Notes to the financial statements at June 30, 2017

(All amounts in thousands of reais unless otherwise stated)

f. **Marketable securities**

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

- i. **Trading securities** - securities acquired for frequent and active 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 this adjustment, net of tax effects, is recorded in a separate account in equity. Gains and losses, when applicable, are recognized in the statement of income.
- iii. **Held-to-maturity securities** - securities acquired to be held to maturity, based on financial capacity studies, accounted for at the 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 of such a price, 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 or losses on securities".

g. **Derivative financial instruments**

In compliance with BACEN Circular Letter 3,082/2001, derivative financial instruments are valued at market value at least at the time of the preparation of the monthly trial balances and balance sheets. Any appreciation or depreciation is recognized directly in revenue or expense accounts for the respective derivative financial instruments.

Banco Cooperativo do Brasil S.A. - BANCOOB

Notes to the financial statements at June 30, 2017

(All amounts in thousands of reais unless otherwise stated)

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 in accordance with the characteristics of the derivative.

h. Provision for loan losses

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 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 9 levels, of which "AA" is the lowest risk level and "H" is the highest risk level.

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

Operations classified in risk level "H" are transferred to the offsetting account, with a corresponding debit entry to the provision account, only six months after their classification into this risk level. Renegotiated operations are maintained at the same risk level in which they were classified prior to the renegotiation, and operations which had been previously recorded as losses start to be classified in risk level "H". Renegotiated operations are only transferred to the lowest risk level category after significant amortization has occurred, or when new relevant facts justify a change in their risk classification. Any gains arising from renegotiation are only recognized as income when they are 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 8c.

i. Investments

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

j. Property and equipment

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

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

Banco Cooperativo do Brasil S.A. - BANCOOB

Notes to the financial statements at June 30, 2017

(All amounts in thousands of reais unless otherwise stated)

Impairment of Assets - A loss is recognized in the event that there is clear evidence that the assets are not stated at their recoverable amounts.

k. Intangible assets

These correspond to rights acquired in intangible assets that are maintained or used in the Bank's operations. Intangible assets with defined useful lives are usually amortized on a straight line basis during an estimated period of economic benefit. Intangible assets are comprised of 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 their 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. Borrowing and onlending

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

o. Private pension plan

The private pension plan established by Bancoob is a plan of the defined contribution type, and the monthly contributions to the plan are recognized as an expense in the statement of income for the period.

p. Income tax and social contribution

The provision for income tax was computed at the rate of 15%, plus a 10% surtax, and the provision for social contribution was computed at the rate of 15% up to August. From September, in accordance with the amendment to Law 7,689/88, it started to be computed at 20% on the taxable income calculated as established by the prevailing tax laws.

Tax credits were calculated in accordance with the aforementioned tax rates and are recognized considering the expected generation of future taxable income, over a maximum period of ten years, pursuant to CMN Resolution 3,355/06. The expected generation of future taxable income is supported by a technical study prepared by Management and updated on a half-yearly basis.

Banco Cooperativo do Brasil S.A. - BANCOOB

Notes to the financial statements at June 30, 2017

(All amounts in thousands of reais unless otherwise stated)

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 3,823/2009, 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 there are real guarantees or unappealable court decisions, for which a favorable outcome is virtually certain. Contingent assets for which a favorable outcome is classified as probable are only disclosed in the notes to the financial statements.
- **Contingent liabilities** - Contingent liabilities are recognized based on the opinion of the legal advisors, the nature of the lawsuits, similarities with previous lawsuits and the complexity of the lawsuits, when the risk of an unfavorable outcome is classified as probable, generating an outflow of funds to settle the obligation, and the amounts involved can be measured reliably. The lawsuits for which an unfavorable outcome is classified as possible are only disclosed in the notes to the financial statements when considered material on a stand-alone basis.
- **Legal obligations** - These are obligations that derive from a contract, through implicit or explicit terms, a law or other operation of law, which should be recognized by Bancoob.

r. **Other current and non-current liabilities**

These are stated at known or estimated amounts including, when 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 03 (R2) – Statement of Cash Flows;

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Notes to the financial statements at June 30, 2017

(All amounts in thousands of reais unless otherwise stated)

- CPC 05 (R1) – Related-party Disclosures;
- CPC 10 (R1) – Share-based Payments;
- CPC 23 - Accounting Policies, Changes in Accounting Estimates and Corrections of Errors;
- CPC 24 - Events After the Reporting Period;
- CPC 25 – Provisions, Contingent Liabilities and Contingent Assets;
- 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.

4 Breakdown of cash and cash equivalents

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

	BANK		CONSOLIDATED	
	2017	2016	2017	2016
Cash				
Available funds (Note 5)	4,718	3,190	4,732	3,544
Local currency	288	234	301	588
Foreign currency	4,430	2,956	4,431	2,956
Cash equivalents				
Short-term interbank investments (up to 90 days) – (Note 6)	11,053,964	5,194,066	11,053,964	5,194,066
Total	11,058,682	5,197,256	11,058,696	5,197,610

5 Available Funds

	BANK		CONSOLIDATED	
	2017	2016	2017	2016
Local currency	288	234	301	588
Foreign currency	4,430	2,956	4,431	2,956
Total	4,718	3,190	4,732	3,544

Banco Cooperativo do Brasil S.A. - BANCOOB

Notes to the financial statements at June 30, 2017

(All amounts in thousands of reais unless otherwise stated)

6 Short-term interbank investments

a. Breakdown of short-term interbank investments

	BANK					CONSOLIDATED			
	Maturity					Total	Total	Total	Total
	Up to 1 month	From 1 to 3 months	From 3 to 6 months	From 6 to 12 months	Over 1 year	2017	2016	2017	2016
Investments in repurchase agreements	<u>11,053,964</u>	<u>-</u>	<u>431,445</u>	<u>-</u>	<u>-</u>	<u>11,485,409</u>	<u>6,771,252</u>	<u>11,485,409</u>	<u>6,771,252</u>
Resales pending settlement - own resources	9,485,844	-	431,445	-	-	9,917,289	5,349,689	9,917,289	5,349,689
Resales pending settlement - third-party resources	1,568,120	-	-	-	-	1,568,120	1,421,563	1,568,120	1,421,563
Interbank deposits	<u>901,196</u>	<u>129,510</u>	<u>20,435</u>	<u>588,068</u>	<u>199,074</u>	<u>1,838,283</u>	<u>891,562</u>	<u>1,838,283</u>	<u>891,562</u>
Total	<u>11,955,160</u>	<u>129,510</u>	<u>451,880</u>	<u>588,068</u>	<u>199,074</u>	<u>13,323,692</u>	<u>7,662,814</u>	<u>13,323,692</u>	<u>7,662,814</u>
Current liabilities						13,124,618	7,662,814	13,124,618	7,662,814
Non-current						199,074	-	199,074	-

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	
	2017	2016
Investments in repurchase agreements		
1 - Own resources	453,071	283,895
- Third-party resources	<u>67,745</u>	<u>64,109</u>
Sub-total	520,816	348,004
- Investments in interbank deposits	<u>105,007</u>	<u>53,343</u>
Total	<u>625,823</u>	<u>401,347</u>

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Notes to the financial statements at June 30, 2017

(All amounts in thousands of reais unless otherwise stated)

7 Marketable securities and derivative financial instruments

a. *Marketable securities*

Securities are classified as "available for sale", "trading" and "held to maturity". Their market value is calculated as follows:

- i. For federal government securities (LTN, LFT, NTN), the index disclosed by the Brazilian Association of Capital and Financial Markets Institutions ("ANBIMA") is used.
- ii. Investment funds ("FIDC") – subordinated shares - 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 CBLC, CETIP, SELIC or BM&FBOVESPA, except for investment fund shares for which records are kept by the respective administrators.

In compliance with Article 8 of BACEN Circular Letter 3,068/2001, Bancoob has the financial capacity and intention to hold to maturity the securities classified in the "held to maturity" category.

Banco Cooperativo do Brasil S.A. - BANCOOB

Notes to the financial statements at June 30, 2017

(All amounts in thousands of reais unless otherwise stated)

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

	Carrying amount						Total 2017			Total 2016		
	With no 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 gains (losses)	Curve value	Market value	Unrealized gains (losses)
I - Available-for-sale securities	12,019	112,435	647,782	35,191	419,426	10,009,896	11,231,718	11,236,749	5,031	9,448,404	9,442,482	(5,922)
Own portfolio												
Financial Treasury Bills (LFT)	-	-	192,309	-	130,958	5,339,172	5,663,300	5,662,439	(861)	3,431,770	3,429,236	(2,534)
Bank Deposit Certificate (CDB)	-	-	-	-	-	-	-	-	-	-	-	-
Funds	12,019	-	-	-	-	-	12,019	12,019	-	10,663	10,663	-
Financial Bills (LF)	-	112,435	159,871	35,191	115,275	1,076,477	1,494,150	1,499,249	5,099	2,212,339	2,211,779	(560)
Total	12,019	112,435	352,180	35,191	246,233	6,415,649	7,169,469	7,173,707	4,238	5,654,772	5,651,678	(3,094)
Subject to Repurchase Agreements												
Financial Treasury Bills (LFT)	-	-	277	-	18	37,487	37,809	37,782	(27)	91,984	91,886	(98)
Total	-	-	277	-	18	37,487	37,809	37,782	(27)	91,984	91,886	(98)
Linked to the provision of guarantees (Note 7b)												
Financial Bills (LF)	-	-	35,951	-	166,690	534,913	735,218	737,554	2,336	179,051	178,976	(75)
Financial Treasury Bills (LFT)	-	-	259,374	-	6,485	3,021,847	3,289,222	3,287,706	(1,516)	3,522,597	3,519,942	(2,655)
Total	-	-	295,325	-	173,175	3,556,760	4,024,440	4,025,260	820	3,701,648	3,698,918	(2,730)
II - Trading securities	2,340	-	-	-	-	-	2,334	2,340	6	2,054	2,054	-
Own portfolio												
Financial Bills (LF)	2,340	-	-	-	-	-	2,334	2,340	6	2,054	2,054	-
Total	2,340	-	-	-	-	-	2,334	2,340	6	2,054	2,054	-
III - Held-to-maturity securities	-	-	129,765	-	-	-	129,765	129,758	(7)	114,984	114,947	(37)
Own portfolio												
Financial Treasury Bills (LFT)	-	-	102,360	-	-	-	102,360	102,354	(6)	90,653	90,624	(29)
Total	-	-	102,360	-	-	-	102,360	102,354	(6)	90,653	90,624	(29)
Subject to Repurchase Agreements												
Financial Treasury Bills (LFT)	-	-	26,219	-	-	-	26,219	26,218	(1)	23,280	23,272	(8)
Total	-	-	26,219	-	-	-	26,219	26,218	(1)	23,280	23,272	(8)
Linked to the provision of guarantees (Note 7b)												
Financial Treasury Bills (LFT)	-	-	1,186	-	-	-	1,186	1,186	-	1,051	1,051	-
Total	-	-	1,186	-	-	-	1,186	1,186	-	1,051	1,051	-
Total securities	14,359	112,435	777,547	35,191	419,426	10,009,896	11,363,817	11,368,847	5,030	9,565,442	9,559,483	(5,959)
Current liabilities								1,358,958			1,252,353	
Non-current								10,009,896			8,307,167	

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(All amounts in thousands of reais unless otherwise stated)

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

CONSOLIDATED

	Carrying amount						Total 2017			Total 2016		
	With no 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 gains (losses)	Curve value	Market value	Unrealized gains (losses)
I - Available-for-sale securities	18,881	112,435	648,114	35,505	445,092	10,009,896	11,264,922	11,269,953	5,031	9,485,365	9,500,653	(5,922)
Own portfolio												
Financial Treasury Bills (LFT)	-	-	192,309	-	156,025	5,339,172	5,688,367	5,687,506	(861)	3,431,770	3,450,446	(2,534)
Bank Deposit Certificate (CDB)	-	-	-	314	113	-	427	427	-	6,440	6,440	-
Funds	18,881	-	-	-	-	-	18,881	18,881	-	18,337	18,337	-
Financial Bills (LF)	-	112,435	159,871	35,191	115,275	1,076,477	1,494,150	1,499,249	5,099	2,212,339	2,211,779	(560)
Debentures	-	-	362	-	486	-	848	848	-	22,847	22,847	-
Total	18,881	112,435	352,542	35,505	271,899	6,415,649	7,202,673	7,206,911	4,238	5,691,733	5,709,849	(3,094)
Subject to Repurchase Agreements												
Financial Treasury Bills (LFT)	-	-	277	-	18	37,487	37,809	37,782	(27)	91,984	91,886	(98)
Total	-	-	277	-	18	37,487	37,809	37,782	(27)	91,984	91,886	(98)
Linked to the provision of guarantees (Note 7b)												
Financial Bills (LF)	-	-	35,951	-	166,690	534,913	735,218	737,554	2,336	179,051	178,976	(75)
Financial Treasury Bills (LFT)	-	-	259,374	-	6,485	3,021,847	3,289,222	3,287,706	(1,516)	3,522,597	3,519,942	(2,655)
Total	-	-	295,325	-	173,175	3,556,760	4,024,440	4,025,260	820	3,701,648	3,698,918	(2,730)
II - Trading securities	2,340	-	-	-	-	-	2,334	2,340	6	2,054	2,054	-
Own portfolio												
Financial Bills (LF)	2,340	-	-	-	-	-	2,334	2,340	6	2,054	2,054	-
Total	2,340	-	-	-	-	-	2,334	2,340	6	2,054	2,054	-
III - Held-to-maturity securities	-	-	129,765	-	-	-	129,765	129,758	(7)	114,984	114,947	(37)
Own portfolio												
Financial Treasury Bills (LFT)	-	-	102,360	-	-	-	102,360	102,354	(6)	90,653	90,624	(29)
Total	-	-	102,360	-	-	-	102,360	102,354	(6)	90,653	90,624	(29)
Subject to Repurchase Agreements												
Financial Treasury Bills (LFT)	-	-	26,219	-	-	-	26,219	26,218	(1)	23,280	23,272	(8)
Total	-	-	26,219	-	-	-	26,219	26,218	(1)	23,280	23,272	(8)
Linked to the provision of guarantees (Note 7b)												
Financial Treasury Bills (LFT)	-	-	1,186	-	-	-	1,186	1,186	-	1,051	1,051	-
Total	-	-	1,186	-	-	-	1,186	1,186	-	1,051	1,051	-
Total securities	21,221	112,435	777,909	35,505	445,092	10,009,896	11,397,021	11,402,051	5,030	9,602,403	9,617,654	(5,959)
Current liabilities								1,392,162			1,266,375	
Non-current								10,009,896			8,351,316	

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(All amounts in thousands of reais unless otherwise stated)

b. Breakdown of marketable securities

	BANK		CONSOLIDATED	
	2017	2016	2017	2016
Market values of trading securities	2,340	2,054	2,340	2,054
Market values of available-for-sale securities	11,236,748	9,442,482	11,269,952	9,500,653
Adjusted curve values of held-to-maturity securities	129,766	114,984	129,766	114,984
Total	11,368,854	9,559,520	11,402,058	9,617,691

In the first six-month periods of 2017 and 2016, there were no reclassifications of securities between the categories.

At June 30, 2017, Bancoob's securities linked to guarantees provided totaled R\$ 4,026,446 (2016 – R\$ 3,699,969), distributed as follows:

- R\$ 3,120,693 (2016 – R\$ 2,928,182) as collateral for funding operations;
- R\$ 880,790 (2016 - R\$ 757,036) as collateral for credit card transactions.

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(All amounts in thousands of reais unless otherwise stated)

c. Results from marketable securities

	BANK		CONSOLIDATED	
	2017	2016	2017	2016
Income from fixed-income securities	613,022	595,400	614,666	598,537
Income from investment funds	2,866	3,224	2,917	3,433
Income from short-term interbank investments (Note 6b)	625,823	401,347	625,823	401,347
Income from derivative financial instruments	-	-	-	-
Expenses related to securities and derivative financial instruments	(2,281)	(1,738)	(2,281)	(1,738)
Total	1,239,430	998,233	1,241,125	1,001,579

8 Lending operations

a. Breakdown of the loan portfolio

	BANK AND CONSOLIDATED	
	2017	2016
Loans and discounted bills	886,106	731,788
Financing	588,524	657,808
Rural and agro-industrial financing	8,503,237	8,199,799
Real estate financing	2,854	-
Sub-total	9,980,721	9,589,395
(-) Provision for impairment of trade receivables	(38,226)	(36,924)
Total	9,942,495	9,552,471
Current liabilities	6,124,455	5,861,268
Non-current	3,818,040	3,691,203

The increase in lending operations in the period arises mainly from the greater demand for credit from the participants of Sicoob.

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(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	6/30/2017	6/30/2016
Loans and discounted bills	7,803	776,959	61,894	26,794	3,211	712	2,107	477	6,148	886,105	731,788
Financing	15,602	424,904	111,658	29,154	1,299	2,132	917	452	2,406	588,524	657,808
Rural and agro-industrial financing	5,982,289	2,253,234	128,729	138,886	7	-	93	-	-	8,503,238	8,199,799
Real estate financing	-	2,765	89	-	-	-	-	-	-	2,854	-
Total	6,005,694	3,457,862	302,370	194,834	4,517	2,844	3,117	929	8,554	9,980,721	9,589,395
Other receivables	654	1,929,850	41,021	16,071	3,780	542	272	80	506	1,992,776	1,326,494
Grand total	6,006,348	5,387,712	343,391	210,905	8,297	3,386	3,389	1,009	9,060	11,973,497	10,915,889
Provision for impairment of trade receivables	-	(26,939)	(3,434)	(6,327)	(830)	(1,016)	(1,694)	(706)	(9,060)	(50,006)	(45,150)
Total provisions at 6/30/2017, net	6,006,348	5,360,773	339,957	204,578	7,467	2,370	1,695	303	-	11,923,491	10,870,739
Total provisions at 6/30/2016, net	6,627,345	3,754,451	367,732	106,142	10,061	1,592	3,084	332	-	-	-

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(All amounts in thousands of reais unless otherwise stated)

c. Breakdown of provisions for loan losses by type

BANK AND CONSOLIDATED										
Lending operations	A	B	C	D	E	F	G	H	6/30/2017	6/30/2016
Loans and discounted bills	3,885	619	804	321	214	1,053	334	6,148	13,378	18,647
Financing	2,125	1,117	875	130	640	459	316	2,406	8,066	7,809
Rural and agro-industrial financing	11,266	1,287	4,166	1	-	46	-	-	16,767	10,468
Real estate financing	14	1	-	-	-	-	-	-	15	-
Total	17,290	3,024	5,845	452	854	1,558	650	8,554	38,225	36,924
Other receivables	9,649	410	482	378	162	136	56	506	11,780	8,226
Grand Total	26,939	3,434	6,327	830	1,016	1,694	706	9,060	50,006	45,150

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Notes to the financial statements at June 30, 2017

(All amounts in thousands of reais unless otherwise stated)

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

d1. Ordinary lending operations

BANK AND CONSOLIDATED											
	AA	A	B	C	D	E	F	G	H	6/30/2017	6/30/2016
1 to 30 days	268,734	219,387	13,084	6,514	179	105	100	15	195	508,313	613,684
31 to 60 days	503,684	181,546	6,696	17,255	72	61	26	10	46	709,396	714,477
61 to 90 days	572,994	264,486	18,394	10,186	93	57	17	4	63	866,294	799,454
91 to 180 days	1,714,891	870,755	44,081	27,761	427	169	91	51	584	2,658,810	2,049,329
181 to 360 days	1,635,816	1,524,270	65,117	47,360	1,028	422	344	44	402	3,274,803	2,874,177
Over 360	1,310,229	2,303,294	140,929	69,978	834	1,554	212	35	3,450	3,830,515	3,776,383
Total	<u>6,006,348</u>	<u>5,363,738</u>	<u>288,301</u>	<u>179,054</u>	<u>2,633</u>	<u>2,368</u>	<u>790</u>	<u>159</u>	<u>4,740</u>	<u>11,848,131</u>	<u>10,827,504</u>

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Notes to the financial statements at June 30, 2017

(All amounts in thousands of reais unless otherwise stated)

d2. Extraordinary lending operations

BANK AND CONSOLIDATED

	AA	A	B	C	D	E	F	G	H	6/30/2017	6/30/2016
Past due installments											
1 to 30 days	-	6,351	16,974	310	62	35	296	24	89	24,141	45,608
31 to 60 days	-	-	29	6,466	53	29	28	19	88	6,712	18,235
61 to 90 days	-	-	-	30	1,837	28	26	22	163	2,106	4,747
91 to 180 days	-	-	-	13	31	190	253	197	283	967	1,067
181 to 360 days	-	-	-	-	-	27	85	42	1,219	1,373	2,192
Over 360	-	-	-	-	-	-	-	-	49	49	143
	-	6,351	17,003	6,819	1,983	309	688	304	1,891	35,348	71,992
Falling due Installments											
1 to 30 days	-	1,47	3,324	2,407	2,489	35	289	31	99	10,144	711
31 to 60 days	-	897	1,85	745	39	18	290	20	104	3,963	686
61 to 90 days	-	1,039	2,467	813	47	20	235	14	147	4,782	743
91 to 180 days	-	2,875	7,987	2,831	125	71	347	39	487	14,762	2,046
181 to 360 days	-	8,637	20,875	16,941	301	197	202	133	362	47,648	3,72
Over 360	-	2,705	1,583	1,295	679	369	548	310	1,23	8,719	8,487
	-	17,623	38,086	25,032	3,68	710	1,911	547	2,429	90,018	16,393
Total	-	23,974	55,089	31,851	5,663	1,019	2,599	851	4,32	125,366	88,385

Banco Cooperativo do Brasil S.A. - BANCOOB

Notes to the financial statements at June 30, 2017

(All amounts in thousands of reais unless otherwise stated)

e. Breakdown of the portfolio by industry and maturity

	BANK AND CONSOLIDATED							Total 2017	Total 2016
	Past-due	Falling due					Over 15 years		
		Up to 3 months	From 3 to 12 months	From 1 to 3 years	From 3 to 5 years	From 5 to 15 years			
Rural	-	1,580,065	3,953,141	2,301,911	627,030	41,090	-	8,503,237	8,199,799
Financial intermediaries	1,704	16,555	50,940	83,096	2,694	-	-	154,989	243,178
Other services	20,719	91,879	257,400	389,262	32,143	-	-	791,403	529,855
Individuals	5,982	42,170	120,861	298,662	60,484	79	-	528,238	616,563
Housing	-	34	108	470	673	1,289	280	2,854	-
Total	28,405	1,730,703	4,382,450	3,073,401	723,024	42,458	280	9,980,721	9,589,395

f. Concentration of lending operations

	BANK AND CONSOLIDATED			
	2017	%	2016	%
10 largest debtors	2,928,402	29.34	2,971,314	30.99
50 next largest debtors	2,398,429	24.03	2,376,931	24.79
100 next largest debtors	1,425,734	14.29	1,416,275	14.76
Other	3,228,156	32.34	2,824,875	29.46
Total	9,980,721	100.00	9,589,395	100.00

g. Changes in the provision for loan losses

g1. Provision for loan losses - Lending operations

	BANK AND CONSOLIDATED	
	2017	2016
Balance at the beginning of the six-month period	36,465	36,535
Constitution (reversal) of provision for loan losses	6,677	4,685
Lending operations written off as losses	(4,916)	(4,296)
Balance at the end of the six-month period	38,226	36,924

The credits renegotiated in the first six-month period of 2017 totaled R\$ 13.69 million (2016 - R\$ 3.08 million) and were related to non-performing contracts of Payroll Deductible Loans, Rural Credit and Loan transactions.

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In the first six-month period of 2017, the total loans written off as losses amounted to R\$ 1.27 million (2016 – R\$ 595 thousand).

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

	BANK AND CONSOLIDATED	
	2017	2016
Balance at the beginning of the six-month period	10,461	7,531
Constitution of provision for loan losses	1,319	695
Balance at the end of the six-month period	11,780	8,226

g3. Guarantees provided

Provisions are recorded for guarantees provided and not yet honored, subject to the same criteria established by Resolution No. 2,682/99. In the first six-month period of 2017, the amount of R\$47 (2016 - R\$41) was recorded as a provision for these accounts.

h. Income from lending operations

	BANK AND CONSOLIDATED	
	2017	2016
Loans and discounted bills	88,214	71,012
Financing	28,334	31,399
Rural and agro-industrial financing	369,215	363,529
Income from housing financing	64	-
Sub-total	485,827	465,940
Recovery of credits written off as losses	1,217	595
Total	487,044	466,535

It is important to highlight that Note 20i describes the balances of Commission on Lending Operations that followed the ordinary course of the credit granting process adopted by Sicoob. The increase in the return on the loan portfolio arises from the greater volume of loans granted (Note 8a), coupled with the high interest rate scenario experienced in 2017.

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Notes to the financial statements at June 30, 2017

(All amounts in thousands of reais unless otherwise stated)

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

Tax credits

At June 30, 2017, Bancoob recorded tax credits of R\$ 34,911 (2016 – R\$ 30,577) under "Other receivables" (Note 20b), referring to temporary differences between the accounting and taxable result.

a. Breakdown

	Bank				Consolidated			
	2017		2016		2017		2016	
	Income tax	Social contribution	Income tax	Social contribution	Income tax	Social contribution	Income tax	Social contribution
Provision for loan losses	53,103	53,103	48,400	48,400	53,103	53,103	48,400	48,400
Civil and labor contingencies	3,186	3,186	2,745	2,745	3,186	3,186	2,745	2,745
Profit sharing	3,605	3,605	2,570	2,570	3,708	3,708	2,627	2,627
Adjustment to market value – of securities	2,405	2,405	5,922	5,922	2,405	2,405	5,922	5,922
Government Severance Indemnity Fund for Employees ("FGTS") - 50% - Executive Board	956	956	759	759	1,218	1,218	963	963
SIPAG Acceleration Program	1,241	1,241	-	-	1,241	1,241	-	-
Legal fees	1,519	1,519	1,000	1,000	1,519	1,519	1,000	1,000
Card bonus	15,840	15,840	6,190	6,190	15,840	15,840	6,190	6,190
Other provisions	1,693	1,693	362	362	1,762	1,762	429	429
Amount	83,548	83,548	67,948	67,948	83,982	83,982	68,276	68,276
Tax rates	25%	20%	25%	20%	25%	20%	25%	15%
Tax credits recognized	20,887	14,024	16,987	13,590	20,995	14,111	17,069	13,655

(*) At December 31, 2016 and June 30, 2017, the Social Contribution tax credit was recognized on temporary differences at the rate of 20% up to December 2018, and at the rate of 15% from January 2019, pursuant to Law 13,169/15.

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(All amounts in thousands of reais unless otherwise stated)

b. Changes

	Bank				Consolidated			
	2017		2016		2017		2016	
	Income tax	Social contribution	Income tax	Social contribution	Income tax	Social contribution	Income tax	Social contribution
At December 30								
Deferred tax credits	21,414	14,727	16,410	13,128	21,527	14,817	16,497	13,198
Deferred tax liabilities	(1,209)	(809)	-	-	(1,209)	(809)	-	-
	20,205	13,918	16,410	13,128	20,318	14,008	16,497	13,198
Adjustment to profit (loss)	1,979	838	(281)	(225)	1,973	836	(286)	(229)
Tax credits recognized	5,297	4,236	1,756	1,405	5,340	4,274	1,789	1,431
Tax credits derecognized	(3,318)	(3,398)	(2,037)	(1,630)	(3,367)	(3,438)	(2,075)	(1,660)
Adjustment to equity (securities)	(3,158)	(1,934)	858	686	(3,157)	(1,935)	858	686
Tax credits recognized	1,781	1,426	1,058	846	1,781	1,425	1,058	846
Tax credits derecognized	(4,287)	(2,967)	(200)	(160)	(4,286)	(2,967)	(200)	(160)
Changes in deferred taxes	(652)	(393)	-	-	(652)	(393)	-	-
Changes	(1,179)	(1,096)	577	461	(1,184)	(1,099)	572	457
At June 30								
Deferred tax credits	20,887	14,024	16,987	13,590	20,995	14,111	17,069	13,655
Deferred tax liabilities	(1,861)	(1,202)	-	-	(1,861)	(1,202)	-	-
	19,026	12,822	16,987	13,590	19,134	12,909	17,069	13,655

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c. Expected realization of tax credits

Based on a study conducted by management, considering the expected generation of future taxable profits, the tax credits will be realized within ten years, distributed as follows:

	BANCOOB		CONSOLIDATED	
	Nominal amount	Present value	Nominal amount	Present value
2017	6,300	6,050	6,331	6,079
2018	7,126	6,231	7,291	6,375
2019	5,360	4,281	5,360	4,281
2020	4,587	3,354	4,587	3,354
2021	1,974	1,323	1,974	1,323
2022 to 2026	9,564	5,878	9,563	5,878
Total tax credits	34,911	27,117	35,106	27,290

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

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d. Income tax and social contribution on net income

The reconciliation of the expenses calculated by applying the income tax and social contribution rates, and charged to the statement of Income, is as follows:

	BANK				CONSOLIDATED			
	2017		2016		2017		2016	
	Income tax	Social contribution	Income tax	Social contribution	Income tax	Social contribution	Income tax	Social contribution
Result before taxation and profit sharing	180,800	180,800	128,243	128,243	188,783	188,783	133,981	133,981
Equity in the results of subsidiaries	(8,910)	(8,910)	(5,141)	(5,141)	(981)	(981)	-	-
Employee profit sharing	(3,350)	(3,350)	(2,418)	(2,418)	(3,453)	(3,453)	(2,497)	(2,497)
Tax base	168,540	168,540	120,684	120,684	184,349	184,349	131,484	131,484
Tax rate	25%	20%	25%	20%	25%	20%/9%	25%	20%/9%
	42,134	33,708	30,171	24,137	46,088	36,133	32,871	25,863
Tax effects on temporary differences:								
Provision for loan losses	763	610	782	626	763	610	782	626
Provision for tax, civil and labor contingencies	281	225	118	94	281	225	83	72
Other provisions	935	748	(1,181)	(945)	1,126	815	(1,021)	(820)
	1,979	1,583	(281)	(225)	2,170	1,650	(156)	(122)
Tax effects on permanent differences	414	341	430	366	530	458	676	592
Tax losses carried forward	-	-	-	-	(1)	-	-	-
Extension of paternity leave	(8)	-	-	-	(8)	-	-	-
Culture Voucher	-	-	(61)	-	-	-	(61)	-
PAT	(312)	-	(272)	-	(398)	-	(330)	-
Extension of maternity leave	(53)	-	(81)	-	(56)	-	(107)	-
Income tax and social contribution payable	44,154	35,632	29,906	24,278	48,325	38,241	32,893	26,333
Income tax and social contribution payable - prior years	-	-	-	-	-	-	5	2
	44,154	35,632	29,906	24,278	48,325	38,241	32,898	26,335

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Notes to the financial statements at June 30, 2017

(All amounts in thousands of reais unless otherwise stated)

10 Investments in subsidiaries

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

Description	Base date	Paid-up share capital	Adjusted equity	Profit for the year	Ownership interest %	Number of shares	Equity in the results		Goodwill on investments		Bank		Consolidated	
							2017	2016	2017	2016	2017	2016	2017	2016
Bancoob Distribuidora de Títulos e Valores Mobiliários Ltda. (a)	6/30/2017	2,170	3,706	1,366	99.9994	2,000,000	1,365	116	-	-	3,771	3,213	-	-
Cabal Brasil Ltda. (b)	6/30/2017	29,666	33,126	3,460	80	29,666,159	2,768	2,401	8,342	10,778	34,843	30,559	8,342	10,778
Ponta Administradora de Consórcios Ltda. (c)	6/30/2017	6,191	21,018	4,199	99.99	6,191,000	4,199	2,036	-	-	21,016	13,294	-	-
Bancoob Participações em Seguridade S.A. (d)	5/31/2017	20,000	21,469	577	100	20,000,000	577	588	-	-	21,469	20,588	21,262	-
Total							8,909	5,141	8,342	10,778	81,099	67,654	29,604	10,778

(a) Administrator and manager of investment funds, with assets under management amounting to R\$ 16,473,559 at June 30, 2017 (R\$ 12,393,171 in 2016).

(b) Operator of Mastercard, Visa and Cabal credit cards within the Sicoob system.

(c) Operator of consortia for the sale of light vehicles, buildings and services, with over 36 thousand active participants and a managed portfolio of R\$ 2.1 billion.

(d) Bancoob Participações em Seguridade S.A. – Bancoob PAR Seguridade, the purpose of which is to hold an interest in an Insurance Company.

Banco Cooperativo do Brasil S.A. - BANCOOB

Notes to the financial statements at June 30, 2017

(All amounts in thousands of reais unless otherwise stated)

11 Property and equipment

	BANK					CONSOLIDATED	
	Land	Buildings and improvements	Machinery and equipment	IT equipment	Other	Total property and equipment	Total property and equipment
At 31 December, 2015	3,010	43,967	3,000	855	470	51,302	54,546
Additions	-	-	163	190	39	392	728
Disposals	-	-	(30)	(1)	(72)	(103)	(103)
Depreciation	-	(1,243)	(326)	(157)	(56)	(1,782)	(2,274)
At June 30, 2016	3,010	42,724	2,807	887	381	49,809	52,897
Total cost	3,010	52,904	8,267	8,437	842	73,460	81,233
Accumulated depreciation	-	(10,180)	(5,460)	(7,550)	(461)	(23,651)	(28,336)
Net book value	3,010	42,724	2,807	887	381	49,809	52,897
At December 31, 2016	3,010	41,481	2,509	954	345	48,299	52,758
Additions	-	-	483	241	153	877	3,783
Disposals	-	-	-	-	(22)	(22)	(33)
Depreciation	-	(1,243)	(303)	(172)	(51)	(1,769)	(2,500)
At June 30, 2017	3,010	40,238	2,689	1,023	425	47,385	54,008
Total cost	3,010	52,904	7,467	8,019	768	72,168	84,724
Accumulated depreciation	-	(12,666)	(4,778)	(6,996)	(343)	(24,783)	(30,716)
Net book value	3,010	40,238	2,689	1,023	425	47,385	54,008
Annual depreciation rates (%)	-	4.70%	10%	20%	10%		

Banco Cooperativo do Brasil S.A. - BANCOOB

Notes to the financial statements at June 30, 2017

(All amounts in thousands of reais unless otherwise stated)

12 Intangible assets - Software

	<u>Software</u>	
	<u>BANK</u>	<u>CONSOLIDATED</u>
At 31 December, 2015	2,056	3,701
Additions	401	1,687
Disposals	-	-
Amortization	(346)	(656)
At June 30, 2016	2,111	4,732
Total cost	7,442	14,058
Accumulated amortization	(5,331)	(9,326)
Net book value	2,111	4,732
At December 31, 2016	3,358	6,828
Additions	523	3,943
Disposals	-	-
Amortization	(495)	(1,093)
At June 30, 2017	3,386	9,678
Total cost	9,567	20,877
Accumulated amortization	(6,181)	(11,199)
Net book value	3,386	9,678
Annual amortization rates (%)	20%	20%

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Notes to the financial statements at June 30, 2017

(All amounts in thousands of reais unless otherwise stated)

13 Deposits

a. Breakdown

	BANK						CONSOLIDATED					
	2017						2016		2017		2016	
	With no 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	31,103	-	-	-	-	-	31,103	25,688	24,004	19,249		
Savings deposits	3,380,172	-	-	-	-	-	3,380,172	2,835,087	3,380,172	2,835,087		
Interbank deposits	-	2,320,281	4,449,750	4,506,338	9,356,895	1,975,086	22,608,350	16,431,562	22,608,350	16,431,562		
Rural interbank deposits	-	1,179,861	587,281	872,814	1,005,451	112,984	3,758,391	3,122,809	3,758,391	3,122,809		
Term deposits	-	8,844	695	973	4,864	318,413	333,789	184,263	279,215	168,793		
Prepaid bill	-	-	-	-	-	-	-	-	23,124	-		
Total	3,411,275	3,508,986	5,037,726	5,380,125	10,367,210	2,406,483	30,111,805	22,599,409	30,073,256	22,577,500		
Current							27,705,322	19,512,765	27,720,859	19,506,250		
Non-current							2,406,483	3,086,644	2,352,397	3,071,250		

Banco Cooperativo do Brasil S.A. – BANCOOB

Notes to the financial statements at June 30, 2017

(All amounts in thousands of reais unless otherwise stated)

b. Expenses for money market funding

	BANK		CONSOLIDATED	
	2017	2016	2017	2016
Savings deposits	108,045	104,394	108,045	104,394
Interbank deposits	1,283,381	1,068,933	1,283,381	1,068,933
Term deposits	19,227	11,842	16,338	9,893
Money market funding	74,018	73,047	74,018	73,047
Other funding expenses	19,181	4,643	19,182	4,643
Total	1,503,852	1,262,859	1,500,964	1,260,910

The changes in savings and interbank deposits relate to the increased demand for these products from the participants of SICOOB.

14 Repurchase agreement obligations

Maturity

	BANK AND CONSOLIDATED						
	2017					2016	
	Up to 1 month	From 1 to 3 months	From 3 to 6 months	From 6 to 12 months	Over 1 year	Total	
Own portfolio	30,616	27,282	1,084	4,735	-	63,717	114,781
Third-party portfolio	1,567,995	-	-	-	-	1,567,995	1,421,826
Total	1,598,611	27,282	1,084	4,735	-	1,631,712	1,536,607
Current liabilities						1,631,712	1,513,173
Non-current liabilities						-	23,434

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(All amounts in thousands of reais unless otherwise stated)

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

BANK AND CONSOLIDATED							
2017						2016	
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 (LCA) – floating rate	41,581	121,237	30,893	257,179	-	450,890	66,234
Current		450,890	55,269				
Non-current		-	13,695				

16 Local onlending

a) Breakdown of onlending in Brazil

Onlending in Brazil mainly represents funds obtained from the National Bank for Economic and Social Development (“BNDES”)/Government Agency for Machinery and Equipment Financing (“FINAME”), the National Treasury, BACEN and Funcafé, with maturities to 2030 and bearing finance charges of up to 11.31% p.a.

BANK AND CONSOLIDATED							
2017							2016
With no maturity date	Up to 3 months	From 3 to 12 months	From 1 to 3 years	From 3 to 5 years	From 5 to 15 years	Total	Total
BACEN MCR 6-2 (a)	-	165,766	-	-	-	165,766	-
National Treasury	-	-	21	-	-	21	42
National Bank for Economic and Social Development	1	45,362	201,444	612,007	431,597	40,079	1,330,490
Banco do Brasil/FCO	-	2,609	9,024	34,400	11,865	-	57,898
FINAME	-	43,673	114,312	358,919	168,162	654	685,720
Funcafé	-	20,436	134,168	13,783	2,622	-	171,009
Total	1	277,846	458,969	1,019,109	614,246	40,733	2,410,904
Current liabilities						736,816	530,756
Non-current liabilities						1,674,088	1,507,691

Changes in the period reflect the greater demand for credit, as described in Note 8a.

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(All amounts in thousands of reais unless otherwise stated)

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

b) Expenses related to local onlending

	BANK AND CONSOLIDATED	
	2017	2016
National Treasury	1	1
BNDES	24,830	20,727
FINAME	8,212	6,259
Banco do Brasil - FCO	1,069	768
Other Institutions - Funcafé	5,399	5,479
Total	39,511	33,234

17 Liabilities, contingencies and legal obligations

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

The recognition, measurement and disclosure of provisions for lawsuits is carried out in accordance with CMN Resolution 3,823/2009, as follows:

- i.** 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 that any of the above conditions is not met, the provision is not recognized.
- ii.** Based on these assumptions, when it is probable that a present obligation exists at the balance sheet date, Bancoob records a provision. When it is not probable that a present obligation exists at the balance sheet date, Bancoob discloses the contingent liability, unless the possibility of an outflow of resources is considered remote.

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

Banco Cooperativo do Brasil S.A. – BANCOOB

Notes to the financial statements at June 30, 2017

(All amounts in thousands of reais unless otherwise stated)

a. Legal obligations classified as "probable losses"

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

Provisions recorded

a1. Breakdown of balance sheet balances

	BANK				CONSOLIDATED			
	2017		2016		2017		2016	
	Deposits in court	Provisions	Deposits in court	Provisions	Deposits in court	Provisions	Deposits in court	Provisions
Tax	257	280	-	-	257	282	-	-
Labor	617	1,355	469	1,809	643	1,500	477	1,864
Civil	427	1,831	443	936	451	1,907	494	1,797
Total	1,301	3,466	912	2,745	1,351	3,689	971	3,661

a2. Changes in the provisions for lawsuits

	BANK				CONSOLIDATED			
	2017		2016		2017		2016	
	Tax	Labor	Civil	Total	Total	Total	Total	
Opening balance at December 31	82	1,439	821	2,342	2,274	2,566	2,629	
Additions	198	422	1,726	2,346	1,396	2,376	2,259	
Utilization	-	(255)	(452)	(707)	(579)	(729)	(773)	
Reversals	-	(251)	(264)	(515)	(346)	(524)	(454)	
Closing balance at June 30	280	1,355	1,831	3,466	2,745	3,689	3,661	

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

Nature of lawsuits classified as "probable losses"

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

b. Contingencies classified as "possible losses"

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

Due to uncertainties in the determination of the amount involved in the event of an unfavorable outcome, and in view of the current status of lawsuits classified as representing possible losses, the effects disclosed by Bancoob refer to the original amount, and are not monetarily adjusted.

b.1 Balance of contingent liabilities classified as possible losses

	BANK		CONSOLIDATED	
	2017	2016	2017	2016
Labor	7,319	6,162	8,891	5,515
Tax/social security	19,423	5	19,424	5
Civil	89,353	36,408	93,809	39,061
Total	116,095	42,575	122,124	44,581

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18 Equity

a. Share capital

At June 30, 2017, share capital is comprised of 363,003,341 common shares (2016 – 281,359,247) and 359,040,690 preferred shares (2016 – 278,287,847), totaling 722,044,031 (2016 – 559,647,094) shares, with no par value.

In 2016, share capital was increased by R\$113,764, and in the first six-month period of 2017, by R\$155,063.

b. Capital reserve

The balance of R\$45 (2016 - R\$45) relates to the gain on the sale of treasury shares.

c. Revenue reserve

In accordance with its bylaws, Bancoob transferred 5% of the adjusted profit for the period to the revenue reserve, which totaled R\$ 5,024 (2016 - R\$ 3,557). The amount of R\$ 90,684, relating to the profit for the first six-month period of 2017 (2016 - R\$ 64,200) was transferred to the "Revenue reserve - other", the allocation of which will be 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 six-month period. In June 2017, Bancoob accrued dividends totaling R\$ 4,773, equivalent to R\$ 6.61 per thousand shares (2016 - R\$ 3,379, equivalent to R\$ 6.04 per thousand shares).

e. Adjustment to market value

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

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Notes to the financial statements at June 30, 2017

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19 Operational limits - Basel Accord

The net assets of Bancoob's Prudential Conglomerate are consistent with the level of risk posed by its asset framework.

	<u>2017</u>	<u>2016</u>
REFERENCE ASSETS (PR)	1,439,544	1,087,279
PORTION OF OPERATIONAL RISK (9.875%)	782,766	710,760
Risk-Weighted Assets - Credit RWA_{CPAD}	675,640	616,343
Risk-Weighted Assets - Market RWA_{MPAD}	11,123	11,161
Risk-Weighted Assets - Operational RWA_{OPAD}	96,004	83,256
ADDITIONAL PRINCIPAL CAPITAL	105,779	44,985
BANKING PORTION - RBAN (3)	14,592	24,226
MINIMUM REQUIRED CAPITAL	903,138	779,973
BASEL INDEX	16.74%	14.64%

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20 Other items in the financial statements

a. Breakdown of interbank relations

a.1 Receivables

	BANK AND CONSOLIDATED	
	2017	2016
Rights with participants of settlement systems	726,111	628,382
Transfers to Rural Credit Funds - BACEN - MCR 6-2 (a)	165,765	-
Compulsory reserves in cash with BACEN	35,884	18,210
BACEN - Mandatory payments	415,493	236,742
Correspondents	72	72
Total	1,343,325	883,406
Current	1,343,325	883,406
Non-current	-	-

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

a.2 Payables

	BANK AND CONSOLIDATED	
	2017	2016
Obligations to the participants in settlement systems	820,348	699,471
Total	820,348	699,471

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Notes to the financial statements at June 30, 2017

(All amounts in thousands of reais unless otherwise stated)

b. Breakdown of other receivables - sundry

	BANK		CONSOLIDATED	
	2017	2016	2017	2016
Deposits in court	1,301	912	1,351	970
Tax credits (Note 9a)	34,911	30,577	45,212	30,724
Receivables from credit units (a)	6,697	5,102	6,697	5,102
Taxes to be offset	38,453	27,246	45,212	32,239
Securities and credits receivable	8,002	29,237	-	29,237
Salary prepayments and advances	2,282	1,984	2,564	2,252
Payments to be reimbursed (b)	51,146	36,984	51,628	37,361
Receivables from credit cards (c)	1,993,131	1,327,412	1,993,131	1,327,412
Acquiring operations (d)	2,346,956	1,014,761	2,346,956	1,014,761
Other	32,612	25,558	53,423	47,695
Total	4,515,491	2,499,773	4,546,174	2,527,753
Current liabilities	4,481,465	2,376,824	4,511,406	2,404,180
Non-current liabilities	34,026	122,949	34,768	123,573

(a) Refers to banking services performed by Bancoob to the credit union participants in the clearance system, and that are settled in the month subsequent to that of the provision of services.

(b) Refers to the supply of 24-hour automated teller machines.

(c) Refers to transactions carried out by the holders of Cabal/Mastercard credit cards. The increase recorded during the period reflects management's efforts to leverage credit card transactions. The amounts presented are net of the provision for losses on other receivables with the characteristics of credit granting.

(d) Refers mainly to receivables related to Acquiring operations.

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Notes to the financial statements at June 30, 2017

(All amounts in thousands of reais unless otherwise stated)

c. Other assets

	Bank		Consolidated	
	2017	2016	2017	2016
Other assets	2,734	450	2,734	450
Prepaid expenses (a)	34,348	30,225	34,896	30,675
Total	37,082	30,675	37,630	31,125
- Current	37,082	30,675	37,630	31,125
- Non-current	-	-	-	-

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

d. Interdepartmental accounts

	Bank and Consolidated	
	2017	2016
Concessionaires of public utilities	19,491	16,109
Other agreements	5,806	3,616
Payment Orders	-	94
Total	25,297	19,820
- Current	25,297	19,820
- Non-current	-	-

Refers to collections with respect to different agreements.

e. Tax and social security contributions

	BANK		CONSOLIDATED	
	2017	2016	2017	2016
Provision for income tax	44,154	29,906	48,325	32,729
Provision for social contribution	35,632	24,278	38,242	26,271
Taxes payable on third-party services	2,212	1,288	2,322	1,380
Taxes and contributions on salaries	2,247	1,991	3,212	2,894
Deferred taxes and contributions (marking-to-market of securities) (Note 18e)	3,062	-	3,062	-
Other taxes payable	7,772	5,834	8,826	6,590
Total	95,079	63,297	103,989	69,864
Current	95,076	63,294	103,914	69,669
Non-current	3	3	75	195

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Notes to the financial statements at June 30, 2017

(All amounts in thousands of reais unless otherwise stated)

f. Breakdown of other obligations - sundry

	BANK		CONSOLIDATED	
	2017	2016	2017	2016
Provision for the payment of administrative expenses	45,600	39,652	40,492	39,024
Interbank fees to be charged	710	2,299	710	2,299
Credit card obligations (a)	1,748,959	1,253,335	1,748,567	1,253,335
<i>Del Credere</i> provision (b)	21,317	16,873	21,317	16,873
Obligations related to official agreements - INSS	25,356	24,016	25,356	24,016
Amounts payable on collection	12,807	9,870	12,807	9,870
BNDES amounts to be transferred	469	222	469	222
Obligations related to funds received from consortium members (c)	-	-	5,208	3,871
Acquiring operations (d)	1,638,641	710,141	1,638,643	710,141
Other	4,713	4,625	56,856	50,331
Total	3,498,572	2,061,033	3,550,425	2,109,982
Current	3,495,059	2,058,247	3,546,772	2,107,025
Non-current	3,513	2,786	3,653	2,957

- (a) Corresponds to obligations assumed in relation to the Mastercard brand and store owners of the Cabal chain for transactions carried out by cardholders. The increase recorded during the period reflects management's efforts to leverage credit card transactions.
- (b) Refers to the payments made to credit unions for the settlement of installments related to BNDES and Funcafé operations, corresponding to 50% of the spread received by the Bank from those government agencies.
- (c) Refers to funds from terminated consortia that were not withdrawn by the participants.
- (d) Refers mainly to payables related to Acquiring operations.

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Notes to the financial statements at June 30, 2017

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g. Income from services rendered and banking fees

	BANK		CONSOLIDATED	
	2017	2016	2017	2016
Sicoob Agreement (a)	5,951	7,856	5,951	7,856
Income from banking fees	17,095	15,766	17,095	15,766
Income from fund services	1,352	1,203	1,352	1,203
Income from fund management services	-	-	4,966	3,620
Income from consortium management services	-	-	28,246	20,117
Income from credit card services (b)	189,492	138,098	189,492	138,098
Income from collection services for public utilities companies (c)	26,650	21,475	26,650	21,475
Income from bank fees	30	42	30	42
Other income - sundry	22,070	12,664	31,381	18,594
Total	262,640	197,104	305,163	226,771

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

h. Personnel expenses

	BANK		CONSOLIDATED	
	2017	2016	2017	2016
Officers and Directors	3,390	3,078	5,518	4,859
Salaries (a)	24,682	22,020	33,013	28,529
Social charges (b)	11,116	9,690	14,552	12,547
Benefits (c)	7,152	6,182	11,650	9,165
Training	594	369	767	410
Interns' compensation	336	174	722	407
Total	47,270	41,513	66,222	55,917

Banco Cooperativo do Brasil S.A. – BANCOOB

Notes to the financial statements at June 30, 2017

(All amounts in thousands of reais unless otherwise stated)

(a) Refers mainly to salaries, overtime and provisions for the 13th month's salary and vacation pay.

(b) Refers mainly to provisions for the National Institute of Social Security ("INSS") and Government Severance Indemnity Fund for Employees ("FGTS") charges.

(c) Refers mainly to healthcare benefits, transportation and meal vouchers provided to employees.

i. Administrative expenses

	BANK		CONSOLIDATED	
	2017	2016	2017	2016
Water, electricity and gas	11	40	220	233
Communication	10,098	7,296	13,031	9,075
Maintenance and preservation	64	98	278	293
Materials	5,043	3,531	5,198	3,717
Data processing	30,770	30,103	31,772	31,933
Advertising and publicity	5,924	3,678	7,078	4,549
Financial system services	47,437	32,621	47,607	33,169
Outsourced services	23,579	21,102	27,358	33,714
Specialized technical services	9,149	6,909	9,240	7,017
Depreciation and amortization expenses	2,265	2,129	3,596	2,932
Travel	1,692	1,105	1,957	1,278
Other administrative expenses	3,399	3,323	4,856	4,449
Total	139,431	111,935	152,191	132,359

j. Other operating income

	BANK		CONSOLIDATED	
	2017	2016	2017	2016
Recovery of charges and expenses	13,685	2,098	13,685	2,104
Income from credit card operations	37,611	30,596	37,611	30,596
Adjustment of INSS tax assets	-	-	-	-
Acquiring operations (a)	156,947	62,112	156,947	62,112
Other	1,014	2,077	3,477	4,424
Total	209,257	96,883	211,720	99,236

Banco Cooperativo do Brasil S.A. – BANCOOB

Notes to the financial statements at June 30, 2017

(All amounts in thousands of reais unless otherwise stated)

- (a) Refers mainly to income from prepayments made to the establishments with respect to Acquiring operations.

k. Other operating expenses

	BANK		CONSOLIDATED	
	2017	2016	2017	2016
Credit card administration expenses	96,164	68,935	96,164	54,054
Adjustment of INSS tax assets (a)	1,099	996	1,099	996
Expenses for collection fees	17,117	15,004	17,117	15,004
Commission on lending operations (b)	43,995	35,550	43,995	35,550
Acquiring operations (c)	73,774	23,351	73,774	23,351
Other	13,753	7,385	8,832	8,564
Total	245,902	151,221	240,981	137,519

- (a) Refers to the monetary adjustment, based on the SELIC rate, of INSS funds available but not yet paid to the beneficiary.

- (b) Refers to the commission paid to the credit units for the negotiation of payroll-deductible loans and INSS credits.

- (c) Refers mainly to commission paid to credit unions regarding the accreditation of new units.

l. Non-operating income (expenses)

	BANK		CONSOLIDATED	
	2017	2016	2017	2016
Non-operating income (a)	1,035	1,636	1,035	1,642
Non-operating expenses	-	(97)	-	(97)
Amortization of goodwill - Cabal Brasil	(1,003)	(870)	(1,015)	(870)
Total	32	669	20	675

Banco Cooperativo do Brasil S.A. – BANCOOB

Notes to the financial statements at June 30, 2017

(All amounts in thousands of reais unless otherwise stated)

21 Related-party transactions

a. Sicoob System

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

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

	BANK	
	2017	2016
Assets	6,903,564	7,242,771
Lending operations	6,865,308	7,212,308
Receivables	6,716	5,007
Prepaid expenses - Credconsignado commission	31,540	25,456
Liabilities	23,210,009	16,948,005
Demand deposits	11,530	9,691
Interbank deposits	22,517,295	16,356,502
Term deposits	80,413	15,469
Repurchase agreements - own portfolio	570,777	91,418
Repurchase agreements - third-party portfolio	-	451,774
Commission payable - Credconsignado	2,350	1,637
Payables - <i>Del Credere</i> (Note 20f)	21,317	16,860
Payables - collection fees for agreements	6,309	4,654
Other provisions	18	-
Income	392,229	336,173
Lending operations	276,954	251,104
Income from services rendered	113,593	84,570
Other operating income	1,682	499
Expenses	1,308,676	1,105,992
Funding	1,164,720	1,015,730
Other expenses	143,956	90,262

Banco Cooperativo do Brasil S.A. – BANCOOB

Notes to the financial statements at June 30, 2017

(All amounts in thousands of reais unless otherwise stated)

b. Subsidiaries

	Bancoob DTVM		Cabal		Consórcio Ponta		Bancoob Par	
	2017	2016	2017	2016	2017	2016	2017	2016
Liabilities	3,183	1,426	40,049	9,887	22,986	13,646	492	473
Demand deposits	6	4	7,084	6,287	5	147	4	1
Term deposits	3,177	1,422	27,928	76	22,981	13,499	488	472
Payables	-	-	5,037	3,524	-	-	-	-
Expenses	226	128	23,970	19,029	(1,142)	836	27	925
Funding expenses	226	128	1,495	62	(1,142)	836	27	925
Expenses with cards	-	-	22,475	18,967	-	-	-	-
Income	-	-	8	8	151	106	-	-
Income from cards	-	-	8	8	151	106	-	-

c. Remuneration of key management personnel

Key management includes directors and officers. The maximum aggregate compensation payable to the Board of Directors and Executive Board is established annually, at the General Shareholders' Meeting.

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

	Bank		Consolidated	
	2017	2016	2017	2016
Professional fees	2,872	2,563	4,280	3,866
Benefits	1,929	1,665	3,202	2,512
Charges	736	646	1,084	969
Total	5,537	4,873	8,566	7,347

Banco Cooperativo do Brasil S.A. – BANCOOB

Notes to the financial statements at June 30, 2017

(All amounts in thousands of reais unless otherwise stated)

22 Other information

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

As established by CMN Resolution n° 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:

Description	BANK		
	2017		
	Amount receivable	Amount payable	Net amount
Investments/Funding	3,624,653	3,610,948	13,705

Description	2016		
	Amount receivable	Amount payable	Net amount
Investments/Funding	3,831,839	2,971,101	860,738

Banco Cooperativo do Brasil S.A. – BANCOOB

Notes to the financial statements at June 30, 2017

(All amounts in thousands of reais unless otherwise stated)

b. Insurance

Bancoob's assets subject to risks are insured risks at amounts deemed sufficient by management 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\$ 6,004 at June 30, 2017 (2016 – R\$ 5,758). A provision in the amount of R\$ 47 (2016 - R\$ 41) was established for these receivables.

d. Employee benefit

Private pension plan

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, 2017, Sicoob Previ had 461 active participants (2016 - 430), whose contributions totaled R\$1,316 (2016 - R\$1,129) for the period.

e. Profit sharing

Bancoob offers profit sharing to its employees, which is calculated in accordance with the Collective Labor Agreement. Up to June 30, 2017, the amounts recorded as provisions for profit sharing totaled R\$ 3,350 in the parent company (2016 - R\$ 2.418) and R\$ 3,453 in the consolidated (2016 – R\$ 2,497).

f. Inspections

Accounting, tax and labor records are subject to review by the relevant tax authorities for varying periods, pursuant to the applicable legislation.

g. Amendments to tax legislation

On May 22, 2015 Law 7,689/88 was amended by Provisional Measure 675, which increased the Social Contribution on Net Income from 15% to 20%.

Banco Cooperativo do Brasil S.A. – BANCOOB

Notes to the financial statements at June 30, 2017

(All amounts in thousands of reais unless otherwise stated)

The new rate became effective from September 1, 2015, and related exclusively to financial institutions, private insurance and capitalization companies.

The Provisional Measure was converted into Law 13,169/15 in October 2016.

h. Bancoob Participações em Seguridade S.A.

Motivated by the opportunities in the insurance market, the broad distribution capacity of Sicoob's service network, and the challenge of meeting the needs of its members, Bancoob established, together with the insurance company Mongeral Aegon, a company called Bancoob Participações em Seguridade S.A., with the aim of creating a life and private pension insurance company.

The new company, called Sicoob Seguradora de Vida e Previdência S/A, was authorized to initiate operations by the Private Insurance Agency ("SUSEP"), by means of Ordinance 6,620, issued on August 12, 2016 and had its articles of incorporation registered with the Board of Trade on October 5, 2016. The company started operations in March 2017, with initial capital of R\$ 40 million, and recorded a profit of R\$ 1,962 thousand in the first six-month period of 2017.

Headquartered in Brasilia (Federal District), the new company's purpose is to provide life insurance and pension plans to the almost four million Sicoob credit union members in the country. The company is expected to be ranked among the Brazilian's top ten insurance companies in the next five years.

23 Risk management

a. Operational risk

The guidelines regarding operational risk management are set out in the Institutional Policy for the Management of Operational Risk.

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

Operating losses are reported to the Management of Internal Controls which, in turn, interacts with managers of the areas involved and formally identifies the causes, the adequacy of the controls in place and the need to improve the processes, including through the implementation of new controls.

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

Banco Cooperativo do Brasil S.A. – BANCOOB

Notes to the financial statements at June 30, 2017

(All amounts in thousands of reais unless otherwise stated)

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

In compliance with CMN Resolutions 3,380/2006 and BACEN Circular Letter 3,678/2013, a report describing the market and liquidity risk management framework and the risk management report - Tier III are available on Bancoob's website (www.bancoob.com.br).

b. Market and liquidity risks

Bancoob has adopted the following policies: Institutional Policy for Financial Centralization Management, Institutional Policy for Liquidity Risk Management, and Institutional Policy for Market Risk Management. These policies set out standardized procedures, metrics and actions to be followed by all the Sicoob entities. Bancoob is responsible for the centralized framework for credit, market and liquidity risk management, as provided in Article 9 of CMN Resolution 3,464/2007 and Article 8 of CMN Resolution 4,090/2012.

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

The Institutional Policy for Market Risk Management requires the adoption of the following procedures:

- a) Use of the VaR to measure market risk;
- b) Analysis of mismatches to assess the impact on the financial margin;
- c) Maximum limit on exposure to market risk;
- d) Periodic back testing on market risk calculation models;
- e) Different scenarios simulating losses in stress situations; and
- f) Contingency plans.

The Institutional Policy for Liquidity Risk Management requires the adoption of the following procedures:

- a) Minimum liquidity limit;
- b) 90-day cash flow forecast;
- c) Different scenarios simulating losses in stress situations; and

Banco Cooperativo do Brasil S.A. – BANCOOB

Notes to the financial statements at June 30, 2017

(All amounts in thousands of reais unless otherwise stated)

d) Liquidity contingency plan.

The systems, models and procedures are periodically reviewed by internal audit teams. The results presented in the audit reports are used to make improvements to market and liquidity risk management.

In compliance with CMN Resolutions 3,464/2007 and 4,090/2012 and BACEN Circular Letters 3,678/2013 and 3,748/2015, a report describing the market and liquidity risk management framework and the risk management report - Tier III are available on Bancoob's website (www.bancoob.com.br).

c. Credit risk

Bancoob is responsible for Sicoob's centralized credit risk management structure, as provided in Article 9 of CMN Resolution 3,721/2009, by standardizing processes, establishing methodologies to assess the risk posed by clients and operations, monitoring loan portfolios and maintaining a single credit risk policy.

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

The credit risk management framework establishes the following:

- a) Proper validation of systems, models and internal procedures;
- b) Estimation (consistent and prudent criteria) of losses associated with credit risk, and comparison of the estimated amounts with the amounts of the losses actually incurred;
- c) Procedures for the monitoring of loan portfolios;
- d) Procedures for recovery of receivables;
- e) Systems, routines and procedures to identify, measure, control and mitigate the exposure to credit risk;
- f) Periodic submission of management information to the entities that comprise Sicoob;
- g) Area responsible for the calculation and projection of the regulatory capital required, and the adequacy of the provision for loan losses;

Banco Cooperativo do Brasil S.A. – BANCOOB

Notes to the financial statements at June 30, 2017

(All amounts in thousands of reais unless otherwise stated)

h) Models to assess the credit risk of clients, in accordance with the public that is taking out loans, which take into consideration the specific characteristics of the borrowers, as well as industry and macroeconomic matters;

i) Portfolio-based credit limits for each client and overall credit limits by portfolio; and

j) Model for assessing the impact on the provision for loan losses, regulatory capital and the Basel ratio in an extreme credit risk scenario.

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

Credit granting and credit risk management processes are clearly segregated, and the organizational structure involved ensures specialization, representation and rationality within Sicoob.

The systems, models and procedures are periodically reviewed by internal audit teams. The results presented in audit reports are used to make improvements to credit risk management.

In compliance with CMN Resolution 3,721/2009 and BACEN Circular Letter 3,678/2013, a report detailing the credit risk management framework and the risk management report - Tier III are available on Bancoob's website (www.bancoob.com.br).

24 Capital management framework

Bancoob's capital management complies with the guidelines included in Sicoob's Institutional Policy for Capital Management, to which Bancoob formally signed up depending on a decision by the Executive Board and Board of Directors.

In addition to a specific capital plan, which sets out capital targets and projections considering the strategic objectives over a minimum period of three years, the main sources, and a contingency plan, Bancoob has a set of methodologies in place that enable the identification and evaluation of significant risks to its operations, with a view to maintaining a compatible level of capital.

Additionally, simulations of severe events and extreme market conditions are performed, and their results and impacts on the capital structure are submitted to the Executive Board and Board of Directors.

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

In compliance with CMN Resolution 3,988/2011, a report detailing the capital management framework is available on Bancoob's website (www.bancoob.com.br).

* * *

Banco Cooperativo do Brasil S.A. – BANCOOB

Notes to the financial statements at June 30, 2017

(All amounts in thousands of reais unless otherwise stated)

Board of Directors

Henrique Castilhano Vilares – Chairman
José Salvino de Menezes – Vice Chairman
Geraldo Souza Ribeiro Filho – Member
Ivo Azevedo de Brito – Member
Luiz Gonzaga Viana Lage – Member
Manoel Messias da Silva – Member
Miguel Ferreira de Oliveira – Member
Neilson Santos Oliveira – Member
Rui Schneider da Silva – Member

Executive Board

Marco Aurélio Borges de Almada Abreu – CEO
Ênio Meinen – Chief Operations Officer
Marcos Vinicius Viana Borges – Chief Electronic Payments Officer
Ricardo Simone Pereira – Chief Financial Officer
Rubens Rodrigues Filho – Chief Risk Officer

Accountant

Primo João Cracco
CRC-SP 149.703/O-S-DF

(A free translation of the original in Portuguese)

Banco Cooperativo do Brasil S.A. – BANCOOB

Summary of the Audit Committee Report – First six-month period of 2017

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 the companies that make up the Group are responsible for preparing and ensuring the integrity of the financial statements, managing risks, maintaining an effective and consistent system of internal controls and ensuring compliance with legal and regulatory standards.
4. The Internal Audit function independently performs a regular assessment of the risk management activities and the suitability and effectiveness of internal controls in all Group companies.
5. PricewaterhouseCoopers (“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 of the Group companies, in accordance with the accounting practices adopted in Brazil, applicable to institutions authorized to operate by BACEN; and
 - b) Assessing the suitability and quality of the internal control system, in connection with the audit of the financial statements, including the risk management system and compliance with legal and regulatory requirements.

Audit Committee Activities

6. During the first six-month period of 2017, in compliance with the legal and regulatory requirements, the Audit Committee
 - a) Held six regular meetings;
 - b) Acted independently in the performance of its duties, while always supported by information received from management, independent auditors, internal auditors and officers responsible for risk management and internal control management, and also based on its own conclusions arising from direct observation;

Banco Cooperativo do Brasil S.A. – BANCOOB

Summary of the Audit Committee Report – First six-month period of 2017

- 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 auditors on the parent company and consolidated financial statements;
- d) Held meetings with the Executive Board, the Board of Directors and the Statutory Audit Board, suggesting improvements to the relevant function in situations where opportunities for improvement were identified;
- e) Monitored and evaluated the work performed by the Internal Audit; the Independent Audit conducted by PricewaterhouseCoopers; the management of market, liquidity, credit, operational and environmental risks; money laundering prevention and management of business continuity; and
- f) Provided management with recommendations, which were included in the minutes of the meetings and filed, remaining available to all management bodies.

Internal control and risk management systems

- 7. At the meetings held with the areas responsible, and based on an 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 has not identified any failures to comply with the laws, regulations and internal rules that may jeopardize the organization.
- 8. In the first six-month period of 2017, 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 their work and relevant accounting aspects at the Audit Committee's monthly meetings. No situations were identified that could affect the objectivity and independence of the audit work.
- 11. The Audit Committee considers satisfactory the work carried out by the Independent Audit function, which confirm the Committee's opinion on the integrity of the consolidated financial statements at June 30, 2017.

Internal Audit

- 12. In accordance with the annual planning approved by the Board of Directors, the Internal Audit function presented, at the Audit Committee's monthly meetings, the

Banco Cooperativo do Brasil S.A. – BANCOOB

Summary of the Audit Committee Report – First six-month period of 2017

results of the work carried out, which did not identify any residual risks that could affect the strength and continuity of the operations of Bancoob and the companies that make up the Group.

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

Financial Statements

14. The analyses covered the procedures for the preparation of parent company and consolidated trial balances and balance sheets, notes to the financial statements, and the financial reports disclosed together with the consolidated financial statements.
15. The Audit Committee concludes that the consolidated financial statements at June 30, 2017 were prepared in compliance with the relevant legal and regulatory standards, and in accordance with the accounting practices adopted in Brazil, and reflect, in all material respects, the financial position of the Bancoob Group for the period then ended.

Brasília, August 7, 2017

Rubens Rodrigues Filho
Coordinator

Ênio Meinen

Ricardo Simone Pereira

Banco Cooperativo do Brasil S.A. - BANCOOB

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, 2017, the related Management Report, and the Independent Auditor's Report issued by PricewaterhouseCoopers Auditores Independentes, states that the consolidated financial statements examined present fairly, in all material respects, the financial position of Banco Cooperativo do Brasil S/A - Bancoob.

Brasília - Federal District, July 15, 2017

Garibalde Mortoza Junior
Chairman

Fábio Henrique Granja e Barros
Secretary

Clodoaldo Palú
Sitting Board Member

Edemar Fronchetti
Sitting Board Member

Gilberto Alves Moraes
Sitting Board Member

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Banco Cooperativo do Brasil S.A. - Bancoob

***Parent company and consolidated
financial statements at
June 30, 2017 and
independent auditor's report***





(A free translation of the original in Portuguese)

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, 2017 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, 2017 and the consolidated statements of income, changes in equity and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory information.

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 of Banco Coopertaivo do Brasil S.A. - bancoob and its subsidiaries as at June 30, 2017, and the Institution's financial performance and cash flows, as well as the consolidated financial performance and 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.



Banco Cooperativo do Brasil S.A. - Bancoob

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

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

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

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

In preparing the parent company and consolidated financial statements, management is responsible for assessing the 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.

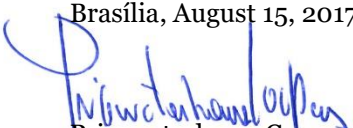


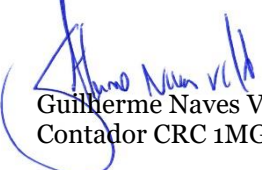
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- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the 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 15, 2017


PricewaterhouseCoopers
Auditores Independentes
CRC 2SP000160/O-5


Guilherme Naves Valle
Contador CRC 1MG070614/O-5