

(Convenience Translation into English from the
Original Previously Issued in Portuguese)

Banco Daycoval S.A.

Interim Financial Information for the
Quarter Ended June 30, 2019 and
Report on Review of Interim
Financial Information

Deloitte Touche Tohmatsu Auditores Independentes

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REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

To the Shareholders and Management of
Banco Daycoval S.A.
São Paulo - SP

Introduction

We have reviewed the accompanying individual and consolidated interim financial information of Banco Daycoval S.A. ("Bank"), included in the Interim Financial Information Form (ITR), for the quarter ended June 30, 2019, which comprises the balance sheet as of June 30, 2019 and the related income statement and statement of comprehensive income for the three and six-month periods then ended and the statement of changes in equity and statement of cash flows for the six-month period then ended, including the explanatory notes.

Management is responsible for the preparation of the individual and consolidated interim financial information in accordance with the accounting practices adopted in Brazil applicable to the institutions authorized to operate by the Central Bank of Brazil (BACEN), as well as for the presentation of such information in accordance with the standards issued by the Brazilian Securities Commission (CVM) applicable to the preparation of Interim Financial Information (ITR). Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

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

Conclusion on the individual and consolidated interim financial information

Based on our review, nothing has come to our attention that causes us to believe that the accompanying individual and consolidated interim financial information included in the ITR referred to above was not prepared, in all material respects, in accordance with the accounting practices adopted in Brazil applicable to the institutions authorized to operate by BACEN, and presented in accordance with the standards issued by CVM.

Other matters

Statements of value added

We have also reviewed the individual and consolidated interim statements of value added ("DVA") for the six-month period ended June 30, 2019, prepared under the responsibility of the Bank's Management, the presentation of which is required by the standards issued by CVM applicable to the preparation of Interim Financial Information (ITR). These statements were subject to the same review procedures described above and, based on our review, nothing has come to our attention that causes us to believe that they were not prepared, in all material respects, consistently with the individual and consolidated interim financial information taken as a whole.

The accompanying individual and consolidated interim financial information has been translated into English for the convenience of readers outside Brazil.

São Paulo, August 7, 2019

DELOITTE TOUCHE TOHMATSU
Auditores Independentes

Carlos Claro
Engagement Partner

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Company information / Capital arrangement

Number of shares (Units)	Current Quarter 06/30/2019
Paid-in Capital	
Common shares	230,820,429
Preferred shares	0
Total	230,820,429
Treasury Shares	
Common shares	0
Preferred shares	0
Total	0

Company information / Dividends and interest on capital

Event	Approved	Earnings	Beginning of payment	Share type	Share class	Earnings per share (R\$ / share)
Ordinary General Meeting	06/28/2019	Interest on capital	07/15/2019	Common		0.22310

Individual Financial Statements / Balance Sheet - Asset
(In thousands of Brazilian reais - R\$)

Account number	Account description	Current quarter 06/30/2019	Prior year 12/31/2018
1	Total Assets	30,909,935	29,384,947
1.01	Current Assets	19,921,998	18,710,582
1.01.01	Cash and cash equivalents	186,879	151,733
1.01.02	Interbank investments	5,940,541	5,561,479
1.01.02.01	Money market investments	4,571,028	4,702,402
1.01.02.02	Interbank deposits	813,971	690,921
1.01.02.03	Foreign currency investments	555,542	168,156
1.01.03	Securities and derivatives	318,225	516,762
1.01.03.01	Own portfolio	122,226	72,426
1.01.03.02	Linked to repurchase commitments	177,565	139,474
1.01.03.03	Derivatives	18,434	304,862
1.01.04	Interbank accounts	59,697	42,639
1.01.04.01	Unsettled payments and receipts	4,256	0
1.01.04.02	Restricted deposits - Central Bank of Brazil	54,973	42,509
1.01.04.03	Correspondents	468	130
1.01.06	Lending operations	7,968,656	7,441,612
1.01.06.01	Lending operations - Public sector	54,976	38,183
1.01.06.02	Lending operations - Private sector	8,510,658	7,946,219
1.01.06.03	(Allowance for loan losses)	- 596,978 -	542,790
1.01.08	Other receivables	5,326,061	4,890,837
1.01.08.02	Foreign exchange portfolio	1,449,997	1,064,558
1.01.08.03	Income receivable	14,749	11,660
1.01.08.04	Trading account	4,823	1,779
1.01.08.05	Other	3,993,991	3,951,976
1.01.08.06	(Allowance for other loan losses)	- 137,499 -	139,136
1.01.09	Other assets	121,939	105,520
1.01.09.01	Reposessed assets	119,054	92,832
1.01.09.02	(Allowance for reposessed assets losses)	- 8,758 -	8,422
1.01.09.03	Prepaid expenses	11,643	21,110
1.02	Noncurrent Long-Term Assets	9,668,948	9,406,614
1.02.01	Interbank investments	105,132	6,711
1.02.01.01	Interbank deposits	105,132	6,711
1.02.02	Securities and derivatives	1,474,702	1,907,165
1.02.02.01	Own portfolio	1,175,693	1,595,899
1.02.02.02	Linked to repurchase commitments	6,280	0
1.02.02.03	Derivatives	95,869	95,719
1.02.02.04	Linked to guarantees	196,860	215,547
1.02.05	Lending operations	5,651,156	5,161,949
1.02.05.01	Lending operations - Public sector	98,411	71,994
1.02.05.02	Lending operations - Private sector	6,070,760	5,493,477
1.02.05.03	(Allowance for loan losses)	- 518,015 -	403,522
1.02.07	Other receivables	2,436,214	2,328,540
1.02.07.02	Trading account	340	0
1.02.07.03	Other sundry credits	2,465,098	2,329,066
1.02.07.04	(Allowance for loan losses)	- 29,224 -	526
1.02.08	Other assets	1,744	2,249

Individual Financial Statements / Balance Sheet - Asset
(In thousands of Brazilian reais - R\$)

Account number	Account description	Current quarter 06/30/2019	Prior year 12/31/2018
1.02.08.01	Prepaid expenses	1,744	2,249
1.03	Permanent Assets	1,318,989	1,267,751
1.03.01	Investments	1,247,359	1,192,436
1.03.01.02	In local subsidiaries	1,244,473	1,191,273
1.03.01.04	Other investments	2,886	1,163
1.03.02	Fixed assets	71,630	75,315
1.03.02.02	Other property and equipment in use	71,630	75,315

Individual Financial Statements / Balance Sheet - Liability
(In thousands of Brazilian reais - R\$)

Account number	Account description	Current quarter	Prior year
		06/30/2019	12/31/2018
2	Total Liabilities	30,909,935	29,384,947
2.01	Current Liabilities	14,165,846	15,794,804
2.01.01	Deposits	4,213,636	3,219,471
2.01.01.01	Demand deposits	802,271	864,844
2.01.01.02	Interbank deposits	445,881	373,667
2.01.01.03	Time deposits	2,955,775	1,973,639
2.01.01.04	Foreign currency deposits	9,709	7,321
2.01.02	Money market funding	2,225,974	2,992,328
2.01.02.01	Own portfolio	181,899	136,333
2.01.02.02	Third parties	2,044,075	2,855,995
2.01.03	Funds from acceptance and issuance of securities	4,982,604	6,405,886
2.01.03.01	Mortgage loan notes	821,281	648,667
2.01.03.02	Agribusiness letter of credit	681,060	617,665
2.01.03.03	Financial bills	3,459,646	3,232,736
2.01.03.04	Securities issued abroad	20,617	1,906,818
2.01.04	Interbank accounts	15,644	1,181
2.01.05	Interbank accounts	95,711	107,529
2.01.06	Borrowings	1,072,029	1,675,209
2.01.06.01	Foreign borrowings	1,072,029	1,675,209
2.01.07	Domestic onlendings	182,581	193,481
2.01.07.01	BNDES	106,034	151,383
2.01.07.02	FINAME	76,547	42,098
2.01.09	Other payables	1,377,667	1,199,719
2.01.09.01	Collected taxes and other	15,245	8,562
2.01.09.02	Foreign exchange portfolio	856,462	501,455
2.01.09.03	Social and statutory	84,039	118,434
2.01.09.04	Tax and social security	208,760	330,106
2.01.09.05	Trading account	5,714	3,035
2.01.09.06	Derivatives	15,383	29,662
2.01.09.07	Other	192,064	208,465
2.02	Noncurrent Long-Term Liabilities	13,183,108	10,300,464
2.02.01	Deposits	2,728,306	2,247,127
2.02.01.01	Interbank deposits	1,625	21,813
2.02.01.02	Time deposits	2,726,681	2,225,314
2.02.03	Funds from acceptance and issuance of securities	7,395,003	4,964,814
2.02.03.01	Mortgage Loan Notes	132,728	125,237
2.02.03.02	Agrobusiness letter of credit	52,824	46,168
2.02.03.03	Financial bills	7,209,451	4,772,807
2.02.03.04	Securities issued abroad	0	20,602
2.02.06	Borrowings	309,782	371,839
2.02.06.01	Foreign borrowings	309,782	371,839
2.02.07	Domestic onlendings	123,977	173,089
2.02.07.01	BNDES	93,302	108,234
2.02.07.02	FINAME	30,675	64,855
2.02.09	Other payables	2,626,040	2,543,595
2.02.09.02	Tax and social security	262,069	245,597

Individual Financial Statements / Balance Sheet - Liability
(In thousands of Brazilian reais - R\$)

Account number	Account description	Current quarter	Prior year
		06/30/2019	12/31/2018
2.02.09.03	Trading account	168	0
2.02.09.04	Derivatives	1,283	0
2.02.09.05	Other	2,209,639	2,150,684
2.02.09.06	Subordinated debts	152,881	147,314
2.03	Deferred income	42,982	52,641
2.05	Equity	3,517,999	3,237,038
2.05.01	Paid-in Capital	2,253,595	2,253,595
2.05.01.01	Capital	2,253,595	2,253,595
2.05.02	Earnings reserves	1,142	0
2.05.04	Earnings reserves	998,363	979,426
2.05.04.01	Legal	222,676	203,739
2.05.04.02	Bylaws	775,687	775,687
2.05.05	Valuation adjustments to equity	11,378	4,017
2.05.05.01	Adjustments to securities	11,378	4,017
2.05.06	Retained earnings / accumulated losses	253,521	0

Individual Income Statements
(In thousands of Brazilian reais - R\$)

Account number	Account description	Current Quarter from 04/01/2019 to 06/30/2019	Accumulated Current Year from 01/01/2019 to 06/30/2019	Similar Quarter from Interim Prior Year 04/01/2018 to 06/30/2018	Accumulated Prior Year from 01/01/2018 to 06/30/2018
3.01	Income from Financial Intermediation	897,119	1,805,384	1,445,903	2,266,534
3.01.01	Lending operations	778,360	1,563,719	782,422	1,504,666
3.01.02	Securities transactions	121,928	239,611	124,937	240,417
3.01.03	Derivatives	- 44,888 -	86,405	468,726	415,345
3.01.04	Foreign exchange transactions	39,481	82,445	69,818	106,106
3.01.05	Sale and capital transfer operations	2,238	6,014	0	0
3.02	Expenses on Financial Intermediation	- 517,356 -	950,725 -	1,124,992 -	1,573,461
3.02.01	Funding operations	- 322,345 -	605,671 -	560,783 -	811,533
3.02.02	Borrowings and onlendings	- 1,267 -	25,923 -	306,781 -	335,703
3.02.03	Sale or transfer of financial assets	- 2,089 -	4,668 -	4,756 -	10,631
3.02.04	Financial assets sale or transfer	- 191,655 -	314,463 -	252,672 -	415,594
3.03	Gross Profit From Financial Intermediation	379,763	854,659	320,911	693,073
3.04	Other Operating (expenses) Income	- 134,247 -	283,911 -	123,655 -	236,460
3.04.01	Income from services provided	46,733	89,776	36,024	71,443
3.04.02	Personnel expenses	- 89,576 -	172,034 -	80,104 -	152,419
3.04.03	Other administrative expenses	- 131,003 -	258,128 -	120,381 -	237,236
3.04.04	Tax expenses	- 35,800 -	69,689 -	31,880 -	61,617
3.04.05	Other operating income	129,880	228,347	87,923	173,030
3.04.06	Other operating expenses	- 76,802 -	149,318 -	43,030 -	84,337
3.04.07	Equity income	22,321	47,135	27,793	54,676
3.05	Income from Operations	245,516	570,748	197,256	456,613
3.06	Nonoperating (Expenses) Income	3,490	3,429	2,110	4,627
3.06.01	Income	7,840	11,582	4,703	9,661
3.06.02	Expenses	- 4,350 -	8,153 -	2,593 -	5,034
3.07	Income Before Taxes on Income and Profit Sharing	249,006	574,177	199,366	461,240
3.08	Provision for Income Tax and Social Contribution	- 92,279 -	196,595 -	57,110 -	160,682
3.09	Deferred Tax Credits	26,916	41,362	2,386	23,980
3.10	Profit Sharing	- 20,533 -	40,196 -	18,259 -	32,805

Individual Income Statements
(In thousands of Brazilian reais - R\$)

Account number	Account description	Current Quarter from 04/01/2019 to 06/30/2019	Accumulated Current Year from 01/01/2019 to 06/30/2019	Quarter from Prior Year 04/01/2018 to 06/30/2018	Accumulated Prior Year from 01/01/2018 to 06/30/2018
3.10.02	Contributions	- 20,533 -	40,196 -	18,259 -	32,805
3.13	Profit/Loss for the period	163,110	378,748	126,383	291,733
3.99	Earnings per share - (R\$ / share)	0.70665	1.64088	0.61915	1.42920

Individual Statements of Comprehensive Income
(In thousands of Brazilian reais - R\$)

Account number	Account description	Current Quarter from 04/01/2019 to 06/30/2019	Accumulated Current Year from 01/01/2019 to 06/30/2019	Similar Quarter from Interim Prior Year 04/01/2018 to 06/30/2018	Accumulated Prior Year from 01/01/2018 to 06/30/2018
4.01	Profit	163,110	378,748	126,383	291,733
4.02	Comprehensive Income	- 781	7,361 -	7,265 -	5,309
4.02.01	Other - available-for-sale marketable securities	- 3,063	8,955 -	9,553 -	5,790
4.02.02	Deferred taxes on valuation adjustments to equi	2,282 -	1,594	2,288	481
4.03	Comprehensive Income	162,329	386,109	119,118	286,424

Individual Statements of Cash Flows
(In thousands of Brazilian reais - R\$)

Account number	Account description	Accumulated Current Year from 01/01/2019 to 06/30/2019	Accumulated Prior Year from 01/01/2018 to 06/30/2018
6.01	Cash from Operating Activities	1,657,735 -	85,649
6.01.01	Net Cash Operating Activities	678,189	701,990
6.01.01.01	Profit	378,748	291,733
6.01.01.02	Depreciation and amortization	5,186	5,001
6.01.01.03	Deferred taxes	- 41,362 -	23,980
6.01.01.04	Provision for risks	68,339	92,941
6.01.01.05	Provision for guarantees and collaterals granted	- 4,254	7,779
6.01.01.06	Allowance for loan losses	314,370	478,985
6.01.01.07	Allowance for other loan losses	26,069 -	63,391
6.01.01.08	Allowance for losses on other assets	336	133
6.01.01.09	Exchange rate changes on cash and cash equivalents	- 22,508 -	32,948
6.01.01.10	Gains on disposal of permanent assets	400	413
6.01.01.11	Share of profit (loss) of subsidiaries	- 47,135 -	54,676
6.01.02	Changes In Assets and Liabilities	979,546 -	787,639
6.01.02.01	(Increase) Decrease in interbank investments	- 221,471 -	42,160
6.01.02.02	(Increase) Decrease in securities and derivatives	625,364 -	862,208
6.01.02.03	(Increase) Decrease in interbank and interbranch accounts	- 11,769	40,616
6.01.02.04	(Increase) Decrease in lending operations	- 1,330,622 -	637,855
6.01.02.05	(Increase) Decrease in other receivables	- 512,188	92,769
6.01.02.06	(Increase) Decrease in other assets	- 16,250	40,172
6.01.02.07	Increase (Decrease) in deposits	1,475,344 -	317,949
6.01.02.08	Increase (Decrease) in money market funding	45,566 -	91,889
6.01.02.09	Increase (Decrease) in funds from acceptance and issuance of securities	855,398	735,375
6.01.02.10	Increase (Decrease) in borrowings and onlendings	- 47,340	126,446
6.01.02.11	Increase (Decrease) in other payables	194,886	178,281
6.01.02.12	Income tax and social contribution paid	- 67,712 -	59,754
6.01.02.13	Increase (Decrease) in deferred income	- 9,660	10,517
6.02	Net Cash Investing Activities	- 1,539 -	1,093
6.02.02	Disposal of property and equipment in use	- 1,539 -	1,093
6.03	Net Cash Financing Activities	- 575,626	908,206
6.03.01	Interest on capital/dividends paid	151,509	739,854
6.03.02	(Purchase) sale of own shares	- 677,908	206,966
6.03.03	Increase (Decrease) in funds from acceptance and issuance of securities	5,567	10,254
6.03.04	Accrued interest on capital	- 54,794 -	48,868
6.04	Exchange Rate Changes on Cash and Cash Equivalents	22,508	32,948
6.05	Increase (Decrease) in Cash and Cash Equivalents	1,103,078	854,412
6.05.01	Cash and cash equivalents opening balance	2,166,296	2,561,185
6.05.02	Cash and cash equivalents closing balance	3,269,374	3,415,597

Individual Statements of Changes in Shareholders Equity - from - 01/01/2019 to 06/30/2019
(In thousands of Brazilian reais - R\$)

Account number	Account description	Capital	Capital reserves	Revaluation reserves	Earnings reserves	Retained earnings	Valuation adjustments to equity	Equity
5.01	Opening balance	2,253,595	0	0	979,426	0	4,017	3,237,038
5.03	Adjusted balance	2,253,595	0	0	979,426	0	4,017	3,237,038
5.04	Profit/Loss for the period	0	0	0	0	378,748	0	378,748
5.05	Allocation	0	0	0	18,937 -	125,227	0 -	106,290
5.05.02	Interest on capital	0	0	0	0 -	106,290	0 -	106,290
5.05.03	Other allocation	0	0	0	18,937 -	18,937	0	0
5.07	Valuation adjustments to	0	0	0	0	0	7,361	7,361
5.07.01	Securities Adjustments	0	0	0	0	0	7,361	7,361
5.09	Constitution / Realization	0	1,142	0	0	0	0	1,142
5.13	Closing balance	2,253,595	1,142	0	998,363	253,521	11,378	3,517,999

Individual Statements of Changes in Shareholders Equity - from - 01/01/2018 to 06/30/2018
(In thousands of Brazilian reais - R\$)

Account number	Account description	Capital	Capital reserves	Revaluation reserves	Earnings reserves	Retained earnings	Valuation adjustments to equity	Equity
5.01	Opening balance	1,892,143	0	0	1,111,764	0	5,121	3,009,028
5.03	Adjusted balance	1,892,143	0	0	1,111,764	0	5,121	3,009,028
5.04	Profit/Loss for the period	0	0	0	0	291,733	0	291,733
5.05	Allocation	0	0	0	14,587	- 113,469	0 -	98,882
5.05.02	Interest on capital	0	0	0	0	- 98,882	0 -	98,882
5.05.03	Other allocation	0	0	0	14,587	- 14,587	0	0
5.07	Valuation adjustments to equity	0	0	0	0	0 -	5,309 -	5,309
5.07.01	Securities Adjustments	0	0	0	0	0 -	5,309 -	5,309
5.13	Closing balance	1,892,143	0	0	1,126,351	178,264 -	188	3,196,570

Individual Statements of Value Added
(In thousands of Brazilian reais - R\$)

Account number	Account description	Accumulated Current Year from 01/01/2019 to 06/30/2019	Accumulated Prior Year from 01/01/2018 to 06/30/2018
7.01	Revenue	1,663,155	2,015,696
7.01.01	Income from financial intermediation	1,805,384	2,266,534
7.01.02	Revenue from services	89,776	71,443
7.01.03	Allowance for loan losses	- 314,463 -	415,594
7.01.04	Others	82,458	93,313
7.02	Expenses on Financial Intermediation	- 636,262 -	1,157,867
7.03	Inputs Purchased from Third Parties	- 245,204 -	224,566
7.03.01	Materials and utilities	- 44,306 -	39,410
7.03.02	Outside services	- 200,898 -	185,164
7.03.03	Loss / Recovery of Assets	0	8
7.04	Gross Value Added	781,689	633,263
7.05	Retention	- 5,186 -	5,001
7.05.01	Depreciation and amortization	- 5,186 -	5,001
7.06	Wealth Created	776,503	628,262
7.07	Wealth Received in Transfer	47,135	54,676
7.07.01	Equity Income	47,135	54,676
7.08	Total Wealth for Distribution	823,638	682,938
7.09	Distribution of Wealth	823,638	682,938
7.09.01	Employees	185,363	162,133
7.09.01.01	Salaries and wages	113,404	103,550
7.09.01.02	Benefits	65,992	53,613
7.09.01.03	Severance pay fund (FGTS)	5,967	4,970
7.09.02	Taxes	251,790	221,411
7.09.02.01	Federal	244,373	215,285
7.09.02.02	State	441	979
7.09.02.03	Municipal	6,976	5,147
7.09.03	Lenders and Lessors	7,737	7,661
7.09.03.01	Rentals	7,737	7,661
7.09.04	Shareholders	378,748	291,733
7.09.04.01	Interest on capital	106,290	98,882
7.09.04.03	Retained Income / Loss accumulated	272,458	192,851

Message from the Management

Performance Comment

Banco Daycoval ended the second quarter of 2019 with solid results, allowing us to reach a higher level of profitability. Based on our clearly defined business model we have room to continue capturing market opportunities. 2Q19 Highlights: Net Income of R\$ 163.1 million, 29.1% higher than the second quarter of 2018; Return on Average Equity (ROAE) was 18.5% p.a.; a Basel Ratio of 16.0% and a 30.2% Efficiency Ratio. 1H19 Highlights: Net Income of R\$ 378.7 million, 29.8% higher than the first half of 2018; Return on Average Equity (ROAE) was 22.0% p.a.; and a 29.0% Efficiency Ratio.

Important transformations that reflect our commitment to engaging with our employees and strengthening the in-house culture were developed, such as: valuing well-being, quality of life and being one of the best companies to work for (GTPW).

The Extended Loan Portfolio totaled R\$ 21,645.3 million at the end of June 2019, an increase of 35.7% over the first half of 2018.

The Companies Portfolio rose by 43.4% in the last 12 months. The Payroll Portfolio grew by 18.4% and the Auto Loan Portfolio was up 46.0% compared to the first half of 2018.

Funding ended the semester at R\$ 20,460.2 million, an increase of 19.0% compared to the first half of 2018. Local Bonds (*Letras Financeiras*) were a highlight, posting growth of 48.8% over the last 12 months. In the first half of the year, the 7th Daycoval Public Local Bond Issue totaled R\$ 2.0 billion, consisting of four series of R\$ 500 million each, with a demand of approximately R\$ 3.0 billion. There was a payment for the Overseas Issue (Daycoval 2019) in the amount of US\$ 500 million and a syndicated loan with the IFC in the amount of approximately US\$ 168.0 million.

The product Daycoval Investe, developed as a 100% digital platform, was launched to complement the Bank's range solution and address a new audience, the hyper-connected generation. Launched for the market approximately five years ago through a soft opening process, today it is a consolidated success story. Each stage of this revolution has created conditions for us to move forward.

The Funding portfolio continues aligned with our loan portfolio in terms of maturities and amounts and we ended the semester with a positive 186-day Gap between funding operations and the loan portfolio.

The index of loans overdue by more than 90 days, including maturing installments, stood at 1.7%, a 1.5 p.p. improvement over the first half of 2018. The Balance of the Loan Loss Provision on the E-H Portfolio ended the quarter with 104.9% coverage.

Banco Daycoval is certain that the way to profitable, recurring and sustainable growth is to provide excellent services to boost the level of satisfaction regarding the services offered to our customers and suppliers. We continue to work on the processes, developing channels and digital scales, maintaining a balance between credit, funding and services without changing the cautious stance we have assumed in recent years.

TECHNOLOGICAL VISION

Continuous Digital Transformation Process based on improvements to the Client Experience and new Service Channels

- Client journey improvements through investments based on various technologies:

Artificial Intelligence



Blockchain



APIs

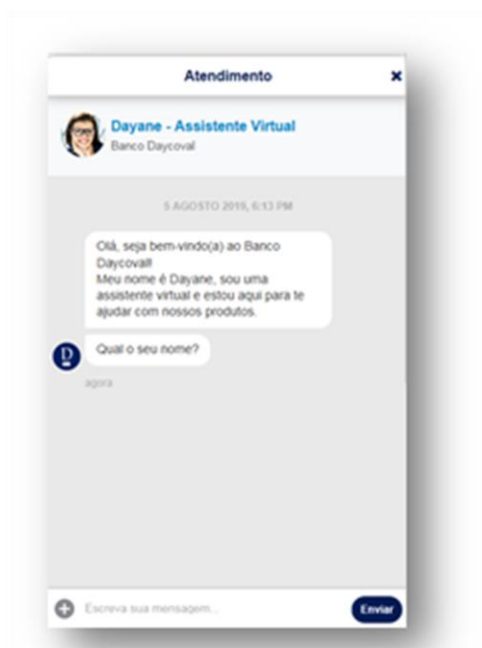


Big Data



- Automation and simplification of processes, reducing time in a number of the Bank's activities and operations;
- API exhibition, opening the financial services platform to several different business partners;
- New features have been added to Dayconnect (Internet Banking), making it speedier and more secure;

Virtual Assistant: Dayane



- ✓ Daycoval Customer Service Chat,
- ✓ Use of Cognitive System x Artificial Intelligence, resulting in the creation of **Dayane: Virtual Assistant**, connecting it with corporate WhatsApp, which will greatly facilitate our clients' access to queries, transactions, investment information, account opening, foreign currency quotes and vehicle financing.
- ✓ New Projects: New Bank application designs and facial recognition authentication process.

FOCUS ON THE CLIENT EXPERIENCE

Client Relations

Improved Corporate Service through the creation of the Client Relations Department (2017), based on three main pillars:

Quality Management



- Analysis and monitoring of all Bank service channels,
- Follow-up of response times and solutions given, designed for Resolving and Speedy finalization,
- Internal process improvements at all stages of a product's life cycle: **Concept | Pre-contracting | Contracting and Post-contracting.**

Regulatory Environment



- Central Bank Service and Internal Audit;
- Implementation of Febraban Self-Regulation Indicators;
- Client Relations and Data Processing policy training.

Innovation



- Implementation of new IVR (voice channels);
- Service Design and Target Audience for New Products;
- Creation and Development of BOT Service for all products;
- Management and Improvements for Institutional Service Channels;

Ombudsman



Channel of last resort communication and conflict mediation, has **the client as the focal point of its activities.**

Channels served

In addition to the institutional channels, is responsible for issues received through the following bodies:

- **Central Bank of Brazil**
- **Procon**
- **Consumer and Complaint Platforms (Reclame Aqui)**
- **Public Ombudsman's Offices (Payroll Loan)**
- **INSS and Ministry of Planning (SIGEPE) Platforms.**

Activity Results

Identifies and proposes improvements to the Bank's internal processes.

Participates in internal committees, FEBRABAN and ABBC committees.

Profitability



Net Income of R\$ 163.1 million in the quarter and R\$ 387.7 in the first half of 2019

ROAE* in 2Q19 (%)
- 7.2 p.p. in 3 months
+ 2.8 p.p. in 12 months

ROAA in 2Q19 (%)**
- 0.8 p.p. in 3 months
+0.2 p.p. in 12 months



*ROAE = Net Income/Average Shareholders' Equity **ROAA = Net Income/Average Assets

Daycoval posted Net Income of R\$ 163.1 million in 2Q19, a 24.4% decrease compared to 1Q19 due to the higher provision for doubtful accounts in the quarter.

In the first six months of this year, profits totaled R\$ 387.7 million, up 29.8% over the same period last year. Compared to the second quarter of last year, profits were up by 29.1%. Profitability remains consistently at high levels.

Net Income

R\$ million



Recurring Key Figures (R\$ million)	2Q19	1Q19	Δ	2Q18	Δ	1H19	1H18	Δ
Accounting Net Income	163.1	215.6	-24.4%	126.3	29.1%	378.7	291.7	29.8%
(-) Additional Provision	(33.7)	(14.5)	132.4%	(90.0)	-62.6%	(48.2)	(90.0)	-46.4%
(-) Hedge/ MTM R\$ - Foreign Issues and Credit Operations	(29.4)	(9.6)	n.a.	3.4	n.a.	(39.0)	(6.3)	n.a.
(-) Exchange Variation - Equivalence - Branch	(2.7)	0.9	n.a.	20.6	n.a.	(1.8)	21.2	n.a.
Recurring Net Income	228.9	238.8	-4.1%	192.3	19.0%	467.7	366.8	27.5%
Adjusted ROAE (%)	26.0%	28.5%	-2.4 p.p	24.0%	2.1 p.p	27.2%	23.5%	3.7 p.p
Adjusted ROAA (%)	3.1%	3.4%	-0.3 p.p	3.1%	0.1 p.p	3.3%	3.0%	0.3 p.p
Adjusted Efficiency Ratio (%)	30.4%	27.4%	3.0 p.p	28.1%	2.3 p.p	28.9%	28.2%	0.7 p.p

In 2Q19, the Recurring Net Income was R\$ 228.9 million, a decrease of 4.1% during the quarter. We do not perform mark-to-market foreign funding that is not subject to hedge accounting. In the first six months totaled R\$ 467.7 million, a 27.5% increase over the first half of 2018. However, we perform it on their respective hedges, and therefore we consider this mark-to-market as non-recurring.

Adjusted and Recurring Net Interest Margin (NIM-AR)

NIM - AR of 12.9 % in 2Q19
- 0.3 p.p. in 3 months
-0.6 p.p. in 12 months

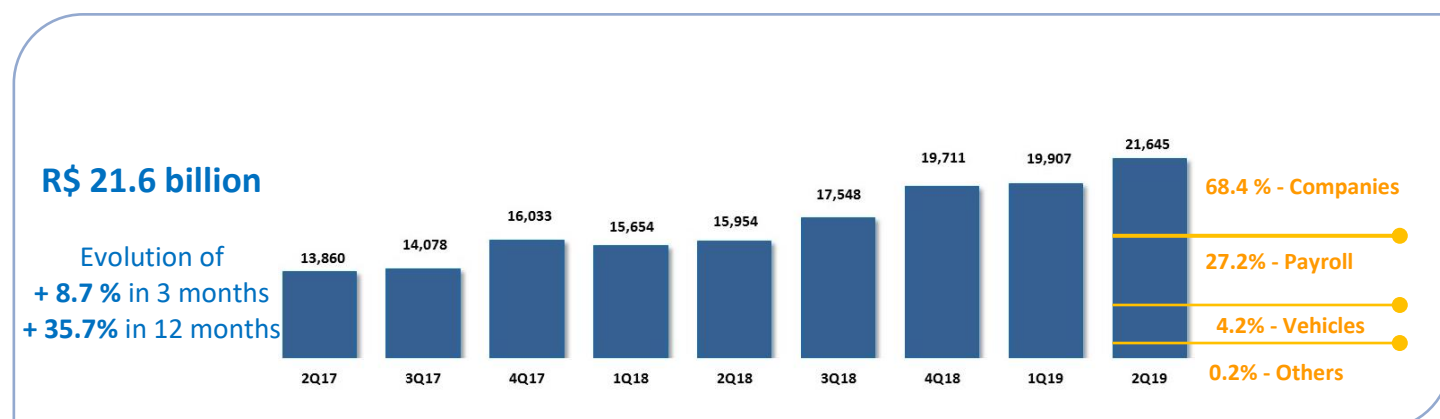


Recurring Adjusted Net Interest Margin (NIM-AR) (R\$ mn)	2Q19	1Q19	Δ	2Q18	Δ	1H19	1H18	Δ
Income from Financial Intermediation Reported	703.1	723.1	-2.8%	671.3	4.7%	1,426.2	1,310.8	8.8%
Hedge/MTM	(49.0)	(15.9)	n.a.	6.1	n.a.	(65.0)	(11.6)	n.a.
Adjusted Income from Financial Intermediation (A)	752.1	739.0	1.8%	665.2	13.1%	1,491.2	1,322.4	12.8%
Average Remunerated Assets	26,120.4	25,369.7	3.0%	22,532.5	15.9%	25,745.0	22,038.5	16.8%
(-) Expenses of financial intermediation add back provisions	(1,770.5)	(1,970.0)	-10.1%	(1,733.1)	2.2%	(1,870.2)	(1,811.6)	3.2%
Average Remunerated Assets (B)	24,349.9	23,399.7	4.1%	20,799.4	17.1%	23,874.8	20,226.9	18.0%
Recurring Adjusted Net Interest Margin (NIM-AR) (%YoY) (A/B)	12.9%	13.2%	-0.3 p.p	13.4%	-0.5 p.p	12.9%	13.5%	-0.6 p.p

Net Interest Margin (NIM)

Net Interest Margin (NIM) (R\$ million)	2Q19	1Q19	Δ	2Q18	Δ	1H19	1H18	Δ
Gross Income from Financial Intermediation	430.4	522.7	-17.7%	363.2	18.5%	953.1	780.1	22.2%
Exchange Rate Variation ⁽¹⁾	(0.7)	(1.8)	n.a.	(0.1)	n.a.	(2.5)	(0.2)	n.a.
Income from Receivables purchase ⁽¹⁾	79.6	75.6	5.3%	55.1	44.5%	155.2	115.9	33.9%
Income from Financial Intermediation	509.3	596.5	-14.6%	418.2	21.8%	1,105.8	895.8	23.4%
(-) Loan Loss Provision	193.8	126.6	53.1%	253.1	-23.4%	320.4	415.0	-22.8%
Income from Financial Intermediation adjusted by Loan Loss	703.1	723.1	-2.8%	671.3	4.7%	1,426.2	1,310.8	8.8%
Average Remunerated Assets (B)	26,120.3	25,369.7	3.0%	22,532.5	15.9%	25,745.1	22,038.5	16.8%
Interbank Investments	5,812.0	5,134.4	13.2%	5,273.6	10.2%	5,473.2	5,076.7	7.8%
Securities and Derivatives	2,030.2	2,428.7	-16.4%	2,280.6	-11.0%	2,229.5	2,126.6	4.8%
Lending Operation (does not include assignments)	18,049.2	17,548.3	2.9%	14,652.5	23.2%	17,798.8	14,485.3	22.9%
Trade Finance	228.9	258.3	-11.4%	325.8	-29.7%	243.6	349.9	-30.4%
Net Interest Margin (NIM) (% p.a.) (A/B)	11.2%	11.9%	-0.7 p.p	12.5%	-1.3 p.p	11.4%	12.2%	-0.8 p.p

Expanded Loan Portfolio



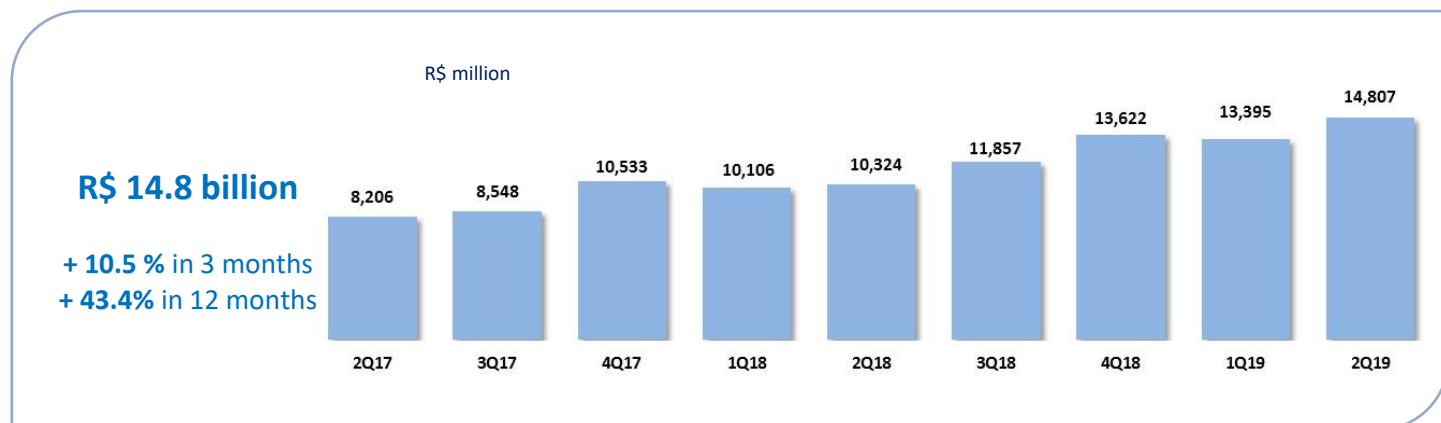
Expanded Loan Portfolio (R\$ mn)	2Q19	1Q19	Δ	2Q18	Δ
Total Companies	14,807.1	13,394.6	10.5%	10,323.7	43.4%
Working Capital	5,054.0	4,856.6	4.1%	4,073.0	24.1%
Receivables Purchase	3,316.9	2,911.9	13.9%	1,809.1	83.3%
Guaranteed Account	1,703.7	1,681.8	1.3%	1,560.3	9.2%
Trade Finance	1,584.7	1,185.7	33.7%	871.5	81.8%
Leasing	967.8	858.3	12.8%	670.5	44.3%
BNDES	307.2	345.9	-11.2%	434.7	-29.3%
Avals and Sureties	1,872.8	1,554.4	20.5%	904.6	107.0%
Total Payroll Loans	5,877.4	5,638.4	4.2%	4,965.9	18.4%
Payroll Loans	5,422.4	5,217.7	3.9%	4,616.6	17.5%
Payroll Card	455.0	420.7	8.2%	349.3	30.3%
Total Auto Loans	907.4	821.1	10.5%	621.7	46.0%
Total CGI*/Other	53.4	52.6	1.5%	43.0	24.2%
Total Expanded Loan Portfolio	21,645.3	19,906.7	8.7%	15,954.3	35.7%

*Property Guaranteed Credit

In June 2019, the Extended Loan Portfolio totaled R\$ 21,645.3 million, an increase of 8.7% in the quarter and up 35.7% in the last 12 months. The trend continues with the corporate loan segments outperforming the loan portfolio, with growth of 10.5% in three months and 43.4% in 12 months. Strong commercial dynamics, differentiated service and agile processes are some of the reasons that explain this performance.

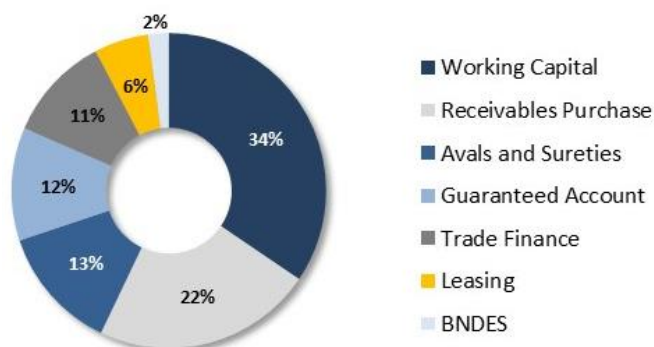
The payroll loan segment ended with R\$ 5,877.4 million, an increase of 4.2% during the quarter and 18.4% over 2Q18 and the auto segment ended 2Q19 at R\$ 907.4 million, an increase of 10.5% in the quarter, 46.0% higher compared to 2Q18.

Companies Portfolio

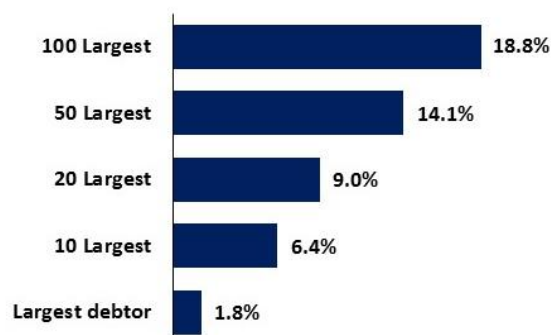


Credit to Companies Breakdown (R\$ mn)	2Q19	1Q19	Δ	2Q18	Δ
Working Capital	5,054.0	4,856.6	4.1%	4,073.0	24.1%
Receivables Purchase	3,316.9	2,911.9	13.9%	1,809.1	83.3%
Guaranteed Account	1,703.7	1,681.8	1.3%	1,560.3	9.2%
Trade Finance	1,584.7	1,185.7	33.7%	871.5	81.8%
Leasing	967.8	858.3	12.8%	670.5	44.3%
BNDES	307.2	345.9	-11.2%	434.7	-29.3%
Avals and Sureties	1,872.8	1,554.4	20.5%	904.6	107.0%
Total Companies	14,807.1	13,394.6	10.5%	10,323.7	43.4%

Companies Portfolio Breakdown



Credit Concentration (%)



Companies Overdue Loans

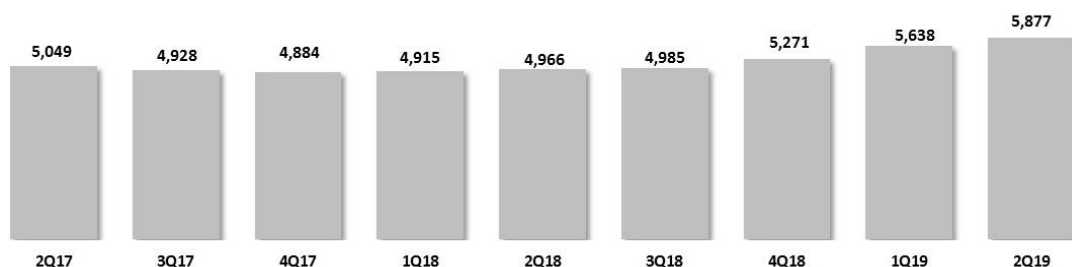
	2Q19	1Q19	Δ	2Q18	Δ
Overdue Loans more than 14 days past due	158.3	176.5	-10.3%	312.4	-49.3%
Overdue Loans more than 60 days past due (*)	221.3	181.7	21.8%	261.0	-15.2%
Overdue Loans more than 90 days past due (*)	143.0	111.7	28.0%	227.2	-37.1%
Credit Ratios - (%)					
Final Balance LLP/Companies Portfolio (%)	4.6%	4.8%	-0.2 p.p	6.2%	-1.6 p.p
Overdue Loans more than 14 days past due / Companies Portfolio	1.1%	1.3%	-0.2 p.p	3.0%	-1.9 p.p
Overdue Loans more than 60 days past due / Companies Portfolio	1.5%	1.4%	0.1 p.p	2.5%	-1.0 p.p
Overdue Loans more than 90 days past due / Companies Portfolio	1.0%	0.8%	0.2 p.p	2.2%	-1.2 p.p
Coverage Ratios - (%)					
LLP Balance / Overdue Loans > 60 days (%)	305.2%	356.0%	-50.8 p.p	245.8%	59.4 p.p
LLP Balance / Overdue Loans > 90 days (%)	472.2%	579.1%	-106.9 p.p	282.4%	189.8 p.p

(*) falling due installments

Payroll Portfolio

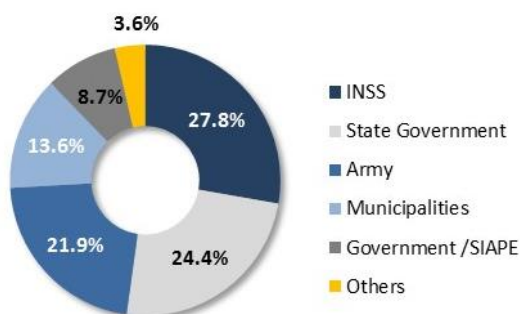
R\$ 5.9 billion in 2Q19

+ 4.2% in 3 months
+ 18.4% in 12 months



The Payroll Loan segment ended 2Q19 with a balance of R\$ 5,877.4 million, a 4.2% increase compared to 1Q19 and an increase of 18.4% compared to 2Q18. The payroll card portfolio totaled R\$ 455.0 million in 2Q19, an increase of 8.2% in three months and growth of 30.3% in the last 12 months. We continued implementing the portfolio's sustainable growth strategy.

Payroll Breakdown



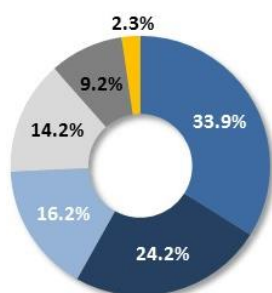
Portfolio Origination



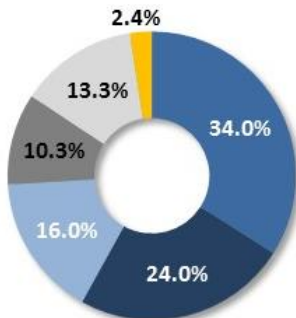
In the charts below, we show the Refinancing loan modality as a new credit operation. The client (public servant/INSS pensioner) gets the previous loan settled with the Bank and is given a new loan. In this transaction, the commission paid to the correspondent bank is lower than the traditional one. The Bank adopted this strategy to focus more on the product margin.

Breakdown Payroll Origination

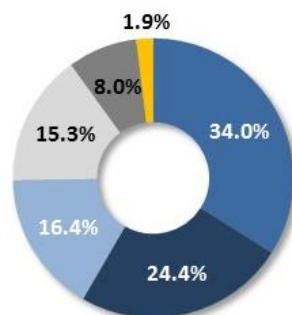
Total Origination



Net Origination



Refinancing Origination

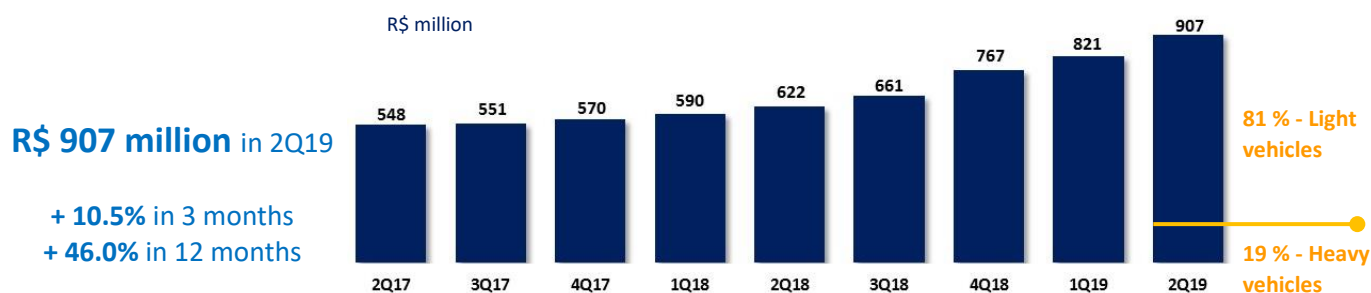


Army INSS Municipalities Government/SIAPE State Government Others

Payroll Overdue Loans (R\$ mn)	2Q19	1Q19	Δ	2Q18	Δ
Overdue Loans more than 14 days past due	146.9	63.9	129.9%	82.6	77.8%
Overdue Loans more than 60 days past due (*)	205.7	183.5	12.1%	291.0	-29.3%
Overdue Loans more than 90 days past due (*)	175.1	147.1	19.0%	232.6	-24.7%
Credit Ratios - (%)					
Final Balance LLP/Payroll Portfolio (%)	5.3%	5.1%	0.2 p.p	5.7%	-0.4 p.p
Overdue Loans more than 14 days past due /Payroll Portfolio	2.5%	1.1%	1.4 p.p	1.7%	0.8 p.p
Overdue Loans more than 60 days past due /Payroll Portfolio	3.5%	3.3%	0.2 p.p	5.9%	-2.4 p.p
Overdue Loans more than 90 days past due /Payroll Portfolio	3.0%	2.6%	0.4 p.p	4.7%	-1.7 p.p
Coverage Ratios - (%)					
LLP Balance / Overdue Loans > 60 days (%)	152.7%	158.1%	-5.4 p.p	96.6%	56.1 p.p
LLP Balance / Overdue Loans > 90 days (%)	179.4%	197.3%	-17.9 p.p	120.9%	58.5 p.p

(*) falling due installments

Auto Loans



This segment ended 2Q19 with a balance of R\$ 907.4 million, an increase of 10.5% compared to 1Q19 and 46.0% compared to 2Q18. Light vehicles remain the largest share in the portfolio in relation to heavy vehicles, representing 81% of the portfolio in 2Q19. Our performance continues to be supported by the + business platform that delivers the best client journey experience.

Total Origination

Average age of the Vehicles

12 years



Average Ticket

R\$ 7.9 thousand

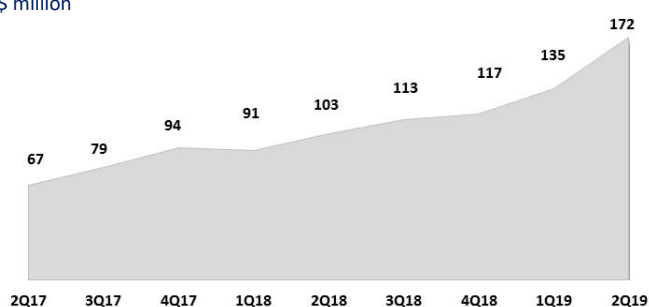


Average Plan

41 months



R\$ million



Auto Overdue Loans + Others (R\$ mn)	2Q19	1Q19	Δ	2Q18	Δ
Overdue Loans more than 14 days past due	29.2	27.9	4.7%	27.5	6.2%
Overdue Loans more than 60 days past due (*)	80.3	71.1	12.9%	67.0	19.9%
Overdue Loans more than 90 days past due (*)	54.1	49.3	9.7%	45.5	18.9%
Credit Ratios - (%)					
Final Balance LLP/Auto Loans Portfolio (%)	7.5%	6.9%	0.6 p.p	7.8%	-0.3 p.p
Overdue Loans more than 14 days past due / Auto Loans Portfolio + Others	3.2%	3.4%	-0.2 p.p	4.4%	-1.2 p.p
Overdue Loans more than 60 days past due / Auto Loans Portfolio + Others	8.8%	8.7%	0.1 p.p	10.8%	-2.0 p.p
Overdue Loans more than 90 days past due / Auto Loans Portfolio + Others	6.0%	6.0%	0.0 p.p	7.3%	-1.3 p.p
Coverage Ratios - (%)					
LLP Balance / Overdue Loans > 60 days (%)	85.3%	79.5%	5.8 p.p	72.4%	12.9 p.p
LLP Balance / Overdue Loans > 90 days (%)	126.6%	114.6%	12.0 p.p	106.6%	20.0 p.p

(*) Installments falling due

CGI - Property Guaranteed Credit

R\$ 53.4 million
in 2Q19

+ **24.2%** in 12 months

Advantages



- ✓ Credit limit from R\$ 50,000 to R\$ 1 million;
- ✓ Credit equivalent to up to 60% of the property;
- ✓ Up to 180 months to pay;

Guarantees



- ✓ Have own property built;
- ✓ Property in the name of the borrower;
- ✓ Property with value over R\$ 100,000;
- ✓ Income for credit approval comprised of up to 4 people;
- ✓ Legalized documentation.

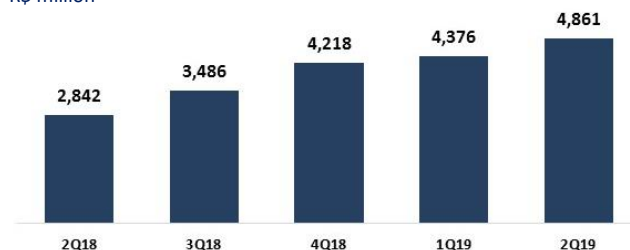
Daycoval
ASSET MANAGEMENT



R\$ 4.9 billion of Assets under Management

Management of 52 Funds

R\$ million



Daycoval Asset Management serves clients who are looking for sophisticated solutions aligned with their investment profile. With various types of investment funds and differentiated products and services, such as portfolio management. In 2Q19, it ended with a total of administered and/or managed funds of R\$ 4,861.4 million.

It currently manages 52 funds: 33 Multimarket Funds, 7 Fixed Income Funds, 1 Equity Fund, 5 FIDCs, 1 Real Estate Fund, 4 Equity Funds and 1 Managed Portfolio.

The gross revenue from investment fund management totaled R\$ 3.5 million in 2Q19 and R\$ 7.4 million in 1H19. Asset has a specialized team of **20** employees, including traders, managers, back office and commercial area, with deep knowledge of the market.

Highlights



Daycoval ANS Renda Fixa Fundo de Investimento
Conheça e invista no novo Fundo de investimento Daycoval ANS
direcionado a operadores de assistência de saúde e seguradoras

Daycoval Classic 10 ANOS de rentabilidade consistente

Fundo Daycoval Classic

PRINCIPAIS CARACTERÍSTICAS DO FUNDO

Quintor	Administrador	Classificação
Daycoval Asset Management Administradora de Recursos Ltda.	Daycoval Asset Management Administradora de Recursos Ltda.	ANIS Banco

Taxa de Administração
0,37% ao ano

Taxa de Performance
Não há cobrança de taxa de performance

Indicação
Reserva Técnica e Capital
a R\$ 100,00 por unidade de investimento

Objetivo
Atuar no mercado de renda fixa, com o objetivo de obter o melhor retorno possível, respeitando o perfil de risco do investidor.

Monte-negócios
Atuação desde 1998 no mercado de renda fixa, com o objetivo de obter o melhor retorno possível, respeitando o perfil de risco do investidor.

Dados para aplicação
Daycoval Asset Management Administradora de Recursos Ltda.
CNPJ nº 17.053.740/0001-13
Banco Daycoval S.A.
Ag 001
02.101.0002

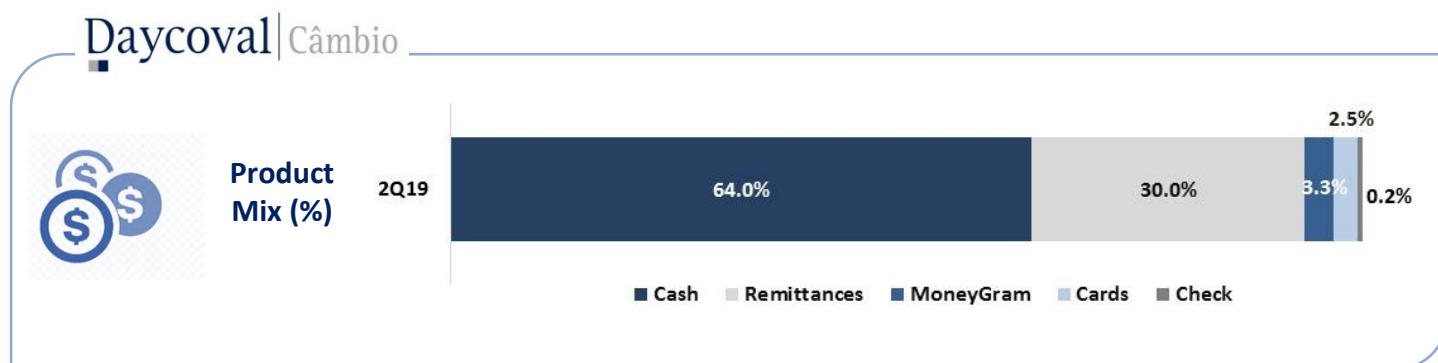
Daycoval Asset Management Administradora de Recursos Ltda.
www.daycoval.com.br
Central de Atendimento 0800 111 888 ou 11 5511-4488

Launch of Daycoval ANS

Fund for specialized health insurers, medical and dental cooperatives, self-management, philanthropies, private health care plans, group dentistry and benefits administrators duly registered with and authorized by the National Supplementary Health Agency ("ANS").

Daycoval Classic turns 10

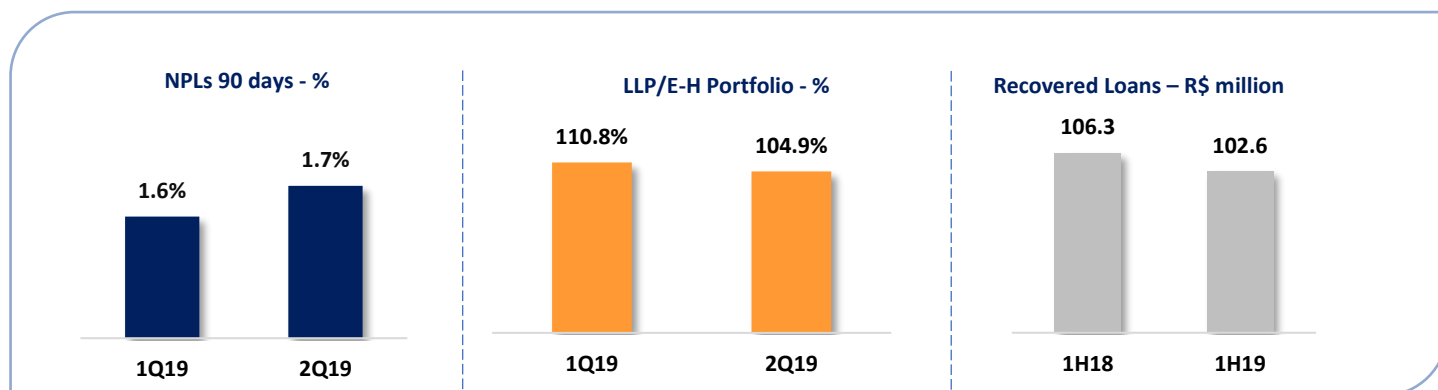
The highlight was the Daycoval Classic FI RF Private Credit fund, which reached R\$ 1.4 billion in 2Q19.



The Bank operates through partnerships with tour operators and travel agencies to facilitate customer access and provide greater flexibility for foreign exchange operations and provide fast and secure service.

To increase this availability, the number of points of service should increase through the registration of new exchange correspondents. In 2Q19, Daycoval Câmbio sold approximately 207 thousand transactions with prepaid cards, cash and remittances denominated in different currencies, which totaled R\$ 964.9 million. In the first half of the year 377 thousand transactions were carried out, with movement equivalent to R\$ 1,497.6 million.

Credit Portfolio Quality



Banco Daycoval - R\$ mn

Rating	Required Provision	Loans	%	Provision	
AA	0.0%	3,075.6	14.2%	-	93.3% between AA-C
A	0.5%	7,236.6	33.4%	36.2	
B	1.0%	7,413.7	34.3%	74.2	
C	3.0%	2,460.9	11.4%	73.8	
D	10.0%	447.2	2.1%	44.7	
E	30.0%	85.8	0.4%	25.7	
F	50.0%	222.3	1.0%	111.2	
G	70.0%	27.5	0.1%	19.3	
H	100.0%	675.7	3.1%	675.7	
Total		21,645.3	100.0%	1,060.8	
Additional Provision				255.8	
Total Portfolio		21,645.3	100.0%	1,316.6	
Total Provision/ Portfolio				4.9%	

2Q19

Companies			Payroll		Receivables Purchase		Leasing		Vehicles and Others		C.G.I*		Avals and Sureties	
Rating	Portfolio Provision		Portfolio Provision		Portfolio Provision		Portfolio Provision		Portfolio Provision		Portfolio Provision		Portfolio Provision	
AA - C	7,797.6	75.9	5,583.1	63.6	3,274.9	17.3	945.1	8.6	677.9	13.1	50.3	0.5	1,857.9	5.2
D	200.3	20.0	23.2	2.3	30.6	3.1	9.1	0.9	170.8	17.1	0.7	0.1	12.4	1.2
E	42.6	12.8	16.8	5.1	1.8	0.5	4.0	1.2	20.4	6.1	0.2	0.1	-	-
F	197.1	98.6	15.3	7.6	0.7	0.4	0.7	0.3	8.6	4.3	-	-	-	-
G	6.9	4.8	11.7	8.2	2.9	2.0	0.3	0.2	5.7	4.0	-	-	-	-
H	406.8	406.8	227.3	227.3	6.0	6.0	8.6	8.6	24.0	24.0	2.2	2.2	0.8	0.8
Total	8,651.3	618.9	5,877.4	314.1	3,316.9	29.3	967.8	19.8	907.4	68.6	53.4	2.9	1,871.1	7.2
LLP Balance/ Loans		7.2%		5.3%		0.9%		2.0%		7.6%		5.4%		0.4%

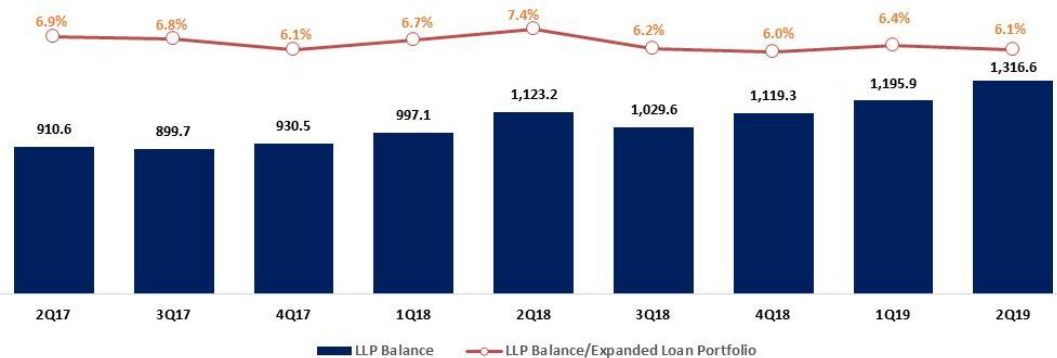
* Property Guaranteed Credit

1Q19

Companies			Payroll		Receivables Purchase		Leasing		Vehicles and Others		C.G.I		Avals and Sureties	
Rating	Portfolio Provision		Portfolio Provision		Portfolio Provision		Portfolio Provision		Portfolio Provision		Portfolio Provision		Portfolio Provision	
AA - C	7,349.1	192.3	5,333.1	55.1	2,879.3	46.4	838.7	7.9	662.7	26.7	49.2	1.6	1,527.9	19.0
D	181.4	18.1	24.7	2.5	23.7	2.4	7.1	0.7	103.3	10.3	0.7	0.1	26.1	2.6
E	28.5	8.5	17.0	5.1	2.7	0.8	4.3	1.3	19.5	5.8	0.3	0.1	-	-
F	39.7	19.9	15.4	7.7	-	-	0.8	0.4	8.1	4.0	-	-	-	-
G	5.0	3.5	11.2	7.8	0.4	0.2	-	-	5.2	3.7	0.8	0.5	-	-
H	466.4	466.4	237.0	237.0	5.9	5.9	7.3	7.3	22.3	22.3	1.6	1.6	0.4	0.4
Total	8,070.1	708.7	17.0	5.1	2,912.0	55.7	858.2	17.6	821.1	72.8	52.6	3.9	1,554.4	22.0
LLP Balance/ Loans	8.8%	8.8%	5.6%	5.6%	1.9%	1.9%	2.1%	2.1%	8.9%	8.9%	7.4%	7.4%	1.4%	1.4%

* Property Guaranteed Credit

LLP Balance (including avals and sureties) /Expanded Loan Portfolio



LLP (without additional) (R\$ mn)	2Q19	1Q19	Δ	2Q18	Δ	1H19	1H18	Δ
Balance at the Beginning of the Period	996.4	944.0	5.6%	1,007.2	-1.1%	944.0	938.9	0.5%
Establishment of Provision	131.9	129.5	1.9%	109.1	20.9%	261.4	272.7	-4.1%
Companies	60.6	84.5	-28.3%	76.4	-20.7%	145.1	98.7	47.0%
Avals and Sureties	(3.5)	1.5	n.a.	(0.7)	n.a.	(2.0)	1.0	n.a.
Payroll	52.1	29.9	74.2%	22.3	n.a.	82.0	151.1	-45.7%
Auto/Other	22.5	12.7	77.2%	11.0	n.a.	35.2	21.0	67.6%
Property Guaranteed Credit	0.2	0.9	n.a.	0.1	n.a.	1.1	0.9	n.a.
Write-offs	(67.5)	(77.1)	-12.5%	(143.1)	-52.8%	(144.6)	(238.4)	-39.3%
Companies	(28.6)	(34.9)	-18.1%	(98.8)	-71.1%	(63.5)	(149.5)	-57.5%
Retail	(38.9)	(42.2)	-7.8%	(44.3)	-12.2%	(81.1)	(88.9)	-8.8%
Final Balance LLP (without additional provision)	1,060.8	996.4	6.5%	973.2	9.0%	1,060.8	973.2	9.0%

Additional LLP (R\$ mn)	2Q19	1Q19	Δ	2Q18	Δ	1H19	1H18	Δ
Balance at the Beginning of the Period	199.5	175.3	13.8%	0.0	n.a.	175.3	-	n.a.
Establishment of Provision	56.3	24.2	132.6%	150.0	-62.5%	80.5	150.0	-46.3%
Final Balance Additional LLP	255.8	199.5	28.2%	150.0	70.5%	255.8	150.0	70.5%

Total LLP (R\$ mn)	2Q19	1Q19	Δ	2Q18	Δ	1H19	1H18	Δ
Balance at the Beginning of the Period	1,195.9	1,119.3	6.8%	1,007.2	18.7%	1,119.3	938.9	19.2%
Establishment of Provision	188.2	153.7	22.4%	259.1	-27.4%	341.9	422.7	-19.1%
Provision required by the BACEN Res. 2682	131.9	129.5	1.9%	109.1	20.9%	261.4	272.7	-4.1%
Additional Provision	56.3	24.2	n.a.	150.0	-62.5%	80.5	150.0	-46.3%
Write-offs	(67.5)	(77.1)	-12.5%	(143.1)	-52.8%	(144.6)	(238.4)	-39.3%
Companies	(28.6)	(34.9)	-18.1%	(98.8)	-71.1%	(63.5)	(149.5)	-57.5%
Retail	(38.9)	(42.2)	-7.8%	(44.3)	-12.2%	(81.1)	(88.9)	-8.8%
Final Balance Total LLP (with additional provision)	1,316.6	1,195.9	10.1%	1,123.2	17.2%	1,316.6	1,123.2	17.2%

The provisioning expense, excluding the additional provision, totaled R\$ 131.9 million in 2Q19, an increase of 1.9% over 1Q19 and 20.9% over 2Q18, growth justified by the portfolio expansion justified by the portfolio expansion of credit in the period.

Loans overdue for more than 90 days/companies portfolio (including installments falling due) stood at 1.7% in 2Q19, stable compared to 1Q19 and a reduction of 1.5 p.p. compared to 2Q18. When we analyze the indicators of loans overdue by more than 14 and 60 days, we see an increase in the rates during the quarter, but the indicators remain much lower compared to the same period of the previous year.

The balance of the E-H portfolio ended 2Q19 at R\$ 1,011.4 million, 9.3% higher than in 2T18. The provision rate for doubtful accounts divided by the E-H Portfolio reached 104.9%. Our provisioning level in relation to the loan portfolio reflects the improvement in the quality of our operations and the improvement of provisioning models, which are based on statistical models that capture historical, current and prospective information.

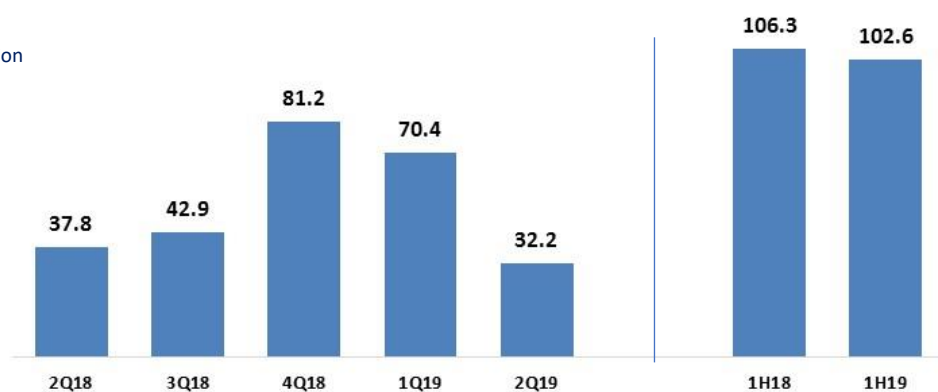
The amount written off for loss was R\$ 67.5 million during the quarter. The amount written off for loss was R\$ 144.6 million during the semester.

ITR - Interim Financial Information - 06/30/2019 - BCO DAYCOVAL S.A.

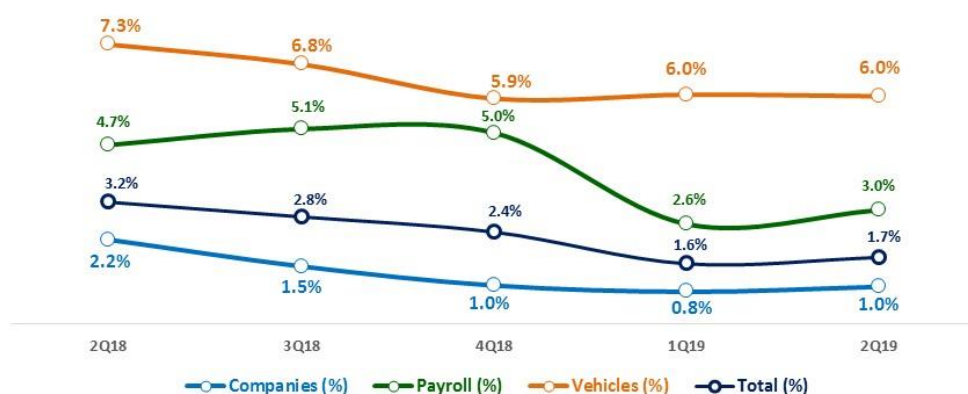
Overview of Quality of Expanded Loan Portfolio (R\$ million)	2Q19	1Q19	Δ	2Q18	Δ	1H19	1H18	Δ
Expanded Loan Portfolio	21,645.3	19,906.7	8.7%	15,954.3	35.7%	21,645.3	15,954.3	35.7%
Establishment of Provision (without Additional)	131.9	129.5	1.9%	109.1	20.9%	261.4	272.7	-4.1%
LLP Balance without additional Provision R\$	1,060.8	996.4	6.5%	973.2	9.0%	1,060.8	973.2	9.0%
Final Balance Loan E-H	1,011.4	899.4	12.5%	925.4	9.3%	1,011.4	925.4	9.3%
Overdue Loans more than 14 days past due	334.9	269.0	24.5%	423.1	-20.8%	334.9	423.1	-20.8%
Overdue Loans more than 60 days past due (*)	512.0	442.5	15.7%	624.4	-18.0%	512.0	624.4	-18.0%
Overdue Loans more than 90 days past due (*)	376.3	312.4	20.5%	508.3	-26.0%	376.3	508.3	-26.0%
Credit Ratios - (%)	-	-	0.0%	0.0	0.0%	-	-	0.0%
Final Balance LLP/Loan Portfolio	4.9%	5.0%	-0.1 p.p	6.1%	-1.2 p.p	4.9%	6.1%	-1.2 p.p
Final Balance Loan E-H/Loan Portfolio	4.7%	4.5%	0.2 p.p	5.8%	-1.1 p.p	4.7%	5.8%	-1.1 p.p
Overdue Loans more than 60 days past due / Loan Portfolio	2.4%	2.2%	0.2 p.p	3.9%	-1.5 p.p	2.4%	3.9%	-1.5 p.p
Final Balance LLP / Overdue Loans more than 90 days past due	1.7%	1.6%	0.1 p.p	3.2%	-1.5 p.p	1.7%	3.2%	-1.5 p.p
Coverage Ratios - (%)	-	-	0.0%	0.0	0.0%	-	-	0.0%
Final Balance LLP / Overdue Loans more than 14 days past due	316.8%	370.4%	-53.6 p.p	230.0%	86.8 p.p	316.8%	230.0%	86.8 p.p
Final Balance LLP / Overdue Loans more than 60 days past due	207.2%	225.2%	-18.0 p.p	155.9%	51.3 p.p	207.2%	155.9%	51.3 p.p
Final Balance LLP / Overdue Loans more than 90 days past due	281.9%	319.0%	-37.1 p.p	191.5%	90.4 p.p	281.9%	191.5%	90.4 p.p
Final Balance LLP / Loan E-H	104.9%	110.8%	-5.9 p.p	105.2%	-0.3 p.p	104.9%	105.2%	-0.3 p.p
Write-offs R\$ (mn)	(67.5)	(77.1)	-12.5%	(143.1)	-52.8%	(144.6)	(238.4)	-39.3%
Companies Recovered Loans	20.9	59.4	-64.8%	27.8	-24.8%	80.3	85.8	-6.4%
Retail Recovered Loans	11.3	11.0	2.7%	10.0	13.0%	22.3	20.5	8.8%

Recovered Loans

R\$ million



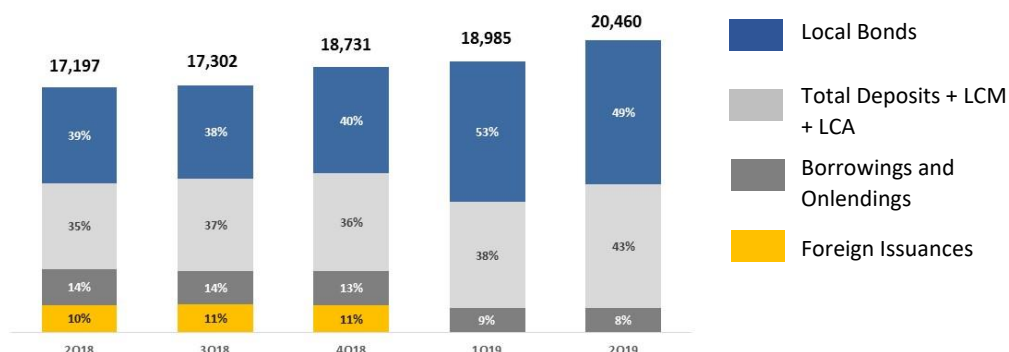
NPLs | 90 days



Funding

R\$ million

R\$ 20.5 billion in 2Q19

+7.8% in 3 months
+ 19.0% in 12 months


Funding (R\$ mn)	2Q19	1Q19	Δ	2Q18	Δ
Total Deposits	6,861.4	5,627.2	21.9%	4,755.4	44.3%
Time Deposits	5,603.8	4,453.0	25.8%	3,709.9	51.0%
Demand Deposits + Other Deposits	810.1	772.6	4.9%	689.9	17.4%
Interbank Deposits	447.5	401.6	11.4%	355.6	25.8%
Local Bonds (Letras Financeiras)	10,049.0	9,851.5	2.0%	6,753.9	48.8%
Private Offerings	7,465.3	7,279.1	2.6%	5,773.2	29.3%
Public Offerings	2,583.7	2,572.4	0.4%	980.7	163.5%
Letter of Credit Home Mortgage	954.0	884.6	7.8%	640.6	48.9%
Letter of Credit Agribusiness	733.9	777.9	-5.7%	592.6	23.8%
Subordinated Local Bonds (Letras Financeiras Subordinadas)	152.9	150.1	1.9%	10.3	n.a.
Borrowing and Onlending	1,709.0	1,694.0	0.9%	2,538.0	-32.7%
Foreign borrowings	1,402.4	1,349.8	3.9%	2,105.0	-33.4%
Domestic onlendings	306.6	344.2	-10.9%	433.0	-29.2%
Foreign Issuances	-	-	-	1,906.1	-
Bonds	-	-	-	1,906.1	-
Total	20,460.2	18,985.3	7.8%	17,196.9	19.0%

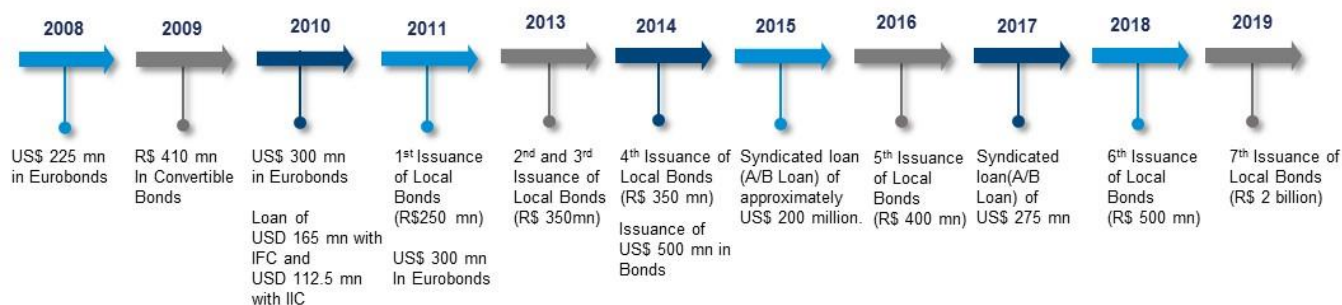
Customer funding totaled R\$ 20,460.2 million at the end of June 2019, up 7.8% in the quarter and 19.0% in twelve months, largely explained by time deposits, which increased 25.8% in three months and 51.0% in twelve months.

Funding through local bonds bills totaled R\$ 10,049.0 million, up 2.0% in the quarter and 48.8% over 2Q18.

Internationally, Daycoval has relationships with correspondent banks, including development banks and multilateral agencies. The Borrowings and onlendings totaled R\$ 1,709.0 million in 2Q19, stable in the quarter.

The loan portfolio and customer acquisition ratio reached 94.5% in June 2019, stable in the quarter. The bank is in a comfortable liquidity situation, with a stable funding source and adequate funding structure.

Daycoval Issuances



Asset and Liability Management

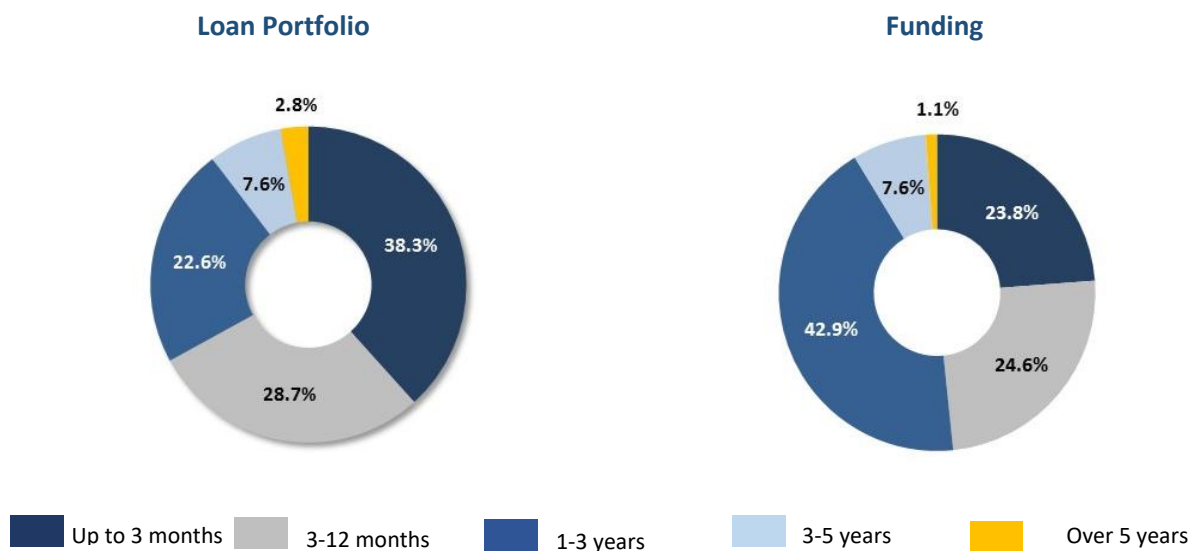


Positive Gap of 186 days

Loan Portfolio by Segment	Average term to Maturity ⁽¹⁾ days	Funding	Average term to Maturity ⁽¹⁾ days
Companies	207	Total Deposits	174
Trade Finance	71	Interbank Deposits	60
Payroll Loans	526	Local Bonds (letras financeiras)	672
Auto Loans	484	LCA (Letter of Credit Agribusiness)	164
Leasing	543	LCM (Letter Home Mortgage)	205
BNDES	402	Borrowing and Onlending ⁽²⁾	304
		BNDES	404
Total Loan Portfolio	329	Total Funding	515

(1) From June, 2019 (2) Does not consider Avals and Sureties

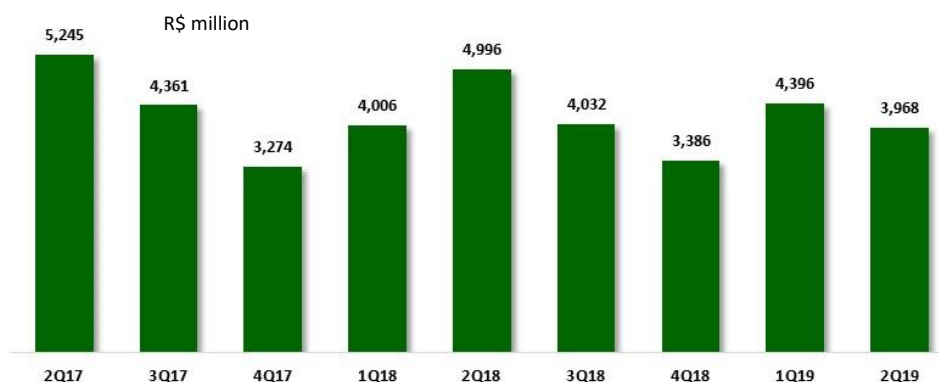
Maturity of Operations



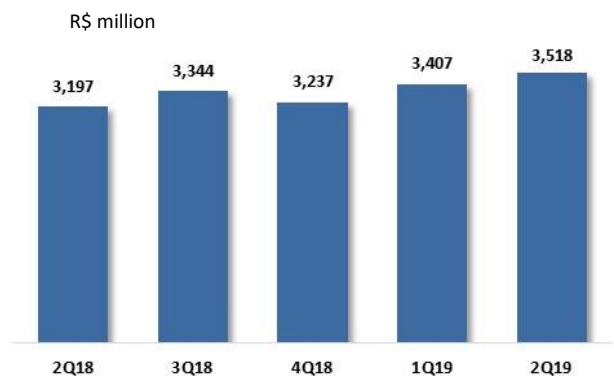
Principal liquidity events over the last 12 months:

(i) In 2Q18, we had the 6th Public Issue of Local Bonds in the amount of R\$ 500.0 million; (ii) In 3Q18, there was payment of tranches of multilateral organization syndicated operations (IFC and IIC); (iii) In 4Q18, we had maturity of the 5th issue of Public Financial Bills in the amount of R\$ 484.5 million; (iv) In 1Q19, there was the 7th Public Issue of Local Bonds, in the amount of R\$ 2.0 billion and the payment of Bonds - Foreign Issue (Daycoval 2019) in the amount of US\$ 500 million and the syndicated loan, from the IFC, in the amount of approximately US\$ 168.0 million; (v) there were no important events in this quarter.

Free Cash



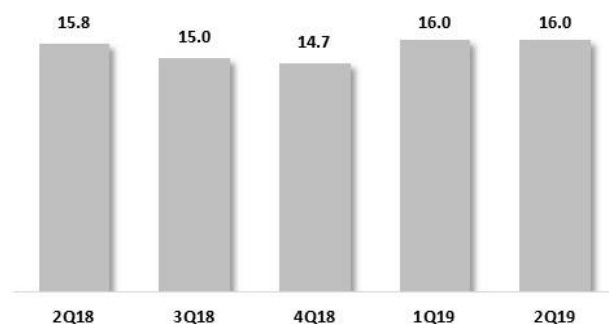
Shareholders' Equity



Shareholders' Equity (PL) totaled R\$ 3.5 billion in 2Q19, an increase of 3.3% over 1Q19.

In the first half of 2019, there was a payout of R\$ 106.3 million of Interest on Shareholders' Equity (ISE).

Basel III Index



The Basel Accord provides for banks to maintain a minimum percentage of equity weighted by the risk incurred in their operations. In Brazil, the Central Bank requires banks operating in Brazil to comply with a minimum percentage of 8.0% of risk-weighted assets, calculated based on the rules of the Basel III Accord.

Ratings

	Global Scale		National Scale		Outlook
	Long Term	Short Term	Long Term	Short Term	
Moody's	Ba2	-	Aa2.br	BR-1	Stable
Fitch Ratings	BB-	B	AA(bra)	F1+(bra)	Stable
Standard&Poors	BB-	B	brAA+	brA-1+	Stable
RISKbank	BRMP 1 Low Risk for Short Term (up to 2 years) - Very Safe				

**Sovereign
level**

Financial Performance

Income from Financial Intermediation (R\$ mn)	2Q19	1Q19	Δ	2Q18	Δ	1H19	1H18	Δ
Loans Operations	780.8	787.6	-0.9%	783.6	-0.4%	1,568.4	1,506.6	4.1%
Companies Portfolio	346.2	378.3	-8.5%	395.2	-12.4%	724.5	747.3	-3.1%
Payroll	368.3	350.1	5.2%	336.5	9.5%	718.4	658.0	9.2%
Auto/Other	63.5	56.6	12.2%	49.1	29.3%	120.1	95.8	25.4%
Direct Credit to Consumer	2.8	2.6	7.7%	2.8	0.0%	5.4	5.5	-1.8%
Leasing Operation	112.4	107.9	4.2%	89.1	26.2%	220.3	175.3	25.7%
Securities Operations	119.7	117.1	2.2%	124.2	-3.6%	236.8	241.6	-2.0%
Derivatives ⁽¹⁾	(44.9)	(41.5)	8.2%	468.7	n.a.	(86.4)	415.3	n.a.
Foreign Exchange Operations	43.6	43.9	-0.7%	69.8	-37.5%	87.5	106.1	-17.5%
Sales or Transfer Financial Asset Operations	2.2	3.8	-42.1%	-	-	6.0	2.0	n.a.
Income from Financial Intermediation (A)	1,013.8	1,018.8	-0.5%	1,535.4	-34.0%	2,032.6	2,446.9	-16.9%
Funding Operations ⁽²⁾	(310.6)	(272.1)	14.1%	(549.8)	-43.5%	(582.7)	(789.5)	-26.2%
Borrowings and Onlendings Operations ⁽³⁾	(1.3)	(24.7)	n.a.	(306.8)	-99.6%	(26.0)	(335.7)	-92.3%
Leasing Operation	(75.7)	(70.2)	7.8%	(57.9)	30.7%	(145.9)	(116.0)	25.8%
Sales or Transfer Financial Asset Operations	(2.0)	(2.6)	-23.1%	(4.7)	-57.4%	(4.6)	(10.6)	-56.6%
Loan Loss Provision (LLP)	(193.8)	(126.5)	53.2%	(253.1)	-23.4%	(320.3)	(415.1)	-22.8%
Expenses on Financial Intermediation (B)	(583.4)	(496.1)	17.6%	(1,172.3)	-50.2%	(1,079.5)	(1,666.9)	-35.2%
Gross Income from Financial Intermediation (A-B)	430.4	522.7	-17.7%	363.1	18.5%	953.1	780.0	22.2%
Exchange Rate Variation ⁽⁴⁾	(0.7)	(1.8)	n.a.	(0.1)	n.a.	(2.5)	(0.2)	n.a.
Income from Receivables purchase ⁽⁴⁾	79.6	75.6	5.3%	55.2	44.2%	155.2	116.0	33.8%
Adjusted Income from Financial Intermediation	509.3	596.5	-14.6%	418.2	21.8%	1,105.8	895.8	23.4%
MTM adjustment - Hedge	4.4	(8.4)	n.a.	(14.0)	n.a.	(4.0)	(10.6)	-62.3%
Adjusted Gross Income from financial intermediation - Except MTM - Hedge	504.9	604.9	-16.5%	432.2	16.8%	1,109.8	906.4	22.4%
(1) Income from Derivatives (Hedge)	(48.4)	(41.2)		458.8		-89.6	404.1	
(2) Foreign Exchange Variation without Foreign Issues	0.0	20.2		(266.0)		20.2	(273.9)	
(3) Foreign Exchange Variation without Borrowings abroad	19.5	6.6		(264.2)		26.1	(277.9)	
(4) Reclassified from other operating/expenses revenues.	78.9	73.8		55.1		152.7	115.8	

In 2Q19, revenues from credit operations reached R\$ 780.8 million, 0.9% lower than in 1Q19 and 0.4% in the last 12 months due to the maintenance of margins and portfolio growth.

The line of credit operations for Companies ended 2Q19 with revenues of R\$ 346.2 million, an 8.5% decrease in the quarter and 12.4% compared to the same period of 2018. The Payroll line ended the quarter with revenues of R\$ 368.3 million, an increase of 5.2% over 1Q19 and the auto loan line closed with a balance of R\$ 63.5 million.

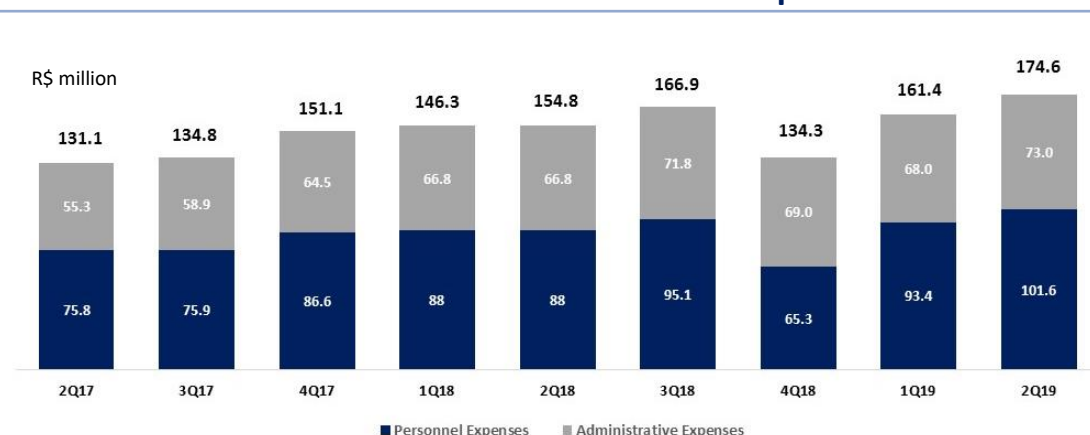
Leasing Operations ended the quarter with revenues of R\$ 112.4 million, an increase of 4.2% compared to 1Q19.

Gross Income from Financial Intermediation ended the quarter with a balance of R\$ 430.4 million. Excluding the effect of the MTM adjustment of the hedge of the overseas issuances, considering the reclassification of the exchange variation on liabilities and receivables purchase operations, the adjusted gross income from financial intermediation was R\$ 509.3 million in 2Q19.

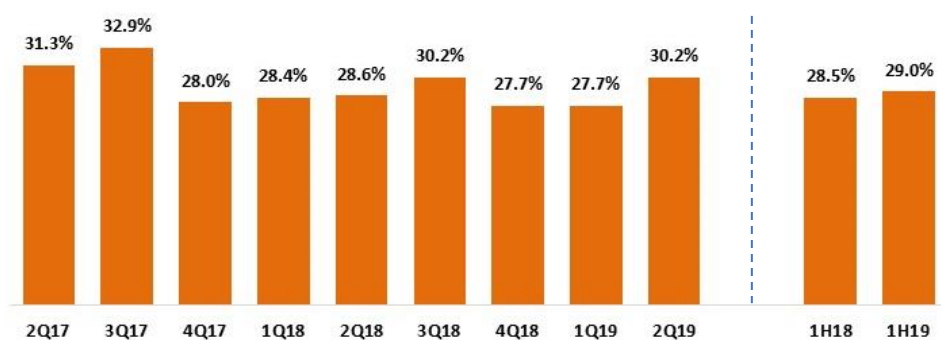
Expenses for market funding, borrowing and on lending totaled R\$ 311.9 million in the quarter.

The derivatives result was a negative R\$ 44.9 million in 2Q19 because it included R\$ 48.4 million of the hedge result. Excluding these effects, the result with derivatives was a negative R\$ 3.5 million in 2Q19 versus a negative R\$ 0.3 million in 1Q19.

Personnel and Administrative Expenses



Efficiency Ratio



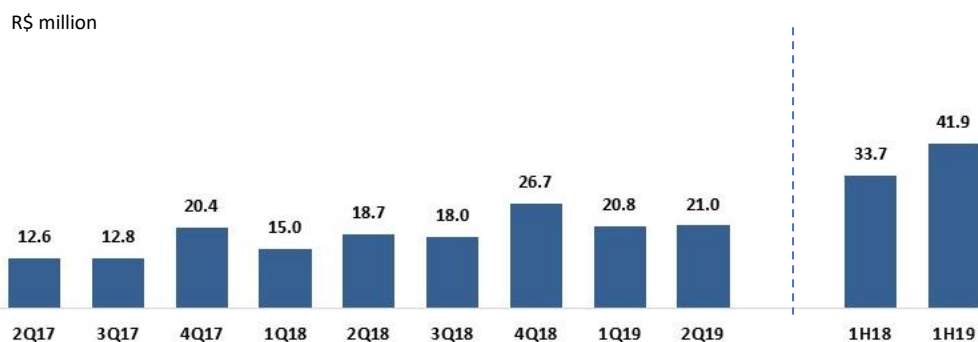
Efficiency Ratio (R\$ mn)	2Q19	1Q19	Δ	2Q18	Δ	1H19	1H18	Δ
(+) Personnel + Administrative Expenses + Commissions	(230.3)	(216.1)	6.6%	(205.5)	12.1%	(446.4)	(399.7)	11.7%
(+) Depreciation and Amortization	2.7	2.6	3.8%	2.6	3.8%	5.3	5.1	3.9%
Total Expenses (A)	(227.6)	(213.5)	6.6%	(202.9)	12.2%	(441.1)	(394.6)	11.8%
(+) Income from Financial Intermediation - LLP	624.2	649.3	-3.9%	616.3	1.3%	1,273.5	1,195.1	6.6%
(+) Income from Services Provided	50.2	46.8	7.3%	38.6	30.1%	97.0	76.5	26.8%
(+) Income from Receivables purchase	79.6	75.6	5.3%	55.1	44.5%	155.2	115.9	33.9%
(+) Outros Adjustments - Securities	-	-	-	0.0	n.a.	-	(0.7)	n.a.
(+) Exchange Rate Variation	(0.7)	(1.8)	-61.1%	(0.1)	n.a.	- 2.5	(0.2)	n.a.
Total Income (B)	753.3	769.9	-2.2%	709.9	6.1%	1,523.2	1,386.6	9.9%
Efficiency Ratio (A/B) (%)	30.2%	27.7%	2.5 p.p	28.6%	1.6 p.p	29.0%	28.5%	0.5 p.p

Other Operating Income/Expense

Other Operating Income/Expenses posted a positive result of R\$ 51.0 million in 2Q19, compared to a positive R\$ 23.5 million in 1Q19. Excluding the effects of the foreign exchange variation, this result was a positive R\$ 54.3 million against a positive R\$ 24.4 million in 1Q19. This increase in the quarter mainly was driven by reversals of operating provisions.

Profit Sharing Program

Expenses related to the provision for PPR and PLR payments totaled R\$ 21.0 million in 2Q19 and R\$ 41.9 million in the semester, an increase of 1.3% over 1Q19 and 24.5% respectively.



CONSOLIDATED INTERIM FINANCIAL INFORMATION

As permitted by Brazilian National Monetary Council (CMN) Resolution 3853/10 and the Brazilian Central Bank (BACEN) Circular Letter 3447/10, the Bank elected to prepare its Consolidated Interim Financial Information in accordance with the accounting practices adopted in Brazil applicable to financial institutions authorized to operate by the Central Bank of Brazil, as described in Note 2. Accordingly, the standardized tables containing consolidated information are not presented, since they are only applicable in preparing the consolidated financial statements in accordance with the technical pronouncements issued by the Accounting Pronouncements Committee (CPC), as approved by the Brazilian Securities and Exchange Commission (CVM) issued by the International Accounting Standard Board (IASB).

Below is the consolidated interim financial information for the six-month period ended June 30, 2019, prepared in accordance with the accounting practices adopted in Brazil, applicable to financial institutions authorized to operate by the Central Bank of Brazil.

CONSOLIDATED BALANCE SHEETS
AS AT JUNE 30, 2019 AND DECEMBER 31, 2018
(In thousands of Brazilian reais - R\$)

ASSETS	Note	Current quarter 06/30/2019	Prior year 12/31/2018
CURRENT ASSETS		20,087,813	18,977,088
Cash		188,085	153,172
Interbank investments	Note 5	5,471,535	5,190,943
Money market investments		4,571,028	4,702,402
Interbank deposits		344,965	320,385
Foreign currency investments		555,542	168,156
Securities and derivatives	Note 6	488,285	742,889
Own portfolio		220,731	228,467
Linked to repurchase commitments		177,565	139,474
Derivatives		18,434	304,862
Asset-backed technical reserves		71,555	70,086
Interbank accounts		59,697	42,639
Unsettled payments and receipts		4,256	-
Restricted deposits - Central Bank of Brazil		54,973	42,509
Correspondents		468	130
Lending operations		8,011,299	7,474,760
Lending operations - public sector	Note 7.a)	54,976	38,183
Lending operations - private sector	Note 7.a)	8,553,853	7,980,424
(Allowance for loan losses)	Note 9	(597,530)	(543,847)
Leasing operations		392,739	351,000
Leases receivable	Note 7.a)	401,534	357,253
(Allowance for lease losses)	Note 9	(8,795)	(6,253)
Other receivables		5,354,740	4,917,224
Foreign exchange portfolio	Note 10.a)	1,449,997	1,064,558
Income receivable		13,941	10,775
Trading account	Note 6.f)	4,823	1,779
Insurance premiums	Note 19.a)	1,940	2,029
Other	Note 10.b)	4,021,538	3,977,219
(Allowance for other loan losses)	Note 9	(137,499)	(139,136)
Other assets	Note 11	121,433	104,461
Reposessed assets		119,086	92,873
(Allowance for reposessed assets losses)		(8,771)	(8,447)
Prepaid expenses		11,118	20,035
NONCURRENT LONG-TERM ASSETS		10,277,716	9,922,919
Interbank investments	Note 5	105,132	6,711
Interbank deposits		105,132	6,711
Securities and derivatives	Note 6	1,553,690	1,957,556
Own portfolio		1,254,549	1,646,290
Linked to repurchase commitments		6,280	-
Derivatives		95,869	95,719
Linked to guarantees		196,860	215,547
Funds used to guarantee technical reserves		132	-
Lending operations		5,710,940	5,189,498
Lending operations - public sector	Note 7.a)	98,411	71,994
Lending operations - private sector	Note 7.a)	6,131,100	5,521,505
(Allowance for loan losses)	Note 9	(518,571)	(404,001)
Leasing operations		452,843	423,997
Leases receivable	Note 7.a)	462,696	430,132
(Allowance for lease losses)	Note 9	(9,853)	(6,135)
Other receivables		2,453,367	2,342,908
Trading account	Note 6.f)	340	-
Other	Note 10.b)	2,482,251	2,343,434
(Allowance for other loan losses)	Note 9	(29,224)	(526)
Other assets	Note 11	1,744	2,249
Prepaid expenses		1,744	2,249
PERMANENT ASSETS		78,021	79,727
Investments		3,071	1,343
Interests in subsidiaries - domestic	Note 12	-	-
Other investments		3,071	1,343
Property and equipment in use		74,894	78,318
Other property and equipment in use	Note 14	109,070	108,958
(Accumulated depreciation)	Note 14	(34,176)	(30,640)
Intangible assets		56	66
TOTAL ASSETS		30,443,550	28,979,734

The accompanying notes are an integral part of this interim financial information.

CONSOLIDATED BALANCE SHEETS
AS AT JUNE 30, 2019 AND DECEMBER 31, 2018
(In thousands of Brazilian reais - R\$)

LIABILITIES	Note	Current quarter 06/30/2019	Prior year 12/31/2018
CURRENT LIABILITIES		13,775,904	15,379,714
Deposits	Note 15	4,211,554	3,218,434
Demand deposits		800,404	863,807
Interbank deposits		445,881	373,667
Time deposits		2,955,560	1,973,639
Foreign currency deposit		9,709	7,321
Money market funding	Note 15	2,225,974	2,992,328
Own portfolio		181,899	136,333
Third parties		2,044,075	2,855,995
Funds from acceptance and issuance of securities		4,465,096	5,833,047
Mortgage loan notes	Note 16.a)	821,281	648,667
Agribusiness letters of credit	Note 16.a)	681,060	617,665
Financial bills	Note 16.a)	2,942,138	2,689,289
Securities issued abroad	Note 16.b)	20,617	1,877,426
Interbank accounts		15,644	1,181
Interbranch accounts		95,711	107,529
Borrowings	Note 17	1,072,029	1,675,209
Foreign borrowings		1,072,029	1,675,209
Domestic onlendings - official institutions	Note 18	182,581	193,481
BNDES		106,034	151,383
FINAME		76,547	42,098
Derivatives	Note 6.f)	15,383	29,662
Technical reserves - insurance	Note 19.b)	71,546	67,854
Other payables		1,420,386	1,260,989
Collected taxes and other		15,459	8,600
Foreign exchange portfolio	Note 20.a)	856,462	501,455
Social and statutory	Note 20.b)	85,162	119,715
Tax and social security	Note 20.c)	234,313	380,389
Trading account	Note 6.f)	5,714	3,035
Other	Note 20.d)	223,276	247,795
NONCURRENT LONG-TERM LIABILITIES		13,050,703	10,243,815
Deposits	Note 15	2,649,890	2,177,260
Interbank deposits		1,625	21,813
Time deposits		2,648,265	2,155,447
Funds from acceptance and issuance of securities		7,292,402	4,941,903
Mortgage loan notes	Note 16.a)	132,728	125,237
Agribusiness letters of credit	Note 16.a)	52,824	46,168
Financial bills	Note 16.a)	7,106,850	4,749,896
Securities issued abroad	Note 16.b)	-	20,602
Borrowings	Note 17	309,782	371,839
Foreign borrowings		309,782	371,839
Domestic onlendings - official institutions	Note 18	123,977	173,089
BNDES		93,302	108,234
FINAME		30,675	64,855
Derivatives	Note 6.f)	1,283	-
Other payables		2,673,369	2,579,724
Tax and social security	Note 20.c)	288,936	262,817
Trading account	Note 6.f)	168	-
Other	Note 20.d)	2,231,384	2,169,593
Subordinated debts	Note 21	152,881	147,314
DEFERRED INCOME		97,945	118,179
NONCONTROLLING INTERESTS		999	988
EQUITY		3,517,999	3,237,038
Capital -		2,253,595	2,253,595
Residents in Brazil	Note 24.a)	2,253,595	2,253,595
Capital reserves		1,142	-
Earnings reserves	Note 24.e)	998,363	979,426
Valuation adjustments to equity -			
Available-for-sale marketable securities		11,378	4,017
Retained earnings		253,521	-
TOTAL LIABILITIES		30,443,550	28,979,734

The accompanying notes are an integral part of this interim financial information.

CONSOLIDATED INCOME STATEMENTS
FOR THE QUARTER AND SEMESTER PERIODS ENDED JUNE 30, 2019 AND 2018
(In thousands of Brazilian reais - R\$, unless otherwise stated)

		Current Quarter	Accumulated Current	Similar Quarter in the	Accumulated Prior	
		04/01/2019 to	Year From	Prior Year From	Year From	
	Note	06/30/2019	01/01/2019 to	04/01/2018 to	01/01/2018 to	
		06/30/2019	06/30/2019	06/30/2018	06/30/2018	
INCOME FROM FINANCIAL INTERMEDIATION						
		1,013,832	2,032,614	1,445,903	1,535,516	2,447,026
Lending operations	Note 25.a)	780,755	1,568,365	782,422	783,653	1,506,634
Leasing operations	Note 25.b)	112,408	220,270	-	89,080	175,269
Securities transactions	Note 25.c)	119,714	236,811	124,937	124,239	241,654
Derivatives	Note 25.d)	(44,888)	(86,405)	468,726	468,726	415,345
Foreign exchange transactions	Note 25.e)	43,605	87,559	69,818	69,818	106,106
Financial assets sale or transfer		2,238	6,014	-	-	2,018
EXPENSES ON FINANCIAL INTERMEDIATION						
		(583,391)	(1,079,492)	(1,124,992)	(1,172,361)	(1,666,965)
Funding operations	Note 25.f)	(310,638)	(582,751)	(560,783)	(549,782)	(789,501)
Borrowings and onlending	Note 25.g)	(1,267)	(25,923)	(306,781)	(306,781)	(335,703)
Leasing operations	Note 25.b)	(75,607)	(145,819)	-	(57,941)	(116,069)
Financial assets sale or transfer		(2,089)	(4,668)	(4,756)	(4,756)	(10,631)
Allowance for loan losses	Note 9	(193,790)	(320,331)	(252,672)	(253,101)	(415,061)
GROSS PROFIT FROM FINANCIAL INTERMEDIATION						
		430,441	953,122	320,911	363,155	780,061
OTHER OPERATING INCOME (EXPENSES)						
		(170,008)	(354,228)	(123,655)	(150,976)	(291,754)
Income from services provided		50,160	96,950	36,024	38,626	76,493
Income from insurance operations	Note 19.d)	531	1,314	-	1,029	2,242
Personnel expenses	Note 25.h)	(101,568)	(194,952)	(80,104)	(87,968)	(169,331)
Other administrative expenses	Note 25.i)	(128,727)	(251,425)	(120,381)	(117,584)	(230,379)
Tax expenses	Note 25.j)	(41,385)	(80,620)	(31,880)	(36,660)	(71,730)
Share of profit (loss) of subsidiaries	Note 12	-	-	27,793	-	-
Other operating income	Note 25.k)	127,097	230,668	87,923	98,373	193,746
Other operating expenses	Note 25.l)	(76,116)	(156,163)	(43,030)	(46,792)	(92,795)
OPERATING INCOME						
		260,433	598,894	197,256	212,179	488,307
NONOPERATING INCOME						
		3,512	3,420	2,110	2,237	4,754
Income		7,863	11,626	4,703	4,830	9,788
Expenses		(4,351)	(8,206)	(2,593)	(2,593)	(5,034)
INCOME BEFORE INCOME TAXES						
		263,945	602,314	199,366	214,416	493,061
INCOME TAX AND SOCIAL CONTRIBUTION						
	Note 22.a)	(79,742)	(181,646)	(54,724)	(69,303)	(167,631)
Provision for income tax		(67,026)	(142,494)	(30,439)	(39,399)	(105,414)
Provision for social contribution		(40,416)	(85,158)	(26,671)	(32,600)	(84,291)
Deferred tax assets		27,700	46,006	2,386	2,696	22,074
PROFIT SHARING						
	Note 27.a)	(21,090)	(41,909)	(18,259)	(18,714)	(33,668)
NONCONTROLLING INTERESTS						
		(3)	(11)	-	(16)	(29)
PROFIT FOR THE QUARTER / SEMESTER						
		163,110	378,748	126,383	126,383	291,733
Number of shares	Note 24.c)	230,820,429	230,820,429	204,123,780	204,123,780	204,123,780
Earnings per share at the end of the first quarter /semester period		0.70665	1.64088	0.61915	0.61915	1.42920

The accompanying notes are an integral part of this interim financial information.

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE QUARTER AND SEMESTER PERIODS ENDED JUNE 30, 2019 AND 2018
(In thousands of Brazilian reais - R\$, unless otherwise stated)

	Current Quarter 04/01/2019 to 06/30/2019	Accumulated Current Year From 01/01/2019 to 06/30/2019	Similar Quarter in the Prior Year From 04/01/2018 to 06/30/2018	Accumulated Prior Year From 01/01/2018 to 06/30/2018
PROFIT FOR THE QUARTER / SEMESTER	163,110	378,748	126,383	291,733
OTHER COMPREHENSIVE INCOME	(775)	7,361	(7,265)	(5,309)
Valuation adjustments to equity -				
Available-for-sale marketable securities	(3,063)	8,955	(9,553)	(5,790)
Deferred taxes on valuation adjustments to equity	2,288	(1,594)	2,288	481
COMPREHENSIVE INCOME FOR THE QUARTER / SEMESTER	162,335	386,109	119,118	286,424

The accompanying notes are an integral part of this interim financial information.

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SEMESTER PERIOD ENDED JUNE 30 2019 AND 2018
(In thousands of Brazilian reais - R\$)

	Accumulated Current Year From 01/01/2019 to 06/30/2019		Accumulated Prior Year From 01/01/2018 to 06/30/2018	
	Bank	Consolidated	Bank	Consolidated
CASH FLOWS FROM OPERATING ACTIVITIES				
PROFIT FOR THE YEAR	378,748	378,748	291,733	291,733
Adjustments to reconcile profit for the three-month period to net cash provided by operating activities				
Depreciation and amortization	5,186	5,308	5,001	5,124
Deferred taxes	(41,362)	(46,006)	(23,980)	(22,074)
Provision for risks	68,339	71,175	92,941	89,992
Provision for guarantees and collaterals	(4,254)	(4,254)	7,779	7,779
Allowance for loan losses	314,370	310,760	478,985	480,100
Allowance for leasing losses	-	6,260	-	(1,648)
Allowance for other loan losses	26,069	27,061	(63,391)	(63,391)
Allowance for losses on other assets	336	324	133	133
Exchange rate changes on cash and cash equivalents	(22,508)	(22,508)	(32,948)	(32,948)
Gains on disposal of permanent assets	400	433	413	287
TOTAL RECONCILIATION ADJUSTMENTS	299,441	348,553	410,257	463,354
ADJUSTED PROFIT FOR THE SEMESTER PERIOD	678,189	727,301	701,990	755,087
CHANGES IN ASSETS AND LIABILITIES	976,248	897,928	(786,492)	(826,454)
(Increase) Decrease in interbank investments	(221,471)	(123,001)	(42,160)	42,276
(Increase) Decrease in securities and derivatives	625,364	652,835	(862,208)	(877,369)
(Increase) Decrease in interbank and interbranch accounts	(11,769)	(11,769)	40,616	40,616
(Increase) Decrease in lending operations	(1,330,622)	(1,368,742)	(637,855)	(667,424)
(Increase) Decrease in leasing operations	-	(76,845)	-	(97,453)
(Increase) Decrease in other receivables	(512,188)	(571,726)	92,769	104,294
(Increase) Decrease in other assets	(16,250)	(16,792)	40,172	39,708
Increase (Decrease) in deposits	1,475,344	1,465,751	(317,949)	(307,253)
Increase (Decrease) in money market funding	45,566	45,566	(91,889)	(91,889)
Increase (Decrease) in funds from acceptance and issuance of securities	855,398	801,646	735,375	716,637
Increase (Decrease) in borrowings and onlendings	(47,340)	(47,340)	126,446	126,446
Increase (Decrease) in other payables	191,588	242,039	179,428	200,112
Income tax and social contribution paid	(67,712)	(73,460)	(59,754)	(62,252)
Increase (Decrease) in deferred income	(9,660)	(20,234)	10,517	7,097
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	1,654,437	1,625,229	(84,502)	(71,367)
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisition of property and equipment in use	(1,539)	(1,956)	(1,093)	(1,179)
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	(1,539)	(1,956)	(1,093)	(1,179)
CASH FLOWS FROM FINANCING ACTIVITIES				
Increase (Decrease) in funds from acceptance and issuance of securities	151,509	180,901	739,854	725,736
Increase (Decrease) in borrowings and onlendings	(677,908)	(677,908)	206,966	206,966
Increase (Decrease) in subordinated debts	5,567	5,567	10,254	10,254
Accrued interest on capital paid	(51,496)	(51,496)	(50,015)	(50,015)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	(572,328)	(542,936)	907,059	892,941
EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	22,508	22,508	32,948	32,948
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,103,078	1,102,845	854,412	853,343
Cash and cash equivalents at beginning of the six-month period	2,166,296	2,167,735	2,561,185	2,563,572
Cash and cash equivalents at end of the six-month period	3,269,374	3,270,580	3,415,597	3,416,915
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,103,078	1,102,845	854,412	853,343

The accompanying notes are an integral part of this interim financial information.

**CONSOLIDATED STATEMENTS OF VALUE ADDED
FOR THE SEMESTER PERIOD ENDED JUNE 30, 2019 AND 2018
(In thousands of Brazilian reais - R\$)**

	Accumulated Current Year From 01/01/2019 to 06/30/2019	Accumulated Prior Year From 01/01/2018 to 06/30/2018
REVENUES	1,888,268	2,216,398
Income from financial intermediation	2,032,614	2,447,026
Revenue from services	96,950	76,493
Allowance for loan losses	(320,331)	(415,061)
Other	79,035	107,940
EXPENSES	(759,161)	(1,251,904)
Expenses on financial intermediation	(759,161)	(1,251,904)
INPUTS PURCHASED FROM THIRD PARTIES	(235,077)	(216,200)
Materials, electric power and other	(49,421)	(41,943)
Outside services	(185,860)	(174,265)
Asset recovery	204	8
GROSS VALUE ADDED	894,030	748,294
DEPRECIATION AND AMORTIZATION	(5,308)	(5,124)
TOTAL WEALTH CREATED BY THE CONSOLIDATED	888,722	743,170
WEALTH FOR DISTRIBUTION	888,722	743,170
DISTRIBUTION OF WEALTH	888,722	743,170
EMPLOYEES	206,650	177,469
Direct compensation	127,634	114,333
Benefits	72,101	57,404
FGTS	6,915	5,732
TAXES	292,477	264,891
Federal	280,520	254,571
State	475	1,022
Municipal	11,482	9,298
LENDERS AND LESSORS	10,836	9,048
Rentals	10,836	9,048
SHAREHOLDERS	378,748	291,733
Interest on capital	106,290	98,882
Retained earnings for the semester	272,458	192,851
NONCONTROLLING INTERESTS	11	29

The accompanying notes are an integral part of this interim financial information.

**NOTES TO THE INTERIM INFORMATION (ITR)
FOR THE QUARTER AND SEMESTER PERIODS ENDED JUNE 30, 2019
(In thousands of Brazilian reais - R\$, unless otherwise stated)**

1. GENERAL INFORMATION

Bank Daycoval S.A. (the "Bank" or "Daycoval") is a publicly-held entity, organized as a full-service bank authorized to operate commercial, foreign exchange, investment, and lending and financing portfolios, through its direct and indirect subsidiaries, and also leasing portfolio, asset management, life insurance, pension plans and provision of services. The Bank is part of Daycoval Group and conducts its businesses on an integrated basis.

2. PRESENTATION OF THE INTERIM INFORMATION (ITR)

The Bank's interim information, including its foreign branch, and the consolidated interim information ("Consolidated"), approved by Management on August 7, 2019, has been prepared in accordance with the accounting practices adopted in Brazil, based on the accounting guidelines set forth in the Brazilian Corporate Law (Law 6404/76), and the changes introduced by Law 11638/07 and Law 11941/09 for the accounting for transactions, coupled with the standards and instructions of the National Monetary Council ("CMN"), the Central Bank of Brazil ("BACEN"), and the Standard Chart of Accounts for Financial Institutions ("COSIF"), the Brazilian Securities and Exchange Commission ("CVM"), the National Private Insurance Council ("CNSP"), the Private Insurance Authority ("SUSEP"), and Accounting Pronouncements Committee ("CPC"), when applicable.

All relevant information in the interim information (ITR) of Banco Daycoval S.A., and only such information, is being disclosed and corresponds to the information used by the Bank's Management in managing the Bank.

As part of the process of convergence with the International Financial Reporting Standards (IFRS), the Accounting Pronouncements Committee (CPC) has issued several pronouncements related to the international accounting convergence process that have been approved by the CVM but not all of them have been ratified by the BACEN. Thus, in the preparation of the interim information (ITR), the Bank has adopted the following pronouncements that have been approved by the BACEN, s follows:

Pronouncements CPC	Resolution BACEN / CMN
CPC 00 (R1) - Conceptual Framework to Prepare and Disclose the Financial Report	4144/12
CPC 01 (R1) - Impairment of Assets	3566/08
CPC 02 (R2) - Effects of Changes in Exchange Rates and Translation of Financial Statements	4524/16
CPC 03 (R2) - Statements of Cash Flows	3604/08
CPC 04 (R1) - Intangible Assets	4534/16
CPC 05 (R1) - Related-party Disclosures	3750/09
CPC 10 (R1) - Share-based Payment	3989/11
CPC 23 - Accounting Policies, Changes in Accounting Estimates and Errors	4007/11
CPC 24 - Events After the Reporting period	3973/11
CPC 25 - Provisions, Contingent Liabilities and Contingent Assets	3823/09
CPC 27 - Property, Plant and Equipment	4535/16
CPC 33 (R1) - Employee Benefits	4424/15

The consolidated interim information comprise the Bank, its foreign branch and the following direct and indirect subsidiaries:

	Ownership interest - %	
	June 30, 2019	December 31, 2018
Leasing operations		
Daycoval Leasing – Banco Múltiplo S.A. ("Daycoval Leasing")	100.00	100.00
Financial activity - Foreign branch		
Banco Daycoval S.A. - Cayman Branch	100.00	100.00
Insurance and pension plan activity		
Dayprev Vida e Previdência S.A. ("Dayprev")	97.00	97.00
Non-financial activity		
ACS Participações Ltda. ("ACS")	99.99	99.99
Daycoval Asset Management Administração de Recursos Ltda. ("Daycoval Asset")	99.99	99.99
IFP Promotora de Serviços de Consultoria e Cadastro Ltda. ("IFP")	99.99	99.99
SCC Agência de Turismo Ltda. ("SCC")	99.99	99.99
Treetop Investments Ltd. ("Treetop")	99.99	99.99

In the consolidated interim information, the balances and transactions between the Bank, its foreign branch, and its direct and indirect subsidiaries have been eliminated. Profit and equity amounts related to no controlling interests were disclosed in a separate caption.

3. SIGNIFICANT ACCOUNTING POLICIES

Significant accounting policies adopted by Banco in the preparation of the individual and consolidated interim information (ITR) can be summarized as follows:

a) Income and expenses are recorded on the accrual basis. Fixed-rate transactions are stated at the final amount, and income and expenses for future period are recognized as a reduction of the related assets and liabilities. Finance income and costs are recorded on a pro rata basis and calculated based on the exponential method, except those related to discounted notes or foreign transactions, which are calculated under the straight-line method. Floating-rate transactions or those indexed to foreign currencies are adjusted through the balance sheet date.

b) Interbank investments and other receivables, except securities and derivatives, are stated at cost, plus inflation adjustment, exchange rate changes and contractual interest. When the realizable amount of an asset is lower than its carrying amount, an allowance for impairment is recorded to adjust such asset to its realizable amount.

c) Under BACEN Resolution 3604/08, cash and cash equivalents are represented by cash and bank deposits, recorded in captions "Cash and cash equivalents", "Interbank investments", and "Securities - own portfolio", with original investment term of 90 days or less; the risk of change in their fair value is considered immaterial.

d) Securities are stated at cost plus income earned, as follows: (i) fixed-income securities are adjusted at the applicable interest rate based on the respective maturities; (ii) shares are adjusted based on the average price informed by the Stock Exchange where the shares are more traded; and (iii) investments in investment funds are adjusted based on the share price informed by the fund managers.

Securities are classified in conformity with BACEN Circular Letter 3068/01 into one of the following categories:

- Trading securities - securities acquired for the purpose of being actively and frequently traded, adjusted to fair value as a contra-entry to profit or loss.
- Available-for-sale securities - securities not acquired for the purpose of being actively and frequently traded, which Management does not intend to hold to maturity. The adjustments to fair value (unrealized gains and losses) are recorded as a separate component of equity, net of taxes, and are recognized in profit or loss when realized.
- Held-to-maturity securities - securities that the Bank has the positive intent and ability to hold to maturity and stated at cost, plus income earned, as a contra-entry to profit or loss.
- Bonuses arising from investments in shares issued by publicly-traded companies are recorded in the securities portfolio only according to the respective quantities, without modifying the amount of investments, when the corresponding shares are considered "ex-rights" on the stock exchange.

Dividends and interest on capital arising from investments in shares issued by publicly-traded companies are recorded as income when the related shares are considered "ex-rights" on the stock exchange.

e) Derivatives consist of forward, futures and swap options and are recorded in conformity with BACEN Circular Letter 3082/02, which provides for the adoption of the following criteria:

- Option transactions - premiums received or paid are recorded at fair value in caption "Derivatives" in assets or liabilities, respectively, until the option is exercised, and recorded as a decrease or increase in the cost of the asset subject to the option, for the exercise of the option, or as income or expense in the event of non-exercise;
- Futures transactions - daily adjustments are recorded at fair value in caption "Trading account" in assets or liabilities and allocated daily to profit or loss as income (when relating to gains) or expense (when relating to losses);
- Currency swap and forward transactions (NDF) - differential receivable or payable is recorded at fair value in caption "Derivatives" in assets or liabilities, respectively, and allocated to profit or loss as income (when relating to gains) or expense (when relating to losses); and
- Forward transactions - recorded at the final contractual amount, less the difference between such amount and the cash price of the asset, adjusted to fair value, income and expenses being recognized over the contractual terms.

Derivative transactions are stated at fair value, with gains and losses recorded as described below:

- Derivatives not qualified as hedge - in income or expense in profit or loss; and
- Derivatives qualified as hedge - classified as market risk hedge or cash flow hedge.

Market risk hedges are used to offset the risks arising from the exposure to changes in the fair value of the hedged item, with gains or losses recorded as a contra-entry to income or expense in profit or loss.

Cash flow hedges are used to offset the changes in estimated future cash flows, the effective portion used in such offset being recorded as a contra-entry to a separate item of equity, net of taxes, and any other change as a contra-entry to income or expense in profit or loss.

f) Leasing operations were reclassified so as to reflect its financial position in conformity with the financial method.

g) Lending and leasing operations are classified based on Management's risk assessment, considering the past experience with prior borrowers, the risk rating of such borrowers and their guarantors, the economic environment, and specific and overall portfolio risks, pursuant to CMN Resolution 2682/99, which requires a periodic analysis of the portfolio and its classification into nine risk rating levels from AA (minimum risk) to H (maximum risk - loss).

Also according to CMN Resolution 2682/99, the income from lending operations past due for more than 60 days, regardless of the risk rating, is only recognized when received, and H-rated loans remain as such for 180 days, after which period they are written off against the existing allowance and are controlled in memorandum accounts, no longer being recorded in the balance sheet.

h) A financial asset is derecognized, as prescribed by CMN Resolution 3533/08, when the contractual rights to the financial asset's cash flows expire or when the asset is sold or transferred, which should be classified into the following categories:

- Transactions with substantial transfer of the risks and rewards: the assignor substantially transfers all the risks and rewards of ownership of the financial asset as follows: (i) unconditional sale of the financial asset; (ii) sale of the financial asset with repurchase option at its fair value on the repurchase date; and (iii) sale of the financial asset with call or put options, whose exercise is unlikely to occur;

- Transactions with substantial retention of the risks and rewards: the assignor substantially retains all the risks and rewards of ownership of the financial asset as follows: (i) sale of the financial asset with repurchase commitment at a fixed price or at the sales price plus any yields; (ii) securities lending agreements; (iii) sale of the financial assets with total return rate swap agreement, which transfers the market risk exposure back to the assignor; (iv) sale of the financial asset with call or put options whose exercise is likely to occur; and (v) sale of receivables, when the losses incurred by the buyer or assignee, if any, are compensated by the seller or assignor, or whose sale is made together with the acquisition of subordinated units of the buyer Receivables Investment Fund (FIDC); and

- Transactions with no substantial transfer or retention of the risks and rewards: transactions in which the assignor neither transfers nor substantially retains all the risks and rewards of ownership of the financial asset.

The transfer or retention of the risks and rewards of ownership of the financial asset is analyzed by comparing Daycoval's exposure, before and after the sale or transfer, with the changes in the present value of the financial asset's expected cash flows, adjusted at the appropriate market interest rate.

i) Foreign exchange transactions are stated at realizable values, plus income and exchange rate changes calculated on a daily pro rata basis, and the allowance for other loan losses, pursuant to CMN Resolution 2682/99, when applicable.

j) Prepaid expenses related to commissions paid to bank correspondents are controlled by contract and accounted for in caption "Prepaid expenses in assets, in the balance sheet". Such expenses are recognized as "Other administrative expenses" in profit or loss on a pro rata basis, over the respective contractual terms, or fully recognized, when such contracts are settled in advance.

Upon enactment of BACEN Circular 3738/14, the Bank opted for recognizing prepaid expenses as follows:

(i) Two-thirds of the amount of commissions paid beginning January 1, 2015 were recorded as "Prepaid expenses" in assets, in the balance sheet, being amortized within up to 36 months as from the initial recognition and the remaining amount directly recognized as expense;

(ii) One-third of the amount of commissions paid beginning January 1, 2016 was recorded as "Prepaid expenses" in assets, in the balance sheet, being amortized within up to 36 months as from the initial recognition and the remaining amount directly recognized as expense; and

(iii) For commissions paid beginning January 1, 2017, the total amount is recognized as expense.

As set forth in §4, Art. 1 of BACEN Circular 3693/13, as amended by BACEN Circular Letter 3738/14, beginning January 1, 2020, all amounts potentially recorded in assets, relating to the compensation of domestic corresponding referred to in the main paragraph, must be immediately written down, as a contra entry to an appropriate expense account for the period, it being prohibited any additional recognition or the maintenance of amounts of such nature in assets.

k) Investments in subsidiaries are stated under the equity method, which is applied to all associates over which the Bank has significant influence, that is, in which the Bank holds at least 20% of the voting capital.

l) Other investments are stated at cost, less allowance for loss, when applicable.

m) Property and equipment are stated at cost, except for real estate owned by the subsidiary, which is recorded at cost plus mark-to-market adjustment. Depreciation is calculated under the straight-line method at the annual rates stated in note 14, which take into consideration the economic useful lives of the assets.

n) Intangible assets correspond to rights acquired in intangible assets used in the maintenance of the Bank's and its subsidiaries' activities or exercised for such purpose; intangible assets with finite lives are amortized on a straight-line basis over the estimated period they will generate economic benefits.

o) The impairment of non-monetary assets is recognized as a loss when the carrying amount of an asset or a cash-generating unit is higher than its recoverable or realizable value. A cash-generating unit is the smallest identifiable group of assets that generates cash flows substantially independent from other assets or groups of assets. Impairment losses are recorded in profit or loss for the period they are recognized, when applicable.

The amounts of non-financial assets, except those recorded in captions "Other assets" and "Other receivables - tax credits", are periodically tested for impairment, at least annually.

As at June 30, 2019, the allowance for impairment of repossessed assets was recognized in the amount of R\$8,758 for the Bank and R\$8,771 for the Consolidated (R\$8,422 for the Bank and R\$8,447 for the Consolidated as at December 31, 2018) (Note 11). No evidence of impairment of other non-financial assets was identified.

p) Known or estimated liabilities, charges and risks, including tax charges calculated based on profit or loss, are stated at the adjusted amount through the balance sheet date. Liabilities denominated in foreign currencies are translated into local currency at the exchange rates in effect on the balance sheet date, as informed by BACEN, and liabilities subject to inflation adjustments are stated at the adjusted amount through the balance sheet date. Hedged liabilities are adjusted to fair value.

q) The provision for income tax is recorded at the rate of 15%, plus a 10% surtax, when applicable. The social contribution was calculated on adjusted profit at the rate of 20%. Law 13.169/15, which amends Law 7689/88, raised the social contribution rate to 20% on profit for the period from September 1, 2015 to December 31, 2018.

r) Income tax credits are recognized on temporary additions and deductions and Daycoval Leasing's prior-year tax losses, based on the legislation in effect on the date of recognition. Due to the amendment to Law 7689/88, mentioned in item "q)" above, social contribution tax credits were recorded as follows: (i) applying the 15% rate on temporary additions and deductions calculated through August 31, 2015 and on those additions and deductions that are expected to be realized after December 31, 2018; and (ii) 20% rate on temporary additions and deductions that are expected to be realized from September 1, 2015 to December 31, 2018. Beginning January 1, 2019, the tax rate will return to 15%. These tax credits will be realized when the amounts on which they were recognized are utilized and/or reversed.

s) Technical reserves for insurance and unsettled claims - refer to Dayprev's share in DPVAT Insurance Consortium and recorded in accordance with the statements received from Seguradora Líder.

t) Contingent assets and liabilities and legal, tax and social security obligations:

Contingent assets and liabilities and legal, tax and social security obligations are recognized, measured, and disclosed, as follows:

- Contingent assets - not recorded in the interim information, except when there is evidence that they will be realized and will not be subject to appeals;
- Contingent liabilities - recorded in the interim information when the risk of loss in an administrative or legal proceeding is assessed by the legal counsel and Management as probable, with probable outflow of funds to settle obligations, and when the related amounts can be reliably measured. Contingent liabilities assessed as possible loss by the legal counsel are only disclosed in the explanatory information, whereas those assessed as remote loss do not require the recognition of a provision and disclosure; and
- Legal obligations (tax and social security) - refer to lawsuits challenging the legality and constitutionality of certain taxes and contributions. The amount under litigation is determined, accrued and adjusted on a monthly basis, regardless of its likelihood of loss.

u) Deferred income refers to: (i) income received in advance for which there is no projected future payment, recognized in the income statements based on the term of the transactions that originated them, as at June 30, 2019, in the amount of R\$42,982 (R\$52,641 as at December 31, 2018) for the Bank and R\$53,656 (R\$70,439 as at December 31, 2018) for the Consolidated; and (ii) negative goodwill on the acquisition of Banco CIT Brasil, which was not absorbed in the consolidation of the interim information, reclassified from "Investments", in permanent assets, to "Deferred income", in the amount of R\$44,289 (R\$47,740 as at December 31, 2018) only for the Consolidated.

v) Earnings per share are calculated based on the number of shares at the balance sheet dates.

w) Uses of estimates - The preparation of the interim information requires Management to make estimates and adopts assumptions that, in its best judgment, affect the reported amounts of certain assets and liabilities (financial or not), revenues, expenses and other transactions, such as: (i) depreciation rates of property and equipment items and lease property and equipment; (ii) amortization of deferred assets; (iii) allowance for loan and lease losses; (iv) measurement of financial instruments; and (v) provisions for contingencies. Actual results could differ from those estimates.

x) Fixed-rate financial assets and financial liabilities are adjusted to present value by unearned income and unearned expenses, which adjust these instruments to the amounts that would be obtained upon realization should they be cash transactions, as well as floating-rate financial instruments, which are realized at their cash value and are periodically adjusted by their respective transactions rates.

y) Functional and reporting currency, foreign currency-denominated transactions and share of profit (loss) of foreign entities:

I - Functional and reporting currency:

Daycoval's interim information is stated in Brazilian reais (R\$), which is the Bank's functional and reporting currency.

As prescribed by CMN Resolution 4524/16, Daycoval has defined that the functional and reporting currency for each of its direct and indirect subsidiaries, including foreign entities, will also be the Brazilian real (R\$).

II - Translation of foreign currency-denominated transactions:

Based on the functional currency used for the foreign entities, as defined in item "I" above, the transactions in a currency other than the respective functional currencies are translated using the exchange rates of the respective trial balance or balance sheet for monetary items, assets and liabilities stated at fair value or market price and for non-monetary items.

III- Share of profit (loss) of foreign entities:

The share of profit (loss) of foreign entities, the functional currency of which is defined in item "I" above, is recognized directly in Daycoval's income statements, in "Share of profit (loss) of subsidiaries".

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are broken down as follows:

	Bank		Consolidated	
	June 30, 2019	December 31, 2018	June 30, 2019	December 31, 2018
Cash	186,879	151,733	188,085	153,172
Money market investments (1)	2,526,953	1,846,407	2,526,953	1,846,407
Foreign currency investments (2)	555,542	168,156	555,542	168,156
Total cash and cash equivalents	3,269,374	2,166,296	3,270,580	2,167,735

(1) Money market investments comprising cash and cash equivalents are stated net of the amount recorded under "Money market investments – third-party portfolio" which as at June 30, 2019, amounts to R\$2,044,075 (R\$2,885,995 as at December 31, 2018), for the Bank and the Consolidated.

(2) Refers to foreign currency investments maturing within up to 90 days from the investment date.

5. INTERBANK INVESTMENTS

Interbank investments are broken down as follows:

Investments type	Bank			
	June 30, 2019		December 31, 2018	
	Maturity	Value	Maturity	Value
Money market investments	Up to 1st business day	4,571,028	Up to 1st business day	4,702,402
Interbank deposits	Up to May 2022	919,103	Up to May 2022	697,632
Foreign currency	Up to September 2019	555,542	Up to August 2019	168,156
Total		6,045,673		5,568,190

As at June 30, 2019, total interbank investments for the Consolidated is R\$5,576,667 (R\$6,197,654 as at December 31, 2018).

6. SECURITIES AND DERIVATIVES

a) Breakdown by category and type:

	Bank			
	June 30, 2019		December 31, 2018	
	Adjusted cost	Fair value ⁽¹⁾	Adjusted cost	Fair value ⁽¹⁾
Free trading securities	203,714	206,390	133,791	136,877
Own portfolio	28,429	28,825	1,826	1,859
Debentures	28,429	28,825	1,826	1,859
Linked to repurchase commitments	175,285	177,565	131,965	135,018
Debentures	175,285	177,565	131,965	135,018
Securities available for sale	1,447,658	1,460,668	1,879,784	1,886,469
Own portfolio	1,244,457	1,257,528	1,659,743	1,666,466
Treasury bills (LFT)	1,141,352	1,140,972	1,555,928	1,555,776
National Treasury Notes (NTN-B)	-	-	321	322
Foreign securities	46,409	47,702	46,933	45,881
Investment fund units	52,423	64,570	56,561	64,487
Debentures	4,157	4,168	-	-
Certificates of Real Estate Receivables (CRI)	116	116	-	-
Linked to repurchase commitments	6,282	6,280	4,456	4,456
Treasury bills (LFT)	6,282	6,280	4,456	4,456
Linked to guarantees ⁽²⁾	196,919	196,860	215,585	215,547
Treasury bills (LFT)	196,919	196,860	215,585	215,547
Held-to-maturity securities	11,566	11,566	-	-
Own portfolio	11,566	11,566	-	-
Other government bonds	11,566	11,566	-	-
Total Securities	1,662,938	1,678,624	2,013,575	2,023,346

	Consolidated			
	June 30, 2019		December 31, 2018	
	Adjusted cost	Fair value ⁽¹⁾	Adjusted cost	Fair value ⁽¹⁾
Free trading securities	275,268	277,945	201,694	204,780
Own portfolio	28,429	28,825	1,826	1,859
Debentures	28,429	28,825	1,826	1,859
Linked to repurchase commitments	175,285	177,565	131,965	135,018
Debentures	175,285	177,565	131,965	135,018
Assets-backed technical reserves (Note 19.c)	71,554	71,555	67,903	67,903
Investment fund units	71,554	71,555	67,903	67,903
Securities available for sale	1,622,098	1,638,161	2,088,022	2,095,084
Own portfolio	1,418,765	1,434,889	1,865,798	1,872,898
Treasury bills (LFT)	1,174,433	1,174,054	1,586,645	1,586,493
National Treasury Notes (NTN-B)	-	-	321	322
Foreign securities	93,087	97,432	83,363	82,687
Investment fund units	146,929	159,076	195,429	203,356
Debentures	4,157	4,168	-	-
Certificates of Real Estate Receivables (CRI)	116	116	-	-
Certificates of Bank Deposit (CDB)	43	43	40	40
Linked to repurchase commitments	6,282	6,280	4,456	4,456
Treasury bills (LFT)	6,282	6,280	4,456	4,456
Linked to guarantees ⁽²⁾	196,919	196,860	215,585	215,547
Treasury bills (LFT)	196,919	196,860	215,585	215,547
Assets-backed technical reserves (Note 19.c)	132	132	2,183	2,183
Treasury bills (LFT)	132	132	2,183	2,183
Held-to-maturity securities	11,566	11,566	-	-
Own portfolio	11,566	11,566	-	-
Other government bonds	11,566	11,566	-	-
Total Securities	1,908,932	1,927,672	2,289,716	2,299,864

(1) The securities' fair value was calculated based on the prices and rates prevailing as at June 30, 2019, and December 31, 2018, as disclosed by the Brazilian Financial and Capital Markets Association (ANBIMA), by the managers of the investment fund in which the Bank invests, the B3 S.A.- Brasil, Bolsa, Balcão, and other market makers in the case of securities acquired abroad.

(2) As at June 30, 2019, securities linked to guarantees refer to securities linked to: (i) transactions conducted at the B3 S.A.- Brasil, Bolsa, Balcão, and CETIP S.A. - Mercados Organizados, in the amount of R\$196,860 (R\$215,547 as at December 31, 2018) (Note 6.n).

b) Breakdown by maturity:

	Bank						
	June 30, 2019						
	Without maturity	Up to 3 months	3 to 12 months	1 to 3 Years	3 to 5 Years	Over 5 years	Total
Federal government securities	-	-	27,650	533,152	675,547	107,763	1,344,112
Treasury Bills (LFT)	-	-	27,650	533,152	675,547	107,763	1,344,112
Foreign securities	-	891	174	18,482	24,206	15,515	59,268
Eurobonds and similar instruments	-	891	103	18,482	24,206	4,020	47,702
Other government bonds	-	-	71	-	-	11,495	11,566
Private-sector securities	-	116	206,390	-	-	4,168	210,674
Debentures (1)	-	-	206,390	-	-	4,168	210,558
Certificates of Real Estate Receivables (CRI)	-	116	-	-	-	-	116
Investment fund units	64,570	-	-	-	-	-	64,570
Real estate investment fund	51,598	-	-	-	-	-	51,598
Fixed-income investment fund	11,448	-	-	-	-	-	11,448
Other investment funds	1,524	-	-	-	-	-	1,524
Total	64,570	1,007	234,214	551,634	699,753	127,446	1,678,624

	December 31, 2018						Total
	Without maturity	Up to 3 months	3 to 12 months	1 to 3 Years	3 to 5 Years	Over 5 years	
Federal government securities	-	9,209	322	607,528	98,989	1,060,053	1,776,101
Treasury Bills (LFT)	-	9,209	-	607,528	98,989	1,060,053	1,775,779
National Treasury Notes (NTN-B)	-	-	322	-	-	-	322
Foreign securities	-	901	104	-	34,828	10,048	45,881
Eurobonds and similar instruments	-	901	104	-	34,828	10,048	45,881
Private-sector securities	-	-	136,877	-	-	-	136,877
Debentures (1)	-	-	136,877	-	-	-	136,877
Investment fund units	64,487	-	-	-	-	-	64,487
Real estate investment fund	47,320	-	-	-	-	-	47,320
Fixed-income investment fund	15,722	-	-	-	-	-	15,722
Other investment funds	1,445	-	-	-	-	-	1,445
Total	64,487	10,110	137,303	607,528	133,817	1,070,101	2,023,346

	Consolidated						
	June 30, 2019						
	Without maturity	Up to 3 months	3 to 12 months	1 to 3 Years	3 to 5 Years	Over 5 years	Total
Federal government securities	-	-	27,650	546,595	695,288	107,793	1,377,326
Treasury Bills (LFT)	-	-	27,650	546,595	695,288	107,793	1,377,326
Foreign securities	-	1,817	3,247	22,588	41,949	39,397	108,998
Eurobonds and similar instruments	-	1,817	3,176	22,588	41,949	27,902	97,432
Other government bonds	-	-	71	-	-	11,495	11,566
Private-sector securities	-	116	206,390	-	43	4,168	210,717
Debentures ⁽¹⁾	-	-	206,390	-	-	4,168	210,558
Certificates of Real Estate Receivables (CRI)	-	116	-	-	-	-	116
Certificates of Bank Deposit (CDB)	-	-	-	-	43	-	43
Investment fund units	230,631	-	-	-	-	-	230,631
Fixed-income investment fund	139,517	-	-	-	-	-	139,517
Real estate investment fund	51,598	-	-	-	-	-	51,598
Multimarket investment fund	23,510	-	-	-	-	-	23,510
Equity funds	14,482	-	-	-	-	-	14,482
Other investment funds	1,524	-	-	-	-	-	1,524
Total	230,631	1,933	237,287	569,183	737,280	151,358	1,927,672

	December 31, 2018						Total
	Without maturity	Up to 3 months	3 to 12 months	1 to 3 Years	3 to 5 Years	Over 5 years	
Federal government securities	-	28,564	322	620,875	99,187	1,060,053	1,809,001
Treasury Bills (LFT)	-	28,564	-	620,875	99,187	1,060,053	1,808,679
National Treasury Notes (NTN-B)	-	-	322	-	-	-	322
Foreign securities	-	901	104	4,415	53,004	24,263	82,687
Eurobonds and similar instruments	-	901	104	4,415	53,004	24,263	82,687
Private-sector securities	-	-	136,877	-	40	-	136,917
Debentures (1)	-	-	136,877	-	-	-	136,877
Certificates of Bank Deposit (CDB)	-	-	-	-	40	-	40
Investment fund units	271,259	-	-	-	-	-	271,259
Fixed-income investment fund	187,571	-	-	-	-	-	187,571
Real estate investment fund	47,321	-	-	-	-	-	47,321
Multimarket investment fund	22,631	-	-	-	-	-	22,631
Equity funds	12,291	-	-	-	-	-	12,291
Other investment funds	1,445	-	-	-	-	-	1,445
Total	271,259	29,465	137,303	625,290	152,231	1,084,316	2,299,864

(1) As set forth in the sole paragraph of Article 7 of BACEN Circular Letter No. 3068/01, securities classified as "Trading securities" are recognized in current assets, regardless of their respective maturities.

c) Derivatives:

The Bank conducts derivative transactions recorded in balance sheet, profit or loss and memorandum accounts to meet its own and the clients' needs.

Derivatives used are properly approved based on the product use policy. Pursuant to this policy, prior to the implementation of each product, all aspects should be analyzed, such as: objectives, methods of use, underlying risks and appropriate supporting operational infrastructure.

The credit and market risk components of derivatives are monitored on a daily basis, and specific limits are set for derivative transactions for clients and also for registration and settlement chambers. Such limits are managed through a system that consolidates exposures by counterparty. Any discrepancies are promptly identified and addressed for immediate solution.

The market risk of derivatives is managed based on a prevailing risk policy, pursuant to which potential risks of price fluctuations in the financial markets are centralized in the Treasury department, which provides hedge for the other areas.

The main derivative financial instruments used by the Bank include swaps, non-deliverable forwards (NDF), US dollar futures (DOL), interest rate (DI) and foreign exchange coupon (DDI). BACEN Circular Letter 3082/02 permitted a specific accounting in those cases derivatives are used to hedge against changes in the fair value or cash flow of the Bank.

No derivative transactions were conducted between the Group companies.

d) Hedge:

The hedging strategy is determined based on the Bank's operating risk exposure limits. Whenever its transactions have risk exposures above the preset limits, which might result in significant fluctuations in the Bank's profit or loss, the Bank uses derivatives, contracted in the organized or over-the-counter market, to hedge against such risks, according to the hedging rules set forth in BACEN Circular Letter 3082/02.

The hedge instruments seek to mitigate market, currency fluctuation and interest rate risks. According to the market liquidity, the maturity dates of hedge instruments are the closest possible to the dates of the financial flows of the hedged transactions so as to ensure an efficient hedge.

Hedge Accounting**Market Risk Hedge**

The Bank has a market risk hedge structure designed to offset the risks arising from the exposure to changes in the fair value relating to the fluctuation of foreign currency (US dollar and euro fluctuation) and of the Libor interest rate on foreign borrowings - (hedged items) recorded in "Payables for securities issued abroad" (Note 16.2) and "Payables for foreign borrowings" (Note 17).

The table below summarizes the market risk hedge structure:

June 30, 2019				Changes in fair value		Effectiveness
Hedged item	Maturity	Principal Value	Hedge Instrument	Hedged item	Hedge Instrument	
IIC Funding - A/B Loan	7/15/2020	USD 20.000	Swap	(18,653)	18,608	99.76%
IFC Funding	3/15/2022	USD 110.000	Swap	(125,861)	124,161	98.65%
Total				<u>(144,514)</u>	<u>142,769</u>	

December 31, 2018				Changes in fair value		Effectiveness
Hedged item	Maturity	Principal Value	Hedge Instrument	Hedged item	Hedge Instrument	
IFC Funding	03/15/2019	USD 105.000	Swap	(100,704)	100,938	100.23%
IFC Funding	03/15/2019	€ 55,500	Swap	(68,326)	67,161	98.29%
Foreign issuance	03/18/2019	USD 500.000	Swap	(446,322)	446,781	100.10%
IIC Funding - A/B Loan	07/15/2020	USD 20.000	Swap	(18,043)	18,055	100.07%
IFC Funding	03/15/2022	USD 110.000	Swap	(116,484)	115,033	98.75%
Total				<u>(749,879)</u>	<u>747,968</u>	

The accounting hedge structure for these transactions was established by linking a cash flow swap contract to each borrowing maturity, either interest or principal plus interest, and the Bank's long position is identical to the yield of borrowings agreements.

e) Fair value:

The fair value of derivative instruments is determined using available market information, mainly prices and rates disclosed by the B3 S.A. - Brasil, Bolsa, Balcão. When applicable, the Bank adopts mathematical models of rate interpolation for intermediate terms, and rate extrapolation for longer terms.

The following pricing methodologies were adopted for calculating the fair value of derivatives:

- Futures transactions - quotations disclosed by B3 S.A. - Brasil, Bolsa, Balcão.
- Swap agreements and non-deliverable forwards (NDF) - use of the future cash flow, discounted to present value based on future interest curves, obtained from information disclosed by B3 S.A. - Brasil, Bolsa, Balcão.

f) Breakdown of the balances recorded in assets and liabilities, in line item "Derivatives" and "Trading account":

Assets	June 30, 2019		December 31, 2018	
	Current	Noncurrent	Current	Noncurrent
Derivatives	18,434	95,869	304,862	95,719
Swaps - differential receivable	1,123	93,072	278,581	94,744
Currency forward receivable	13,991	2,452	26,281	975
Premiums paid for purchase of stock options	3,320	345	-	-
Trading account	4,823	340	1,779	-
Unsettled futures	635	-	1,779	-
Dollar futures (DOL)	308	-	330	-
Foreign exchange coupon (DDI)	99	-	1,358	-
Interest rate (DI)	228	-	91	-
Unsettled listed option premium	4,188	340	-	-
Call options	4,188	340	-	-

Liabilities	June 30, 2019		December 31, 2018	
	Current	Noncurrent	Current	Noncurrent
Derivatives	15,383	1,283	29,662	-
Swaps - differential payable	53	-	9,631	-
Currency forward payable	12,012	938	20,031	-
Premiums received on the sale of call options	3,318	345	-	-
Trading account	5,714	168	3,035	-
Futures pending settlement	3,778	-	3,035	-
Foreign exchange coupon (DDI)	361	-	1,153	-
Interest rate (DI)	3,210	-	459	-
Dollar futures (DOL)	195	-	1,423	-
Coupon future IPC-A (DAP)	12	-	-	-
Unsettled purchased option premium	1,936	168	-	-
Call options	1,936	168	-	-

Differentials receivable and payable and daily adjustments paid or received for financial assets and financial liabilities are recorded in respective balance sheet accounts as "Derivatives" and "Trading account" which, as at June 30, 2019 and December 31, 2018, are adjusted to fair value, and the notional values of these transactions are recorded in memorandum accounts (Note 6.k).

g) Breakdown by type of contract and counterparty (Bank and consolidated):

Contracts	Type of counterparty	June 30, 2019		December 31, 2018	
		Amounts		Amounts	
		receivable	(payable)	receivable	(payable)
Futures	B3 S.A. - Brasil, Bolsa, Balcão	635	(3,778)	1,779	(3,035)
	Total futures transactions	635	(3,778)	1,779	(3,035)
Swap	Financial institutions	92,656	-	371,292	(8,879)
	Companies	1,539	(53)	2,033	(752)
	Total	94,195	(53)	373,325	(9,631)
Forward	Companies	16,443	(12,950)	27,256	(20,031)
	Total forward transactions	16,443	(12,950)	27,256	(20,031)
Options	Financial institutions	-	(3,663)	-	-
	Companies	3,665	-	-	-
	Total	3,665	(3,663)	-	-

h) Swap contracts (Bank and Consolidated):

	June 30, 2019					
	Notional value	Cost Value		Fair Value		Differential receivable (payable)
		Bank	Counterparty	Bank	Counterparty	
Lending operations						
Accounting hedge objective (Note 6.d)	381,682	466,346	383,557	471,028	378,371	92,657
DOLLAR x CDI	381,682	466,346	383,557	471,028	378,371	92,657
Trading objective	43,143	43,794	42,608	44,342	42,804	1,538
CDI x DOLLAR	37,997	38,353	37,467	38,288	37,345	943
PRE x DOLLAR	5,146	5,441	5,141	6,054	5,459	595
Total lending operations	424,825	510,140	426,165	515,370	421,175	94,195
Borrowing operations						
Trading objective	3,086	3,135	3,189	3,128	3,181	(53)
CDI x DOLLAR	3,086	3,135	3,189	3,128	3,181	(53)
Total de borrowing operations	3,086	3,135	3,189	3,128	3,181	(53)

	December 31, 2018					
	Notional value	Cost Value		Fair Value		Differential receivable (payable)
		Bank	Counterparty	Bank	Counterparty	
Lending operations						
Accounting hedge objective (Note 6.d)	2,489,182	2,733,190	2,569,158	2,734,882	2,564,529	170,353
PRE x CDI	1,776,750	1,853,976	1,853,972	1,853,976	1,853,972	4
LIBOR x CDI	712,432	879,214	715,186	880,906	710,557	170,349
Trading objective	1,759,810	2,743,918	2,536,059	2,741,567	2,538,595	202,972
CDI x DOLLAR	1,147,133	1,454,138	1,447,671	1,454,347	1,447,584	6,763
DOLLAR x CDI	610,175	1,287,158	1,085,957	1,284,217	1,088,316	195,901
PRE x DOLLAR	2,502	2,622	2,431	3,003	2,695	308
Total lending operations	4,248,992	5,477,108	5,105,217	5,476,449	5,103,124	373,325
Borrowing operations						
Accounting hedge objective (Note 6.d)	1,961,199	2,220,404	2,229,282	2,220,404	2,229,282	(8,878)
EMTA x PRE	1,776,750	1,973,119	1,980,944	1,973,119	1,980,944	(7,825)
EURO x CDI	184,449	247,285	248,338	247,285	248,338	(1,053)
Trading objective	16,785	17,108	17,933	17,111	17,864	(753)
CDI x DOLLAR	16,785	17,108	17,933	17,111	17,864	(753)
Total de borrowing operations	1,977,984	2,237,512	2,247,215	2,237,515	2,247,146	(9,631)

i) Forward contracts (Bank and Consolidated):

June 30, 2019						
Currency Forward	Notional value	Cost Value		Fair Value		Differential receivable (payable)
		Bank	Counterparty	Bank	Counterparty	
Trading objective						
Non-deliverable currency forward purchase	205,222	211,184	208,194	211,184	203,349	7,835
Non-deliverable currency forward sale	426,700	419,385	427,744	419,384	410,776	8,608
Total lending operations	631,922	630,569	635,938	630,568	614,125	16,443
Trading objective						
Non-deliverable currency forward purchase	512,779	503,837	517,332	503,837	516,402	(12,565)
Non-deliverable currency forward sale	34,985	35,363	35,172	35,363	35,748	(385)
Total de Borrowing operations	547,764	539,200	552,504	539,200	552,150	(12,950)

December 31, 2018						
Currency Forward	Notional value	Cost Value		Fair Value		Differential receivable (payable)
		Bank	Counterparty	Bank	Counterparty	
Trading objective						
Non-deliverable currency forward purchase	361,861	377,452	364,562	377,451	365,163	12,288
Non-deliverable currency forward sale	1,331,779	1,330,055	1,338,688	1,330,055	1,315,087	14,968
Total lending operations	1,693,640	1,707,507	1,703,250	1,707,506	1,680,250	27,256
Trading objective						
Non-deliverable currency forward purchase	991,130	984,382	997,437	984,382	1,000,106	(15,724)
Non-deliverable currency forward sale	175,647	180,465	140,291	180,465	184,772	(4,307)
Total de Borrowing operations	1,166,777	1,164,847	1,137,728	1,164,847	1,184,878	(20,031)

j) Future contracts (Bank and Consolidated):

June 30, 2019					
Contracts	Long Position	Notional value		Total exposure	Daily adjustments receivable (payable)
		Short Position			
Trading objective					
Foreign exchange coupon (DDI)	240,919	514,705	755,624	99	(361)
Interest rate (DI)	37,293	3,972,778	4,010,071	228	(3,210)
Dollar futures (DOL)	192,972	281,241	474,213	308	(195)
Coupon future IPC-A (DAP)	-	10,962	10,962	-	(12)
Total	471,184	4,779,686	5,250,870	635	(3,778)

December 31, 2018					
Contracts	Long Position	Notional value		Total exposure	Daily adjustments receivable (payable)
		Short Position			
Trading objective					
Foreign exchange coupon (DDI)	308,019	411,616	719,635	1,358	(1,153)
Interest rate (DI)	44,989	3,053,318	3,098,307	91	(459)
Dollar futures (DOL)	367,496	-	367,496	330	(1,423)
Total	720,504	3,464,934	4,185,438	1,779	(3,035)

k) Option contracts (Bank and Consolidated):

Contracts	June 30, 2019			
	Underlying asset	Notional value	Amounts of premiums paid (received)	
			curve	market
Purchase of options				
Purchase of call options	DOLLAR	95,287	2,104	3,665
Sale of options				
Sale of call options	DOLLAR	98,102	(4,528)	(3,663)

l) Operations by maturity (notional values) (Bank and Consolidated):

Contracts	June 30, 2019					
	Up to 3 months	From 3 to 12 months	From 1 to 3 years	From 3 to 5 years	Over 5 years	Total
Futures	1,215,284	2,225,146	1,625,293	161,177	23,970	5,250,870
Swap	16,410	26,167	385,334	-	-	427,911
Forward	854,743	234,414	71,581	18,948	-	1,179,686
Options	5,297	179,132	6,093	2,867	-	193,389
Total	2,091,734	2,664,859	2,088,301	182,992	23,970	7,051,856

Contracts	December 31, 2018					
	Up to 3 months	From 3 to 12 months	From 1 to 3 years	From 3 to 5 years	Over 5 years	Total
Futures	989,748	1,574,474	1,436,933	139,295	44,988	4,185,438
Swap	5,791,589	52,128	33,519	349,740	-	6,226,976
Forward	2,467,099	363,015	30,303	-	-	2,860,417
Total	9,248,436	1,989,617	1,500,755	489,035	44,988	13,272,831

m) Trading location (Bank and Consolidated):

	Notional value	
	June 30, 2019	December 31, 2018
Futures / Swap / Forward / Options		
B3 S.A. - Brasil, Bolsa, Balcão	7,051.856	13,272.831

n) Collateral margins (Bank and Consolidated)

Federal government securities	June 30, 2019		December 31, 2018	
	Cost Value	Market value	Cost Value	Market value
Treasury Bills (LFT)	196,919	196,860	215,585	215,547

Federal government bonds are pegged to guarantees for outstanding futures transactions at B3 S.A. - Brasil, Bolsa, Balcão as at June 30, 2019 and December 31, 2018.

7. LENDING, OTHER LENDING AND LEASING OPERATIONS

a) Breakdown of the loan, other loan and leasing portfolio:

	Bank			
	June 30, 2019		December 31, 2018	
	Current	Noncurrent	Current	Noncurrent
Loans ⁽¹⁾	5,683,337	5,356,223	5,493,314	4,813,958
Discounted trade notes	1,107,565	1,486	708,116	979
Loans assigned with substantial retention of risks and benefits (Note 8)	26,360	21,302	37,033	35,145
Financing	1,693,064	788,227	1,693,762	712,945
Rural and agro-industrial financing	55,308	1,933	52,177	2,444
Total lending operations	8,565,634	6,169,171	7,984,402	5,565,471
Guarantees and collaterals	9,649	3,980	12,873	8,491
Payables for purchase of assets (Note 10.b)	3,331,914	17,099	3,210,382	15,489
Loans and financing linked to transactions acquired under assignment (Note 10.b) ⁽²⁾	43,612	43,527	51,219	59,028
Financed imports (Note 20.a)	2,286	-	509	-
Advances on foreign exchange contracts (Note 10.a and 20.a)	591,631	-	569,363	-
Total other credits	3,979,092	64,606	3,844,346	83,008
Total	12,544,726	6,233,777	11,828,748	5,648,479

	Consolidated			
	June 30, 2019		December 31, 2018	
	Current	Noncurrent	Current	Noncurrent
Loans ⁽¹⁾	5,683,337	5,356,223	5,493,314	4,813,958
Discounted trade notes	1,107,565	1,486	708,116	979
Loans assigned with substantial retention of risks and benefits (Note 8)	26,360	21,302	37,033	35,145
Financing	1,736,259	848,567	1,727,967	740,973
Rural and agro-industrial financing	55,308	1,933	52,177	2,444
Total lending operations	8,608,829	6,229,511	8,018,607	5,593,499
Financial leasing	361,327	433,938	320,405	401,910
Operating leasing	40,207	28,758	36,848	28,222
Total leasing operations	401,534	462,696	357,253	430,132
Payables for purchase of assets (Note 10.b)	9,649	3,980	12,873	8,491
Other credit and notes receivable (Note 10.b)	3,331,914	17,099	3,210,382	15,489
Loans and financing linked to transactions acquired under assignment (Note 10.b) ⁽²⁾	43,612	43,527	51,219	59,028
Financed imports (Note 20.a)	2,286	-	509	-
Advances on foreign exchange contracts (Note 10.a and 20.a)	591,631	-	569,363	-
Total other credits	3,979,092	64,606	3,844,346	83,008
Total	12,989,455	6,756,813	12,220,206	6,106,639

(1) Includes loan transactions as set forth in CMN Res. 2921/02 (Note 7.h).

(2) Loan transactions acquired from financial institution comprising the National Financial System, with retention of risks and benefits by the assignor.

b) Breakdown of the loan, other loan and leasing portfolio by risk level:

Risk Level	Bank							
	June 30, 2019				December 31, 2018			
	Allowance				Allowance			
	Total portfolio	Required by BACEN Res. 2682/99 ⁽¹⁾	Additional ⁽²⁾	Total allowance	Total portfolio	Required by BACEN Res. 2682/99 ⁽¹⁾	Additional ⁽²⁾	Total allowance
AA	1,839,609	-	-	-	1,316,083	-	-	-
A	6,526,781	32,634	18,883	51,517	7,390,511	36,954	29,562	66,516
B	6,635,466	66,355	126,074	192,429	6,334,105	63,341	120,348	183,689
C	2,380,182	71,405	102,348	173,753	1,186,409	35,593	15,423	51,016
D	425,733	42,573	-	42,573	366,672	36,667	-	36,667
E	81,809	24,543	-	24,543	77,982	23,394	-	23,394
F	221,649	110,824	-	110,824	135,349	67,674	-	67,674
G	27,217	19,052	-	19,052	43,660	30,562	-	30,562
H	640,057	640,057	-	640,057	626,456	626,456	-	626,456
Total	18,778,503	1,007,443	247,305	1,254,748	17,477,227	920,641	165,333	1,085,974

Risk Level	Consolidated							
	June 30, 2019				December 31, 2018			
	Allowance				Allowance			
	Total portfolio	Required by BACEN Res. 2682/99 ⁽¹⁾	Additional ⁽²⁾	Total allowance	Total portfolio	Required by BACEN Res. 2682/99 ⁽¹⁾	Additional ⁽²⁾	Total allowance
AA	1,874,422	-	-	-	1,316,083	-	-	-
A	6,926,920	34,635	18,883	53,518	7,758,115	38,791	29,562	68,353
B	7,074,394	70,744	126,074	196,818	6,723,487	67,235	120,348	187,583
C	2,451,430	73,543	102,348	175,891	1,259,874	37,797	15,423	53,220
D	434,834	43,483	-	43,483	374,560	37,456	-	37,456
E	85,779	25,734	-	25,734	84,672	25,402	-	25,402
F	222,348	111,173	-	111,173	138,128	69,064	-	69,064
G	27,513	19,259	-	19,259	43,685	30,579	-	30,579
H	648,628	648,628	-	648,628	628,241	628,241	-	628,241
Total	19,746,268	1,027,199	247,305	1,274,504	18,326,845	934,565	165,333	1,099,898

(1) Refers to the allowance for loan losses considering the minimum percentage rates required by CMN Resolution No. 2682/99, as mentioned in Note 3.q.

(2) Additional allowance recognized in relation to the minimum percentage required by the prevailing regulation, based on a specific credit risk assessment methodology.

c) Breakdown of the loan, other loan and leasing portfolio by business sector

	Bank		Consolidated	
	June 30, 2019	December 31, 2018	June 30, 2019	December 31, 2018
Private sector	18,625,116	17,367,050	19,592,881	18,216,668
Industrial	5,274,370	4,825,155	5,468,926	5,018,420
Commercial	3,211,058	3,335,420	3,359,244	3,476,737
Financial	104,132	120,443	109,581	124,439
Other services	2,973,053	2,815,274	3,592,194	3,325,775
Individuals	7,062,503	6,270,758	7,062,503	6,270,758
Rural	-	-	433	539
Public sector	153,387	110,177	153,387	110,177
Total	18,778,503	17,477,227	19,746,268	18,326,845

d) Breakdown of the loan, other loan and leasing portfolio by maturity

	Bank		Consolidated	
	June 30, 2019	December 31, 2018	June 30, 2019	December 31, 2018
Current				
Up to 3 months	7,040,692	6,288,191	7,192,849	6,421,368
3 to 12 months	5,194,852	5,274,066	5,486,367	5,531,406
1 to 3 years	4,187,164	3,892,038	4,619,208	4,281,865
3 to 5 years	1,451,413	1,271,022	1,540,125	1,339,095
Over 5 years	595,200	485,419	597,480	485,679
Total - current	18,469,321	17,210,736	19,436,029	18,059,413
Past-due				
Up to 60 days	119,072	87,247	119,432	87,940
61 to 90 days	30,209	31,125	30,447	31,229
91 to 180 days	63,860	44,226	64,165	44,344
181 to 360 days	96,041	103,893	96,195	103,919
Total - past-due	309,182	266,491	310,239	267,432
Total	18,778,503	17,477,227	19,746,268	18,326,845

e) Concentration of credit risk:

	Bank		Consolidated	
	June 30, 2019	December 31, 2018	June 30, 2019	December 31, 2018
Largest debtors	Amount	% on portfolio	Amount	% on portfolio
10 largest debtors	1,623,608	8.64	1,113,947	6.37
50 next largest debtors	2,168,837	11.55	2,076,303	11.88
100 next largest debtors	1,647,892	8.78	1,780,317	10.19
Other debtors	13,338,166	71.03	12,506,660	71.56
Total	18,778,503	100.00	17,477,227	100.00
	Bank		Consolidated	
	June 30, 2019	December 31, 2018	June 30, 2019	December 31, 2018
Largest debtors	Amount	% on portfolio	Amount	% on portfolio
10 largest debtors	1,870,586	9.47	1,326,821	7.24
50 next largest debtors	2,443,138	12.37	2,305,889	12.58
100 next largest debtors	1,827,977	9.26	1,952,110	10.65
Other debtors	13,604,567	68.90	12,742,025	69.53
Total	19,746,268	100.00	18,326,845	100.00

f) Renegotiated lending and leasing operations:

During the quarter and six-month period ended June 30, 2019, the Bank renegotiated delinquent customers' loans in the amount of R\$266,960 and R\$410,062, respectively (R\$563,170 as at December 31, 2018) and Daycoval Leasing renegotiated leasing operations in the amount of R\$1,546 and R\$3,004, respectively (R\$4,215 as at December 31, 2018).

g) Recovery of loans written off as loss:

During the quarter and six-month period ended June 30, 2019, the Bank recovered credits previously written off as loss, in the amounts of R\$32,006 and R\$102,322, respectively (R\$229,505 for the quarter period ended December 31, 2018) (Note 25.a) and Daycoval Leasing recovered for the quarter period ended June 30, 2019 the amounts of R\$142 and R\$249, respectively (R\$322 in 2018) (Note 25.b), recognized in the income statements.

h) Linked lending transactions:

The table below shows the information on linked lending transactions carried out as set forth in CMN Resolution 2921/02:

	June 30, 2019	December 31, 2018
	Up to 12 months	Up to 12 months
Linked lending transactions		
Lending transactions	23,930	24,355
Payables for linked lending transactions		
Bank Certificates of Deposit (CDBs)	26,101	25,291

8. ASSIGNMENT OF LOANS (Bank and Consolidated):

Loan assignments carried out by the Bank meet the accounting criteria described in CMN Resolution 3533/08 (Note 3.h), regarding the classification of these assignments in the category "Operations with substantial retention of risks and benefits."

During the quarter period ended June 30, 2019, and in the year ended December 31, 2018, there were no assignment of loans.

As at June 30, 2019, the carrying amount of these assignments recorded under "Lending operations" (Note 7.a) as at June 30, 2019 amounts to R\$47,662 (R\$72,178 as at December 31, 2018) with the related obligation arising from the assignment recognized under "Other payables - Sundry- Payables for sale and transfer of financial assets" (Note 20.d), amounting to R\$56,997 (R\$86,864 as at December 31, 2018).

Such loan assignments did not generate advanced profit or loss for the Bank.

9. ALLOWANCE FOR LOAN, OTHER CREDIT AND LEASE LOSSES

The allowance for loan, other credit and lease losses was recognized based on the criteria described in note 3.g) and is considered sufficient to cover probable losses.

In the quarter period ended June 30, 2019 and in the year ended December 31, 2018, the changes in the expenses on the allowance for loan, other credit and lease losses, recognized in the income statements, under "Allowance for loan losses", were as follows:

Quarter ended June 30, 2019	Opening allowance balance	Recognition of allowance			Write-off of transactions against loss	Closing allowance balance
		Required by BACEN Res. 2682/99 ⁽¹⁾	Additional ⁽²⁾	Total allowance expenses		
Bank	1,130,642	132,078	59,577	191,655	(67,549)	1,254,748
Daycoval Leasing	17,626	2,135	-	2,135	(5)	19,756
Total - Consolidated	1,148,268	134,213	59,577	193,790	(67,554)	1,274,504

	Bank	Consolidated
Current assets - lending operations	596,978	597,530
Noncurrent long-term assets - lending operations	518,015	518,571
Current assets - other sundry credits	137,499	137,499
Noncurrent assets - other sundry credits	2,256	2,256
Current assets - leasing	-	8,795
Noncurrent long-term assets - leasing	-	9,853
Total allowance for loan and other credit losses with credit and lease characteristics	1,254,748	1,274,504
Noncurrent assets - other sundry credits without credit characteristics ⁽³⁾	26,968	26,968
Total allowance for other credit losses without credit characteristics	26,968	26,968
Total allowance for loan losses	1,281,716	1,301,472

Six-month period ended June 30, 2019	Opening allowance balance	Recognition of allowance			Write-off of transactions against loss	Closing allowance balance
		Required by BACEN Res. 2682/99 ⁽¹⁾	Additional ⁽²⁾	Total allowance expenses		
Bank	1,084,985	231,519	82,944	314,463	(144,700)	1,254,748
Daycoval Leasing	13,924	5,869	-	5,869	(37)	19,756
Total - Consolidated	1,098,909	237,388	82,944	320,332	(144,737)	1,274,504

	Bank	Consolidated
Current assets - lending operations	596,978	597,530
Noncurrent long-term assets - lending operations	518,015	518,571
Current assets - other sundry credits	137,499	137,499
Noncurrent assets - other sundry credits	2,256	2,256
Current assets - leasing	-	8,795
Noncurrent long-term assets - leasing	-	9,853
Total allowance for loan and other credit losses with credit and lease characteristics	1,254,748	1,274,504
Noncurrent assets - other sundry credits without credit characteristics ⁽³⁾	26,968	26,968
Total allowance for other credit losses without credit characteristics	26,968	26,968
Total allowance for loan losses	1,281,716	1,301,472

December 31, 2018	Opening allowance balance	Recognition of allowance			Write-off of transactions against loss	Closing allowance balance
		Required by BACEN Res. 2682/99 ⁽¹⁾	Additional ⁽²⁾	Total allowance expenses		
Bank	916,075	533,008	165,333	698,341	(528,442)	1,085,974
Daycoval Leasing	14,399	570	-	570	(1,045)	13,924
Total - Consolidated	930,474	533,578	165,333	698,911	(529,487)	1,099,898

	Bank	Consolidated
Current assets - lending operations	542,790	543,847
Noncurrent long-term assets - lending operations	403,522	404,001
Current assets - other sundry credits	139,136	139,136
Noncurrent assets - other sundry credits	526	526
Current assets - leasing	-	6,253
Noncurrent long-term assets - leasing	-	6,135
Total	1,085,974	1,099,898

(1) Refers to the allowance for loan losses considering the minimum percentage rates required by CMN Resolution No. 2682/99, as mentioned in Note 3.g.

(2) Additional allowance recognized in relation to the minimum percentage required by the prevailing regulation, based on a specific credit risk assessment methodology.

(3) Refers to the expense on allowance for other credits without credit characteristics, recognized in the income statements in line item "Other operating expenses".

10. OTHER CREDITS

Other credits are broken down as follows:

a) Foreign exchange portfolio (Bank and Consolidated)

	June 30, 2019	December 31, 2018
	Current	Noncurrent
Foreign exchange purchased pending settlement	746,028	678,972
Right on foreign exchange sold	695,507	372,360
(-) Advances received in local currency	(6,508)	(1,774)
Income receivable from advances granted (Note 7.a)	14,970	15,000
Total	1,449,997	1,064,558

b) Sundry:

	Bank			
	June 30, 2019		December 31, 2018	
	Current	Noncurrent	Current	Noncurrent
Salary advances	5,357	-	854	-
Advances for payment of our account	13,266	-	13,692	-
Advances for property, plant and equipment	135	-	85	-
Tax credits (Note 22.c)	509,630	571,410	473,452	552,405
Debtors for purchase of assets (Note 7.a)	9,649	3,980	12,873	8,491
Debtors for escrow deposits ⁽¹⁾	-	1,803,431	3,158	1,695,149
Recoverable taxes ⁽²⁾	69,976	-	137,460	-
Reimbursable payments	902	-	891	-
Prepaid profit sharing	1	-	27,169	-
Credits linked to transactions acquired under assignment (Note 7.a)	43,612	43,527	51,219	59,028
Discount on the acquisition of lending operations ⁽³⁾	(1,628)	(2,325)	(7,908)	(1,496)
Other credits and notes receivables (Note 7.a)	3,331,914	17,099	3,210,382	15,489
Sundry debtors	11,177	27,976	28,649	-
Total	3,993,991	2,465,098	3,951,976	2,329,066

	Consolidated			
	June 30, 2019		December 31, 2018	
	Current	Noncurrent	Current	Noncurrent
Salary advances	5,695	-	929	-
Advances for payment of our account	13,450	-	13,850	-
Advances for property, plant and equipment	135	-	85	-
Tax credits (Note 22.c)	515,335	579,319	476,545	558,279
Debtors for purchase of assets (Note 7.a)	9,649	3,980	12,873	8,491
Debtors for escrow deposits ⁽¹⁾	-	1,812,200	3,158	1,703,643
Recoverable taxes ⁽²⁾	81,801	475	152,609	-
Reimbursable payments	902	-	891	-
Prepaid profit sharing	1	-	27,169	-
Credits linked to transactions acquired under assignment (Note 7.a)	43,612	43,527	51,219	59,028
Discount on the acquisition of lending operations ⁽³⁾	(1,628)	(2,325)	(7,908)	(1,496)
Other credits and notes receivables (Note 7.a)	3,331,914	17,099	3,210,382	15,489
Sundry debtors	20,672	27,976	35,417	-
Total	4,021,538	2,482,251	3,977,219	2,343,434

(1) As at June 30, 2019, refers to the accounting for deposits linked to legal requirements (Note 23.b), made for the filing of appeals relating to: (i) taxes and contributions in the amount of R\$1,767,606 for the Bank and R\$1,773,893 for the Consolidated (R\$1,662,901 for the Bank and R\$1,669,014 for the Consolidated as at December 31, 2018); (ii) labor, amounting to R\$10,510 for the Bank and R\$12,891 for the Consolidated (R\$10,616 for the Bank and R\$12,897 for the Consolidated as at December 31, 2018); and (iii) civil, amounting to R\$25,315 for the Bank and Consolidated (R\$24,789 for the Bank and Consolidated as at December 31, 2018) and (iv) Daycoval Leasing rental guarantee in the amount of R\$102 (R\$100 as at December 31, 2018).

(2) As at June 30, 2019, the caption "Recoverable taxes" is composed mainly of prepaid income tax and social contribution in the amount of R\$67,713 (R\$135,441 as at December 31, 2018) for the Bank, and R\$73,460 (R\$147,275 as at December 31, 2018) for the Consolidated.

(3) As at June 30, 2019 and December 31, 2018 refers to discounts obtained on the acquisition of lending operations from other institutions comprising the National Financial System, to be recognized in the income statements of Banco Daycoval, in caption "Lending operations", due to the term of transactions.

11. OTHER ASSETS (Bank and Consolidated)

Other assets	June 30, 2019		December 31, 2018	
	Current	Noncurrent	Current	Noncurrent
Reposessed assets ⁽¹⁾	119,054	-	92,832	-
(-) Allowance for depreciation of reposessed assets	(8,758)	-	(8,422)	-
Total reposessed assets ⁽²⁾	110,296	-	84,410	-
Prepaid expenses ⁽³⁾				
Bank	11,643	1,744	21,110	2,249
Consolidated	11,118	1,744	20,035	2,249

(1) Refer to assets received as payment for loans.

(2) As at June 30, 2019, the total of reposessed assets amounts to R\$110,315 (R\$84,426 as at December 31, 2018) for the Consolidated.

(3) Refer mainly to expenses on commissions paid in advance upon origination of loans (Note 3.j).

As mentioned in Note 3.j), the Bank elected to adopt the provision set forth in paragraph 1 of Circular Letter 3693/13, as amended by Circular Letter 3738/14, both from BACEN, and recognized in "Prepaid expenses" the commissions paid to correspondents upon origination of loans in years prior to 2017. Beginning January 1, 2017, expenses on commissions were directly recognized in profit or loss for the period, upon origination of loans. During the quarter and semester ended June 30, 2019, the total commissions paid to third parties upon origination of loans, pursuant to the criteria set out in the abovementioned regulations, recognized in the income statements (Note 25.i) amounts to R\$47,148 and R\$96,014, respectively (R\$38,386 and R\$78,556, respectively, for the quarter and semester periods ended June 30, 2018).

12. INVESTMENTS

Investments are represented by investments in subsidiaries; the main information on these investments are as follows:

a) Direct subsidiaries:

	Daycoval Leasing		Dayprev ⁽³⁾	
	June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018
Total Assets	1,124,594	760,175	105,272	100,899
Total Liabilities	689,210	382,378	72,009	68,446
Equity	435,384	377,797	33,263	32,453
Negative goodwill on acquisition (Note 3.u)	(44,289)	(51,191)	-	-
Capital	206,805	206,805	25,000	15,000
Number of shares	5,780,078,463	5,780,078,463	19,591,614	14,550,000
Profit for the quarter	14,388	12,238	115	554
Profit for the six-month period	29,480	27,409	361	975
Ownership interest - %	100.00%	100.00%	97.00%	97.00%
Adjusted investment	391,095	326,606	32,265	31,479
Share of profit of subsidiaries in the six-month period	29,480	27,409	350	946

	ACS ⁽¹⁾		Daycoval Asset	
	June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018
Total Assets	795,041	773,191	44,595	39,602
Total Liabilities	8,642	7,572	2,077	2,055
Equity	786,399	765,619	42,518	37,547
Capital	623,448	123,448	1,554	1,554
Number of shares	536,730,077	536,730,077	36,875	36,875
Profit for the quarter	2,866	14,160	1,081	672
Profit for the six-month period	7,640	23,834	1,837	1,449
Ownership interest - %	99.99%	99.99%	99.99%	99.99%
Adjusted investment	778,595	728,040	42,518	37,547
Share of profit of subsidiaries in the six-month period	15,468	24,872	1,837	1,449

b) Indirect subsidiaries

	Treetop ⁽²⁾		IFP		SCC	
	June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018
Total Assets	73,774	71,918	56,378	66,238	13,351	12,904
Total Liabilities	2,318	6,950	17,357	14,832	114	68
Equity	71,456	64,968	39,021	51,406	13,237	12,836
Capital	10,227	10,290	60,020	60,020	10,020	10,020
Number of shares	2,668,585	2,668,585	60,020,000	60,020,000	10,020,000	10,020,000
Profit for the quarter	1,225	968	(4,165)	(745)	104	31
Profit for the six-month period	2,978	1,600	(8,218)	909	208	69
Ownership interest - %	100.00%	100.00%	99.99%	99.99%	99.99%	99.99%
Adjusted investment	71,456	64,968	39,021	51,406	13,237	12,836
Share of profit of subsidiaries in the six-month period (1)	2,978	1,600	(8,217)	909	208	69

(1) As at June 30, 2019, the share of profit (loss) of subsidiaries for the quarter period then ended, in the amount of R\$5,031 (R\$2,578 as at June 30, 2018), was recognized in profit or loss of ACS Participações (direct parent company), mentioned in item 12.a) above.

(2) During the six-month period ended June 30, 2019, revenue from currency fluctuation in the amount of R\$2,250 (R\$8,490 as at June 30, 2018) on the investment in Treetop was recognized in profit or loss of ACS Participações (direct parent), mentioned in the preceding item 12.a).

(3) The Extraordinary General Meeting held on October 30, 2018 decided on and approved the capital increase of Dayprev in the amount of R\$10 million, with the payment of earnings reserves and issuance of 4,591,614 million of registered common granted to shareholders as bonus. This increase was approved by SUSEP on January 2, 2019.

13. FOREIGN BRANCH

The balances of the transactions of Banco Daycoval S.A. - Cayman Branch (foreign branch) conducted with third parties and included in the Bank's interim information as at June 30, 2019 and December 31, 2018, are as follows:

	June 30, 2019		December 31, 2018	
	US\$ mil	R\$ mil ⁽¹⁾	US\$ mil	R\$ mil
Assets				
Cash and cash equivalents	288	1,104	234	907
Interbank investments	128,170	491,172	26,100	101,132
Securities	12,448	47,702	11,640	45,880
Lending operations	244,950	938,697	99,465	385,407
Other assets	355	1,360	673	2,609
Total assets	386,211	1,480,035	138,312	535,935
Liabilities				
Demand deposit	17,204	65,928	10,022	38,833
Time deposits	148,276	568,223	35,486	137,501
Funds from acceptance and issuance of securities	5,380	20,617	5,317	20,602
Borrowings and onlendings	76,408	292,811	81,736	316,710
Other sundry payables	23	88	-	-
Deferred income	624	2,392	183	709
Total liabilities	247,915	950,059	132,744	514,355

(1) The amounts in US dollars were translated into Brazilian reais (R\$) based on the R\$/US\$ 3.8322 and R\$/US\$3.8748 exchange rates disclosed by BACEN, as at June 30, 2019 and December 31, 2018, respectively.

During the quarter and six-month period ended June 30, 2019, expenses on exchange rate changes in the amounts of R\$1,534 and R\$1,013 (income of R\$12,391 and R\$12,759, respectively, for the quarter and six-month period ended June 30, 2018) were recognized in the Bank's profit or loss, respectively, on the investment in Banco Daycoval S.A. - Cayman Branch.

14. PROPERTY AND EQUIPMENT

Description	Bank				
	June 30, 2019				December 31, 2018
	Annual depreciation %	Cost	Accumulated depreciation	Net amount	Net amount
Facilities	10	669	(644)	25	28
Furniture and equipment	10	6,412	(4,120)	2,292	2,248
Communications equipment	20	829	(373)	456	372
Computers and peripherals	20	15,278	(11,013)	4,265	4,327
Security equipment	10	1,457	(845)	612	671
Vehicles	20	2,603	(1,212)	1,391	1,289
Airplane	10	75,865	(13,276)	62,589	66,380
Total assets		103,113	(31,483)	71,630	75,315

Description	Consolidated				
	June 30, 2019				December 31, 2018
	Annual depreciation %	Cost	Accumulated depreciation	Net amount	Net amount
Properties	4	2,140	-	2,140	2,140
Facilities	10	762	(644)	118	131
Furniture and equipment	10	7,540	(4,963)	2,577	2,454
Communications equipment	20	883	(426)	457	372
Computers and peripherals	20	16,365	(12,100)	4,265	4,327
Security equipment	10	1,457	(845)	612	671
Vehicles	20	4,058	(1,922)	2,136	1,841
Airplane	10	75,865	(13,276)	62,589	66,382
Total assets		109,070	(34,176)	74,894	78,318

15. DEPOSITS AND MONEY MARKET FUNDING

Demand deposits, interbank deposits, time deposits and foreign-currency deposits and money market funding are negotiated at usual market rates. Their aging list is as follows:

	Bank						
	June 30, 2019						
	Without Maturity	Up to 3 months	3 to 12 Months	1 to 3 years	3 to 5 years	Over 5 years	Total
Demand deposits	802,271	-	-	-	-	-	802,271
Interbank deposits	-	386,057	59,824	1,625	-	-	447,506
Time deposits	-	1,233,804	1,721,971	2,487,521	224,738	14,422	5,682,456
Foreign-currency deposits	9,709	-	-	-	-	-	9,709
Total deposits	811,980	1,619,861	1,781,795	2,489,146	224,738	14,422	6,941,942
Money market funding	-	2,225,974	-	-	-	-	2,225,974
Total money market funding	-	2,225,974	-	-	-	-	2,225,974
Total deposits and money market funding	811,980	3,845,835	1,781,795	2,489,146	224,738	14,422	9,167,916

	December 31, 2018						Total
	Without Maturity	Up to 3 months	3 to 12 Months	1 to 3 years	3 to 5 years	Over 5 years	
Demand deposits	864,844	-	-	-	-	-	864,844
Interbank deposits	-	37,452	336,215	21,813	-	-	395,480
Time deposits	-	870,898	1,102,741	2,073,048	141,595	10,671	4,198,953
Foreign-currency deposits	7,321	-	-	-	-	-	7,321
Total deposits	872,165	908,350	1,438,956	2,094,861	141,595	10,671	5,466,598
Money market funding	-	2,992,328	-	-	-	-	2,992,328
Total money market funding	-	2,992,328	-	-	-	-	2,992,328
Total deposits and money market funding	872,165	3,900,678	1,438,956	2,094,861	141,595	10,671	8,458,926

	Consolidated						
	June 30, 2019						
	Without Maturity	Up to 3 months	3 to 12 Months	1 to 3 years	3 5 years	Over 5 years	Total
Demand deposits	800,404	-	-	-	-	-	800,404
Interbank deposits	-	386,057	59,824	1,625	-	-	447,506
Time deposits	-	1,233,605	1,721,955	2,427,326	206,517	14,422	5,603,825
Foreign-currency deposits	9,709	-	-	-	-	-	9,709
Total deposits	810,113	1,619,662	1,781,779	2,428,951	206,517	14,422	6,861,444
Money market funding	-	2,225,974	-	-	-	-	2,225,974
Total money market funding	-	2,225,974	-	-	-	-	2,225,974
Total deposits and money market funding	810,113	3,845,636	1,781,779	2,428,951	206,517	14,422	9,087,418

	December 31, 2018						Total
	Without Maturity	Up to 3 months	3 to 12 Months	1 to 3 years	3 to 5 years	Over 5 years	
Demand deposits	863,807	-	-	-	-	-	863,807
Interbank deposits	-	37,452	336,215	21,813	-	-	395,480
Time deposits	-	870,898	1,102,741	2,003,181	141,595	10,671	4,129,086
Foreign-currency deposits	7,321	-	-	-	-	-	7,321
Total deposits	871,128	908,350	1,438,956	2,024,994	141,595	10,671	5,395,694
Money market funding	-	2,992,328	-	-	-	-	2,992,328
Total money market funding	-	2,992,328	-	-	-	-	2,992,328
Total deposits and money market funding	871,128	908,350	1,438,956	2,024,994	141,595	10,671	8,388,022

16. FUNDS FROM ACCEPTANCE AND ISSUANCE OF SECURITIES

16. a) Financial bills and credit notes:

Program for Public Issuance of Financial Bills Non-Convertible into Banco Daycoval's shares

Pursuant to the Notice to the Market, published on March 12, 2019, the Bank has completed the seventh issuance of Financial Bills in the amount of R\$2 billion, 4 series in the amount of R\$500 million maturing as at March 15, 2021, as at March 15, 2022, as at March 15, 2023 and as at March 15, 2024, respectively.

	Bank					
	June 30, 2019					
	Up to 3 months	3 to 12 Months	1 to 3 years	3 to 5 years	Over 5 years	Total
Mortgage loan notes	279,284	541,997	132,728	-	-	954,009
Agribusiness letter of credit	298,645	382,415	50,462	2,362	-	733,884
Financial bills	1,652,787	1,806,859	5,742,237	1,404,651	62,563	10,669,097
Total	2,230,716	2,731,271	5,925,427	1,407,013	62,563	12,356,990

	December 31, 2018					
	Up to 3 months	3 to 12 Months	1 to 3 years	3 to 5 years	Over 5 years	Total
	Up to 3 months	3 to 12 Months	1 to 3 years	3 to 5 years	Over 5 years	Total
Mortgage loan notes	196,562	452,105	125,232	5	-	773,904
Agribusiness letter of credit	279,733	337,932	43,924	2,244	-	663,833
Financial bills	322,729	2,910,007	4,483,871	244,836	44,100	8,005,543
Total	799,024	3,700,044	4,653,027	247,085	44,100	9,443,280

	Consolidated					
	June 30, 2019					
	Up to 3 months	3 to 12 Months	1 to 3 years	3 to 5 years	Over 5 years	Total
Mortgage loan notes	279,284	541,997	132,728	-	-	954,009
Agribusiness letter of credit	298,645	382,415	50,462	2,362	-	733,884
Financial bills	1,135,279	1,806,859	5,728,387	1,315,901	62,562	10,048,988
Total	1,713,208	2,731,271	5,911,577	1,318,263	62,562	11,736,881

	December 31, 2018					
	Up to 3 months	3 to 12 Months	1 to 3 years	3 to 5 years	Over 5 years	Total
	Up to 3 months	3 to 12 Months	1 to 3 years	3 to 5 years	Over 5 years	Total
Mortgage loan notes	196,562	452,105	125,232	5	-	773,904
Agribusiness letter of credit	279,733	337,932	43,924	2,244	-	663,833
Financial bills	322,729	2,366,560	4,460,960	244,836	44,100	7,439,185
Total	799,024	3,156,597	4,630,116	247,085	44,100	8,876,922

16.b) Payables for securities issued abroad:

The table below shows the features of these programs and the related balances, in local currency:

	Amount issued (US\$ thousand)	Interest rate (p.a.)	Issuance date	Maturity date	June 30, 2019		December 31, 2018	
					Bank (R\$ thousand)	Consolidated (R\$ thousand)	Bank (R\$ thousand)	Consolidated (R\$ thousand)
Foreign issuance program ⁽¹⁾	500,000	5.75%	03/19/2014	03/18/2019	-	-	1,906,818	1,877,426
Other issuances	5,000	2.50%	07/01/2016	01/03/2020	20,617	20,617	20,602	20,602
			Total issuances		20,617	20,617	1,927,420	1,898,028
			Total current		20,617	20,617	1,906,818	1,877,426
			Total noncurrent		-	-	20,602	20,602

(1) the security issued abroad in the amount of US\$500 million is subject to accounting hedge of market risk (Note 6.d), whose settlement occurred on March 2019.

17. BORROWINGS (Bank and Consolidated)

June 30, 2019	Up to 3 months	3 to 12 Months	1 to 3 years	Total
Borrowings				
Foreign-currency payables (1)	426,327	256,864	-	683,191
Foreign borrowings (2)	225,007	163,831	309,782	698,620
Total	651,334	420,695	309,782	1,381,811

December 31, 2018	Up to 3 months	3 to 12 Months	1 to 3 years	3 to 5 years	Total
Borrowings					
Foreign-currency payables (1)	424,022	246,496	-	-	670,518
Foreign borrowings (2)	725,062	279,629	224,833	147,006	1,376,530
Total	1,149,084	526,125	224,833	147,006	2,047,048

(1) The balance of "Foreign-currency payables" refers to funding for foreign exchange operations related to export and import financing.

(2) As at June 30, 2019, includes the foreign borrowings, in the amount of US\$130 million (US\$235 million as at December 31, 2018), and €55 million (€55 million as at December 31, 2018), subject to market risk hedge accounting (Note 6.d), whose carrying amount and fair value are R\$466,346 and R\$472,738 (R\$1,126,693 and R\$1,129,218 as at December 31, 2018).

Financial covenants

The Bank is subject to financial covenants related to the maintenance of certain performance, liquidity and debt ratios, linked to loan agreements entered into with the International Finance Corporation (IFC) and the Inter-American Investment Corporation (IIC), which, if not fulfilled, may cause the accelerated settlement of the agreements entered into between the Company and these institutions.

18. ONLENDINGS (Bank and Consolidated)

June 30, 2019	Up to 3 months	3 to 12 Months	1 to 3 years	3 to 5 years	Over 5 years	Total
Domestic onlendings - official institutions						
BNDES Onlendings	34,123	71,911	37,024	-	56,278	199,336
FINAME Onlendings	10,638	65,909	10,750	690	19,235	107,222
Total	44,761	137,820	47,774	690	75,513	306,558

December 31, 2018	Up to 3 months	3 to 12 Months	1 to 3 years	3 to 5 years	Over 5 years	Total
Domestic onlendings - official institutions						
BNDES Onlendings	37,954	113,429	103,175	5,059	-	259,617
FINAME Onlendings	11,736	30,362	49,627	14,483	745	106,953
Total	49,690	143,791	152,802	19,542	745	366,570

19. INSURANCE OPERATIONS (Consolidated)**a) Insurance premiums receivable:**

Represented by DPVAT (mandatory insurance against personal injury caused by vehicles) insurance operations which, as at June 30, 2019, amount to R\$1,940 (R\$2,029 as at December 31, 2018), recorded in accordance with the statements received by Seguradora Líder dos Consórcios dos Seguros DPVAT, in caption "Other credits – insurance premiums receivable" in current assets.

b) Breakdown of technical reserves:

	June 30, 2019	December 31, 2018
Unsettled claims	7,268	7,347
Provision for incurred but not reported losses (IBNR)	63,306	60,226
Other provisions ⁽¹⁾	972	281
Total	71,546	67,854

⁽¹⁾ Refers to provisions for administrative expenses, recorded in accordance with the statements received from Seguradora Líder dos Consórcios dos Seguros DPVAT.

c) Assets-backed technical reserves:

	June 30, 2019	December 31, 2018
Treasury Bills (LFT)	132	2,183
Investment fund units	71,555	67,903
Total (Note 6.a.) - Consolidated	71,687	70,086

d) Profit (loss) on insurance operations:

	Quarters ended June 30,		Six-month periods ended June 30,	
	2019	2018	2019	2018
Revenue from premiums and contributions	1,561	4,922	6,220	12,234
Claims expenses	(1,363)	(3,727)	(3,994)	(9,381)
Other operating income and expenses	333	(166)	(912)	(611)
Total	531	1,029	1,314	2,242

20. OTHER PAYABLES**a) Foreign exchange portfolio (Bank and Consolidated):**

	June 30, 2019	December 31, 2018
	Current	Noncurrent
Foreign exchange sold pending settlement	682,659	391,194
(-) Financed imports (Note 7.a)	(2,286)	(509)
Payable for foreign exchange purchased	752,663	665,086
(-) Advances on foreign exchange contracts (Note 7.a)	(577,301)	(555,179)
Foreign currencies payable	87	47
Unearned income on advances granted (Note 7.a)	640	816
Total	856,462	501,455

b) Social and statutory:

	Bank		Consolidated	
	June 30, 2019	December 31, 2018	June 30, 2019	December 31, 2018
Dividends and bonuses payable (Note 24.d.2)	43,772	41,982	43,772	41,987
Profit sharing program	40,267	76,452	41,390	77,728
Total	84,039	118,434	85,162	119,715

c) Tax and social security

	Bank			
	June 30, 2019		December 31, 2018	
	Current	Noncurrent	Current	Noncurrent
Provision for income tax	122,050	-	209,133	-
Provision for social contribution	44,727	-	79,084	-
Taxes and contributions payable	32,364	-	31,214	-
Provision for deferred income tax and social contribution - (Note 22.c)	9,619	262,069	10,675	245,597
Total	208,760	262,069	330,106	245,597

	Consolidated			
	June 30, 2019		December 31, 2018	
	Current	Noncurrent	Current	Noncurrent
Provision for income tax	132,268	-	232,791	-
Provision for social contribution	55,092	-	101,570	-
Taxes and contributions payable	37,334	-	35,353	-
Provision for deferred income tax and social contribution - (Note 22.c)	9,619	288,936	10,675	262,817
Total	234,313	288,936	380,389	262,817

d) Sundry

	Bank			
	June 30, 2019		December 31, 2018	
	Current	Noncurrent	Current	Noncurrent
Cashier's checks	6,441	-	11,973	-
Creditors for unreleased resources	944	-	1,380	-
Payables for sales operations and transfer of financial assets (Note 8)	28,530	28,467	42,165	44,699
Accrued payments ⁽¹⁾	60,935	-	47,109	-
Provision for risks (Note 23.b)	13,835	2,180,091	20,689	2,104,898
Provision for financial collaterals provided (Note 28)	13,988	1,081	18,236	1,087
Sundry creditors ⁽²⁾	67,391	-	66,913	-
Total	192,064	2,209,639	208,465	2,150,684

	Consolidated			
	June 30, 2019		December 31, 2018	
	Current	Noncurrent	Current	Noncurrent
Cashier's checks	6,441	-	11,973	-
Creditors for unreleased resources	944	-	1,380	-
Payables for sales operations and transfer of financial assets (Note 8)	28,530	28,467	42,165	44,699
Accrued payments ⁽¹⁾	71,254	-	59,721	-
Provision for risks (Note 23.b)	13,835	2,201,836	20,689	2,123,807
Provision for financial collaterals provided (Note 28)	13,988	1,081	18,236	1,087
Sundry creditors ⁽²⁾	88,284	-	93,631	-
Total	223,276	2,231,384	247,795	2,169,593

(1) As at June 30, 2019, caption "Accrued payments" (Bank and Consolidated) mainly comprises the following: (i) personnel expenses in the amount of R\$28,459 (Bank) and R\$32,614 (Consolidated) (R\$20,382 and R\$23,195 for the Bank and Consolidated, respectively as at December 31, 2018); (ii) expenses on suppliers in the amount of R\$17,117 (Bank) and R\$20,320 (Consolidated) (R\$10,694 and R\$17,801 for the Bank and Consolidated, respectively as at December 31, 2018); and (iii) commissions payable in the amount of R\$13,459, Bank and Consolidated (R\$13,157 as Bank and Consolidated at December 31, 2018).

(2) As at June 30, 2019, caption "Sundry creditors" (Bank and Consolidated) mainly comprises: (i) the unreleased collections, in the amount of R\$3,976 (R\$5,249 as at December 31, 2018); (ii) discounted notes partially received, in the amount of R\$12,895 (R\$19,198 as at December 31, 2018); (iii) commitments arising from credit card operations, in the amount of R\$28,415 (R\$22,803 as at December 31, 2018); and (iv) cash payment to suppliers from Daycoval Leasing in the amount of R\$20,906 for the Consolidated (R\$ 24,561 as at December 31, 2018 for the Consolidated).

21. SUBORDINATED DEBTS (Bank and Consolidated)**a) Information on the issuances of subordinated debts**

	Funding instruments	Dates of issuance	Dates of maturity	Amount	Interest rate	Date of BACEN'S authorization to comprise Tier II of Capital ⁽¹⁾
1st issuance	Financial bills	02/28/2018	03/05/2025	R\$10 millions	CDI	4/4/2018
2nd issuance	Financial bills	10/30/2018	10/30/2028	R\$135 millions	CDI	11/30/2018

(1) Issuances were authorized by the BACEN to comprise Tier II of the Bank's Capital, pursuant to CMN Resolution 4192/13, according to the ordinance from the Financial System Organization Director.

	June 30, 2019		December 31, 2018	
	Over 5 years	Total	Over 5 years	Total
Financial Bills	152,881	152,881	147,314	147,314
Total	152,881	152,881	147,314	147,314

22. INCOME TAX AND SOCIAL CONTRIBUTION**a) Income tax and social contribution were calculated as follows:**

	Bank		Bank	
	Quarters ended June 30,		Six-month periods ended June 30,	
	2019	2018	2019	2018
Profit before taxes on income and profit sharing	249,006	199,366	574,177	461,240
(-) Profit sharing	(20,533)	(18,259)	(40,196)	(32,805)
Profit before taxes on income	228,473	181,107	533,981	428,435
Additions	305,642	338,793	588,667	570,748
Temporary	303,706	333,607	569,553	559,545
Permanent	1,936	5,186	19,114	11,203
Deductions	(299,209)	(386,544)	(625,684)	(634,578)
Temporary	(226,706)	(294,232)	(456,438)	(460,663)
Permanent	(21,007)	(42,298)	(62,956)	(75,033)
Interest on capital (Note 24.d.2)	(51,496)	(50,014)	(106,290)	(98,882)
Income tax and social contribution base	234,906	133,356	496,964	364,605
Income tax and social contribution at statutory rates tax incentives	(92,279)	(57,110)	(196,595)	(160,682)
Recognition / reversal of tax credits and/or deferred tax liabilities	26,916	2,386	41,362	23,980
Income Tax and social contribution expenses	(65,363)	(54,724)	(155,233)	(136,702)

The total expenses on income tax and social contribution in the Consolidated for the quarter and six-month period ended June 30, 2019 amounts to R\$79,742 and R\$181,646, respectively (R\$69,303 and R\$167,631, respectively, for the quarter and six-month period ended June 30, 2018).

b) Deferred income tax and social contribution on temporary additions and deductions (assets and liabilities): □

As established by Resolution 3059/02, amended by Resolution 3355/06, both from the CMN, and CVM Instruction 371/02, the recognition of deferred tax assets and liabilities ("tax credits" and "deferred tax liabilities") arising from temporary differences must cumulatively meet the following conditions: (i) history of taxable income or profit for income tax and social contribution purposes, for at least three of the last five fiscal years, which period must include the current year; and (ii) expected future taxable income or profit generation for income tax and social contribution purposes, in subsequent period, based on an internal technical study showing the probability of occurrence of future tax obligations that enable the realization of the tax credit within no more than ten years.

Law 13169/15, which amends Law 7689/88, raises the social contribution rate to 20% of profit for the period from September 1, 2015 to December 31, 2018. Beginning January 1, 2019, such rate will return to 15%. As a result of such change, social contribution credits were recognized as follows: (i) applying the 15% rate on temporary additions and deductions through August 31, 2015 and on those that are expected to be realized in the period subsequent to December 31, 2018; and (ii) 20% tax rate on temporary additions and deductions that are expected to be realized in the period from September 1, 2015 to December 31, 2018. Beginning January 1, 2019, the rate will return to 15%.

c) Origin of tax credits and deferred tax liabilities:

	Bank			
	Quarter ended June 30, 2019			
Tax credits:	March 31, 2019	Recognition	Realization	June 30, 2019
Deferred income tax and social contribution on:				
Provision for tax risks	162,042	-	-	162,042
Allowance for loan losses	474,246	85,403	(60,977)	498,672
Adjustment to fair value of securities and derivatives	19,539	32,431	(19,540)	32,430
Inflation adjustment of contingencies	285,805	8,155	-	293,960
Other temporary additions	102,569	2,560	(11,193)	93,936
Total tax credits on temporary differences	1,044,201	128,549	(91,710)	1,081,040

Deferred tax liabilities:

Deferred income tax and social contribution on:				
Adjustment to fair value of securities and derivatives	12,221	13,911	(12,220)	13,912
Unrealized profit (loss) on derivatives	7,093	5,128	(7,093)	5,128
Amortization of negative goodwill on the acquisition of Daycoval Leasing	9,259	690	-	9,949
Inflation adjustment of escrow deposits	235,474	7,225	-	242,699
Total deferred tax liabilities on temporary differences	264,047	26,954	(19,313)	271,688

	Six-month period ended June 30, 2019			
	December 31, 2018	Recognition	Realization	June 30, 2019
Tax credits:				
Deferred income tax and social contribution on:				
Provision for tax risks	162,042	-	-	162,042
Allowance for loan losses	463,466	158,765	(123,559)	498,672
Adjustment to fair value of securities and derivatives	24,235	51,971	(43,776)	32,430
Inflation adjustment of contingencies	278,972	14,988	-	293,960
Other temporary additions	97,142	8,525	(11,731)	93,936
Total tax credits on temporary differences	1,025,857	234,249	(179,066)	1,081,040

Deferred tax liabilities:

Deferred income tax and social contribution on:				
Adjustment to fair value of securities and derivatives	12,257	26,131	(24,476)	13,912
Unrealized profit (loss) on derivatives	6,660	12,221	(13,753)	5,128
Amortization of negative goodwill on the acquisition of Daycoval Leasing	8,569	1,380	-	9,949
Inflation adjustment of escrow deposits	228,786	13,913	-	242,699
Total deferred tax liabilities on temporary differences	256,272	53,645	(38,229)	271,688

	Year ended December 31, 2018			
	December 31, 2017	Recognition	Realization	December 31, 2018
Tax credits:				
Deferred income tax and social contribution on:				
Provision for tax risks	162,042	-	-	162,042
Allowance for loan losses	437,586	289,413	(263,533)	463,466
Adjustment to fair value of securities and derivatives	21,327	103,028	(100,120)	24,235
Inflation adjustment of contingencies	247,308	31,664	-	278,972
Other temporary additions	70,098	33,429	(6,385)	97,142
Total tax credits on temporary differences	938,361	457,534	(370,038)	1,025,857

Deferred tax liabilities:

Deferred income tax and social contribution on:				
Adjustment to fair value of securities and derivatives	6,050	39,093	(32,886)	12,257
Unrealized profit (loss) on derivatives	4,094	37,633	(35,067)	6,660
Amortization of negative goodwill on the acquisition of Daycoval Leasing	5,808	2,761	-	8,569
Inflation adjustment of escrow deposits	201,858	26,928	-	228,786
Total deferred tax liabilities on temporary differences	217,810	106,415	(67,953)	256,272

For the Consolidated, as at June 30, 2019, total tax credits on temporary differences amount to R\$1,094,654 (R\$1,034,824 as at December 31, 2018), of which 515,335 (R\$476,545 as at December 31, 2018) recorded in current assets and R\$579,319 (R\$558,279 as at December 31, 2018) recorded in noncurrent long-term assets (Note 10.b). The deferred tax liabilities on temporary differences amount to R\$298,555 (R\$273,492 as at December 31, 2018), of which R\$9,619 (R\$10,675 as at December 31, 2018) recorded in current liabilities and R\$288,936 (R\$262,817 as at December 31, 2018) recorded in noncurrent long-term liabilities (Note 20.c).

d) Estimated realization of tax credits

Realization term	Bank			Consolidated		
	June 30, 2019			June 30, 2019		
	Temporary differences		Total Deferred taxes	Temporary differences		Total Deferred taxes
	Income tax	Social contribution		Income tax	Social contribution	
Up to 1 year	314,861	194,769	509,630	318,427	196,908	515,335
Up to 2 years	5,853	3,512	9,365	9,603	5,762	15,365
Up to 3 years	6,123	3,674	9,797	6,886	4,132	11,018
Up to 4 years	1,371	823	2,194	1,702	1,021	2,723
Up to 5 years	345,266	204,782	550,048	345,364	204,843	550,207
Over 5 years	4	2	6	4	2	6
Total	673,478	407,562	1,081,040	681,986	412,668	1,094,654

Realization term	Bank			Consolidated		
	December 31, 2018			December 31, 2018		
	Temporary differences		Total Deferred taxes	Temporary differences		Total Deferred taxes
	Income tax	Social contribution		Income tax	Social contribution	
Up to 1 year	292,250	181,202	473,452	294,182	182,363	476,545
Up to 2 years	3,950	2,370	6,320	6,975	4,185	11,160
Up to 3 years	3,321	1,993	5,314	3,764	2,259	6,023
Up to 4 years	1,374	971	2,345	1,525	1,062	2,587
Up to 5 years	337,944	200,389	538,333	337,996	200,420	538,416
Over 5 years	58	35	93	58	35	93
Total	638,897	386,960	1,025,857	644,500	390,324	1,034,824

As at June 30, 2019, the present value of total tax credits is R\$953,750 for the Bank (R\$876,959 as at December 31, 2018) and R\$966,475 for the Consolidated (R\$885,215 as at December 31, 2018), and was calculated based on the expected realization of temporary differences, discounted at the average funding rate of the Bank and Daycoval Leasing, projected for the related period.

Taxable income projections consider macroeconomic assumptions, exchange and interest rates, estimates of new financial operations, among others, which may vary in relation to actual results.

23. CONTINGENT ASSETS AND LIABILITIES AND LEGAL OBLIGATIONS - TAX AND SOCIAL SECURITY

a) Contingent assets - as at June 30, 2019 and December 31, 2018 the Bank did not recognize contingent assets.

b) Contingent liabilities assessed as probable losses and legal obligations (tax and social security).

The Bank is a party to lawsuits involving labor, civil and tax matters. Provisions are recorded based on the criteria described in note 3.t). The Bank's management understands that the provisions recorded are sufficient to cover probable losses on these lawsuits.

The balances of provisions for tax, civil and labor risks recognized and the respective variations for the quarter period ended June 30, 2019 and for the year ended December 31, 2018, are broken down below:

	Bank		Consolidated	
	June 30, 2019	December 31, 2018	June 30, 2019	December 31, 2018
Legal obligation tax risks (Note 20.d and 22.b.1 and b.2)	1,979,550	1,907,489	1,979,550	1,907,489
Civil lawsuits (Note 20.d)	154,051	164,459	154,610	164,602
Labor lawsuits (Note 20.d)	60,325	53,639	81,511	72,405
Total	2,193,926	2,125,587	2,215,671	2,144,496

	Quarter ended June 30, 2019			Consolidated		
	Tax	Civil	Labor	Tax	Civil	Labor
Balance at the beginning of the quarter	1,940,294	169,718	59,325	1,940,294	169,878	80,343
Inflation adjustment	20,386	-	-	20,386	-	-
Recognition / (reversal)	18,870	(15,667)	1,000	18,870	(15,268)	1,168
Balance at the end of the quarter	1,979,550	154,051	60,325	1,979,550	154,610	81,511

	Six-month period ended June 30, 2019			Consolidated		
	Tax	Civil	Labor	Tax	Civil	Labor
Balance at the beginning of the six-month period	1,907,489	164,459	53,639	1,907,489	164,602	72,405
Inflation adjustment	37,467	-	-	37,467	-	-
Recognition / (reversal)	34,594	(10,408)	6,686	34,594	(9,992)	9,106
Balance at the end of the six-month period	1,979,550	154,051	60,325	1,979,550	154,610	81,511

	December 31, 2018			Consolidated		
	Tax	Civil	Labor	Tax	Civil	Labor
Balance at the beginning of the year	1,713,089	118,427	43,206	1,713,089	118,903	71,060
Inflation adjustment	79,112	-	-	79,112	-	-
Recognition	115,288	46,032	10,433	115,288	45,699	1,345
Balance at the end of the year	1,907,489	164,459	53,639	1,907,489	164,602	72,405

b.1.) The Bank is challenging in court the legality of certain taxes and contributions and the related amounts are fully accrued.

The main challenges are:

Income tax: (i) challenges the effect of the discontinuation of the inflation adjustment of the balance sheet and the amount accrued in June 30, 2019 amounted to R\$R\$444,231 (R\$407,125 as in December 31, 2018) and total escrow deposits for this lawsuit amounts to R\$414,958 (R\$407,124 in 2018).

Social contribution tax: (i) challenges the effect of the discontinuation of the inflation adjustment of the balance sheet, the existence of different tax rates and seeks the recognition of interest on capital as deductible expense for 1996; and (ii) challenges the increase of the social contribution rate from 9% to 15%, as established by Provisional Act 413/08, converted into Law 11727/2008 and from 15% to 20%, converted into Law 13169/2015, which amends Law 7689/88, the latter change relating to the period from September 1, 2015 to December 31, 2018. The amount accrued for this lawsuit in June 30, 2019 is R\$765,397 (R\$719,813 in December 31, 2018) and total escrow deposits for this lawsuit amounts to R\$761,023 (R\$674,964 in December 31, 2018).

COFINS (tax on revenue): challenges the constitutionality of Law 9718/98. The amount accrued for this lawsuit in June 30, 2019 amounts to R\$663,516 (R\$652,469 in December 31, 2018) and total escrow deposits for this lawsuit amounts to R\$482,775 (R\$473,827 in December 31, 2018).

PIS (tax on revenue): challenges the application of Law 9718/98 and the requirement of determination of the PIS tax base by the tax authorities in noncompliance with Constitutional Amendments 01/94, 10/96 and 17/97. The amount accrued for this lawsuit in June 30, 2019 amounts to R\$102,875 (R\$101,217 in December 31, 2018) and total escrow deposits for this lawsuit amounts to R\$105,318 (R\$103,555 in December 31, 2018).

In June 30, 2019, other tax challenges are accrued and amount to R\$3,532 (R\$3,431 in December 31, 2018) and total escrow deposits for these lawsuits amount to R\$3,532 (R\$3,431 in December 31, 2018).

b.2.) Daycoval Leasing has been challenging in courts the Tax Assessment Notices and Fine Interpretation issued by the State of São Paulo, as described below:

AIIM No. 4.012.543-9 in the amount of R\$54,148, of which R\$47,826 are assessed as remote loss, which likelihood of favorable outcome is corroborated upon the execution of ICMS Agreement 36 and ratified by the São Paulo State Decrees 56045/2010 and 56952/2013. In turn, the amount of R\$6,322 was assessed as possible loss and subject to payment eligible to the Special Installment Payment Program (PEP) enacted by the São Paulo State government through Decree 60444/2014, in the amount of R\$3,857 paid on August 29, 2014.

AIIM No. 4.021.955-0 in the amount of R\$4,480 assessed as remote loss based on the reasons described in the preceding item pursuant to ICMS Agreement 36.

AIIM No. 3.125.010-5 in the amount of R\$2,310 assessed as remote loss, which discusses the difference in the rate upon the application of the benefit from the CONFAZ Agreement 52/91. Such lawsuit ensures the escrow deposit adjusted as at June 30, 2019 in the amount of R\$6,287.

Case No. 0030121-4.2011.8.16.0021 relating to the tax execution of the ISS in the municipality of Cascavel-PR, in the amount of R\$20, assessed as remote loss, which claims the collection of ISS relating to lease transactions entered into with customers headquartered in that municipality.

c) Contingent liabilities assessed as possible losses:

Contingent liabilities, represented by civil and labor lawsuits, are not recorded.

Civil lawsuits amount to approximately R\$11,055 as at June 30, 2019 (R\$9,525 for the Bank and for the Consolidated as at December 31, 2018) for the Bank and the Consolidated.

As at June 30, 2019, the risk estimate for labor lawsuits is approximately R\$1,639 for the Bank and R\$2,432 for the Consolidated (R\$1,103 for the Bank and for the Consolidated as at December 31, 2018).

There are no ongoing administrative proceedings for noncompliance with the rules of the National Financial System or payment of fines, which may have significant impacts on the financial position of the Bank or its subsidiaries.

24. EQUITY (Controlling Company)**a) Capital:**

As at June 30, 2019, the Bank's fully subscribed and paid-in capital is R\$2,253,595, divided into 230,820,429 registered and book-entry common shares, without par value.

b) Breakdown of common and preferred shares:

The Extraordinary General Meeting held on October 30, 2018 decided on and approved the Bank's capital increase in the amount of R\$361,452, upon the issuance of 26,696,649 subscribed and fully paid-up common shares on the same date. This capital increase was ratified by the Central Bank of Brazil on December 13, 2018.

c) Breakdown of common and preferred shares:

	Number of shares	
	June 30, 2019	December 31, 2018
Common shares ⁽¹⁾	230,820,429	230,820,429
Total shares	230,820,429	230,820,429

(1) The Extraordinary General Meeting held on October 30, 2018, decided on and approved the conversion of all 43,253,988 preferred shares issued by the Bank into common shares, at the ratio of one common share for one preferred share.

During the quarter period ended June 30, 2019, and year period ended December 31, 2018 there was no variation in the capital.

d) Interest on capital and/or dividends:

According to the bylaws, the shareholders are entitled to dividends and/or interest on capital corresponding to no less than 25% of profit for the year, adjusted in accordance with the Brazilian corporate law.

Interest on capital is calculated on equity, limited to the variation of the TJLP (long-term interest rate), contingent upon the existence of profit determined before its deduction or retained earnings and earnings reserves.

d.1) Statement of calculation of interest on capital:

The calculation of interest on capital for the quarter and six-month period ended June 30, 2019 and December 31, 2018 is as follows:

	June 30, 2019			
	Quarter	% (a)	Six-month period	% (a)
Profit for the quarter / six-month period (Parent)	163,110		378,748	
Recognition of legal reserve	(18,937)		(18,937)	
Adjusted calculation basis	144,173		359,811	
Gross interest on capital	51,496		106,290	
(-) Withholding income tax relating to interest on capital	(7,724)		(15,943)	
Net interest on capital	43,772	30.36	90,347	25.11

(a) Refers to the percentage corresponding to the sum of the net interest on capital on adjusted profit.

d.2) Interest on capital declared and/or paid for the quarter and six-month period ended June 30, 2019 and 2018:

Interest on capital declared and/or paid is as follows

Board of Director's Meeting Date	Availability date	Price per share		June 30, 2019		Net amount
		ON	PN	Net amount	IRRF	
06/29/2019	07/15/2019	0.2231		51,496	(7,724)	43,772
03/29/2019	04/15/2019	0.2374		54,794	(8,219)	46,575
				Total	(15,943)	90,347

Board of Director's Meeting Date	Availability date	Price per share		June 30, 2018		Net amount
		ON	PN	Net amount	IRRF	
06/29/2018	07/16/2018	0.2450	0.2450	50,014	(7,502)	42,512
03/29/2018	04/16/2018	0.2394	0.2394	48,868	(7,330)	41,538
				Total	(14,832)	84,050

e) Earnings reserves

	June 30, 2019	December 31, 2018
Earnings reserves	998,363	979,426
Legal reserve ⁽¹⁾	222,676.00	203,739
Statutory reserves ⁽²⁾	775,687	775,687

⁽¹⁾ 5% of profit for the year must be allocated to this reserve until it reaches 20% of capital, according to the prevailing legislation.⁽²⁾ Reserve recorded according to the bylaws.

25. INCOME STATEMENTS

INCOME FROM FINANCIAL INTERMEDIATION -

(a) Lending operations

	Bank		Consolidated	
	Quarters ended June 30,			
	2019	2018	2019	2018
Advance on deposits	2,113	1,425	2,113	1,425
Secured account / overdraft account	98,358	88,272	98,358	88,272
Discounted notes	38,548	41,389	38,548	41,389
Onlending - Resolution 3844/10	302	10,497	302	10,497
Working capital	129,849	110,096	129,849	110,096
Export Credit Notes - CCE	27,718	44,174	27,718	44,174
Onlending – BNDES	8,066	9,880	8,066	9,880
Onlending – FINAME	2,709	2,727	2,709	2,727
Rural credit	1,254	983	1,254	983
Financing with intervention	3,359	2,662	3,359	2,662
Foreign currency financing	3,599	36,184	3,599	36,184
Consumer credit - Store owners	(3)	(12)	(3)	(12)
Payroll-deductible loans	313,734	293,388	313,734	293,388
Vehicle financing	59,173	45,187	59,173	46,459
Daypag - discount of forwarding agents' checks	122	145	122	145
Other lending operations	54,260	45,583	56,655	45,542
Recovery of credits previously written off as loss (Note 7.g)	32,007	37,405	32,007	37,405
Loan origination income	3,192	12,437	3,192	12,437
Total profit (loss) from lending operations	778,360	782,422	780,755	783,653

	Bank		Consolidated	
	Six-month periods ended June 30,			
	2019	2018	2019	2018
Advance on deposits	2,943	2,190	2,943	2,190
Secured account / overdraft account	195,778	174,643	195,778	174,643
Discounted notes	75,713	87,041	75,713	87,041
Onlending - Resolution 3844/10	2,050	11,870	2,050	11,870
Working capital	259,331	222,940	259,331	222,940
Export Credit Notes - CCE	56,245	64,585	56,245	64,585
Onlending – BNDES	16,146	19,930	16,146	19,930
Onlending – FINAME	5,324	5,427	5,324	5,427
Rural credit	2,429	2,207	2,429	2,207
Financing with intervenience	6,275	4,763	6,275	4,763
Foreign currency financing	6,217	41,632	6,217	41,632
Consumer credit - Store owners	(14)	63	(14)	63
Payroll-deductible loans	615,306	574,319	615,306	574,319
Vehicle financing	111,907	88,371	111,907	90,405
Daypag - discount of forwarding agents' checks	299	383	299	383
Other lending operations	98,972	83,210	103,618	83,144
Recovery of credits previously written off as loss (Note 7.g)	102,320	105,583	102,320	105,583
Loan origination income	6,478	15,509	6,478	15,509
Total profit (loss) from lending operations	1,563,719	1,504,666	1,568,365	1,506,634

b) Leasing operations (Consolidated)

	Quarter ended June 30,		Six-month period ended June 30,	
	2019	2018	2019	2018
Revenue from leasing				
Finance leasing - internal resources	94,585	72,297	182,696	142,486
Operating leasing - internal resources	13,972	12,196	27,477	24,145
Finance leasing - external resources	2	814	8	1,606
Operating leasing - external resources	15	91	33	197
Gain on disposal of leased assets	3,690	3,332	9,807	6,163
Recovery of credits previously written off as loss (Note 7.g)	144	350	249	672
Total revenue from leasing operations	112,408	89,080	220,270	175,269
Expenses on leasing				
Finance leasing - internal resources	(66,522)	(49,547)	(128,463)	(99,058)
Operating leasing - internal resources	(9,085)	(7,862)	(17,356)	(16,354)
Loss on disposal of leased assets	-	(532)	-	(657)
Total expenses on leasing operations	(75,607)	(57,941)	(145,819)	(116,069)

c) Securities transactions:

	Bank		Consolidated	
	Quarters ended June 30,			
	2019	2018	2019	2018
Repurchase agreements	84,932	80,727	84,932	80,727
Interbank deposits	12,430	8,735	5,382	5,028
Fixed-income securities	23,596	28,402	25,759	29,696
Variable-income securities	2	9	13	155
Investments in investment fund units	982	938	3,638	2,604
Gain (loss) on sale of securities	141	82	141	82
Fair value adjustments	(370)	2,628	(367)	2,363
Foreign investments	216	3,427	217	3,595
Loss on investments in investment fund units	(1)	(11)	(1)	(11)
Total profit (loss) on securities operations	121,928	124,937	119,714	124,239

	Bank		Consolidated	
	Six-month periods ended June 30,			
	2019	2018	2019	2018
Repurchase agreements	162,091	157,141	162,091	157,141
Interbank deposits	23,431	17,651	10,136	10,921
Fixed-income securities	51,537	55,443	55,834	57,825
Variable-income securities	4	11	15	157
Investments in investment fund units	2,171	1,596	8,576	7,300
Gain (loss) on sale of securities	342	894	342	894
Fair value adjustments	(411)	2,646	(629)	2,381
Foreign investments	451	5,081	451	5,081
Loss on investments in investment fund units	(5)	(46)	(5)	(46)
Total profit (loss) on securities operations	239,611	240,417	236,811	241,654

d) Derivatives:

Derivatives	Quarters ended June 30,					
	2019			2018		
	Gain	Loss	Net gain (loss)	Gain	Loss	Net gain (loss)
Swap	102,428	(105,971)	(3,543)	1,811,883	(1,370,830)	441,053
Currency forward	27,873	(32,163)	(4,290)	68,027	(39,029)	28,998
Futures	38,432	(77,913)	(39,481)	30,833	(32,158)	(1,325)
Options	2,426	-	2,426	-	-	-
Total	171,159	(216,047)	(44,888)	1,910,743	(1,442,017)	468,726

Derivatives	Six-month periods ended June 30,					
	2019			2018		
	Gain	Loss	Net gain (loss)	Gain	Loss	Net gain (loss)
Swap	1,547,454	(1,590,231)	(42,777)	2,643,747	(2,235,832)	407,915
Currency forward	214,145	(207,477)	6,668	75,239	(47,291)	27,948
Futures	79,812	(132,534)	(52,722)	39,041	(59,559)	(20,518)
Options	2,426	-	2,426	-	-	-
Total	1,843,837	(1,930,242)	(86,405)	2,758,027	(2,342,682)	415,345

Gain (loss) on derivatives includes net gains from mark-to-market in the amount of R\$9,933 and net losses in the amount of R\$12,024, respectively, for the quarter and six-month periods ended June 30, 2019 (net gains from mark-to-market in the amount of R\$7,949 and net losses in the amount of R\$14,276, respectively for the quarter and six-month periods ended June 30, 2018), both for the Bank and Consolidated.

e) Foreign exchange operations (Bank and Consolidated):

	Quarter ended June 30,		Six-month period ended June 30,	
	2019	2018	2019	2018
Income from foreign exchange operations	21,392	18,366	40,665	30,715
Expenses on foreign exchange operations	(11,723)	(1,277)	(18,526)	(2,244)
Exchange rate changes	29,812	52,729	60,306	77,635
Total profit (loss) on foreign exchange operations	39,481	69,818	82,445	106,106

EXPENSES ON FINANCIAL INTERMEDIATION

f) Funding operations:

	Bank		Consolidated	
	Quarters ended June 30,		Quarters ended June 30,	
	2019	2018	2019	2018
Interbank deposits	(6,702)	(5,546)	(6,701)	(5,546)
Time deposits	(74,358)	(58,037)	(73,310)	(56,695)
Repurchase agreements	(28,691)	(28,080)	(28,691)	(28,080)
Foreign securities	(222)	(322,603)	(13)	(322,305)
Mortgage loan notes	(14,206)	(8,772)	(14,206)	(8,772)
Agribusiness letter of credit	(11,605)	(7,959)	(11,605)	(7,959)
Financial bills	(184,394)	(128,172)	(173,945)	(118,811)
Contributions to the Loan Guarantee Fund - FGC	(2,167)	(1,614)	(2,167)	(1,614)
Total	(322,345)	(560,783)	(310,638)	(549,782)

	Banco		Consolidado	
	Six-month periods ended June 30,		Six-month periods ended June 30,	
	2019	2018	2019	2018
Interbank deposits	(12,693)	(11,024)	(12,692)	(11,024)
Time deposits	(136,301)	(120,371)	(134,089)	(117,577)
Repurchase agreements	(59,865)	(65,095)	(59,865)	(65,095)
Foreign securities	(10,704)	(333,646)	(10,128)	(333,146)
Mortgage loan notes	(26,859)	(16,075)	(26,859)	(16,075)
Agribusiness letter of credit	(21,941)	(15,776)	(21,941)	(15,776)
Financial bills	(333,262)	(245,937)	(313,131)	(227,199)
Contributions to the Loan Guarantee Fund - FGC	(4,046)	(3,609)	(4,046)	(3,609)
Total	(605,671)	(811,533)	(582,751)	(789,501)

g) Borrowings and onlendings (Bank and Consolidated):

	Quarter ended June 30,		Six-month period ended June 30,	
	2019	2018	2019	2018
	2019	2018	2019	2018
Foreign borrowings	700	(206,381)	(9,251)	(220,642)
Onlending - BNDES	(5,351)	(6,325)	(10,283)	(13,075)
Onlendings - FINAME	(1,894)	(1,855)	(3,607)	(3,579)
Obligations to foreign banks	5,278	(92,220)	(2,782)	(98,407)
Total gains (losses) on borrowings and onlendings	(1,267)	(306,781)	(25,923)	(335,703)

OTHER OPERATING INCOME (EXPENSES)

h) Personnel expenses:

	Bank		Consolidated	
	Quarters ended June 30,			
	2019	2018	2019	2018
Executive Committee's and Board of Directors' compensation	(14,449)	(17,733)	(14,963)	(18,289)
Benefits	(13,264)	(10,705)	(15,578)	(12,193)
Social security charges	(16,940)	(13,871)	(19,203)	(15,277)
Proceeds	(44,577)	(37,657)	(51,464)	(42,063)
Training	(30)	(3)	(30)	(5)
Interns' compensation	(316)	(135)	(330)	(141)
Total personnel expenses	(89,576)	(80,104)	(101,568)	(87,968)

	Bank		Consolidated	
	Six-month periods ended June 30,			
	2019	2018	2019	2018
Executive Committee's and Board of Directors' compensation	(28,897)	(33,465)	(29,927)	(34,433)
Benefits	(25,761)	(20,792)	(30,158)	(23,718)
Social security charges	(32,835)	(28,061)	(37,126)	(31,262)
Proceeds	(83,910)	(69,834)	(97,084)	(79,639)
Training	(34)	(16)	(34)	(18)
Interns' compensation	(597)	(251)	(623)	(261)
Total personnel expenses	(172,034)	(152,419)	(194,952)	(169,331)

i) Other administrative expenses:

	Bank		Consolidated	
	Quarters ended June 30,			
	2019	2018	2019	2018
Public utilities (water, power and gas)	(575)	(468)	(781)	(588)
Rent and insurance	(4,826)	(4,039)	(6,462)	(4,789)
Communication	(2,435)	(2,313)	(2,763)	(2,550)
Charitable contributions	(1,341)	(1,391)	(1,341)	(1,391)
Maintenance and upkeep of asset	(1,903)	(753)	(2,450)	(931)
Consumables	(860)	(644)	(907)	(658)
Data processing	(20,172)	(14,660)	(20,743)	(14,973)
Promotions, advertising and publications	(9,040)	(6,826)	(9,486)	(7,047)
Outside, technical and specialized services (1) (2)	(76,592)	(76,181)	(68,405)	(70,640)
Depreciation and amortization	(2,660)	(2,500)	(2,721)	(2,568)
Other administrative expenses	(10,599)	(10,606)	(12,668)	(11,449)
Total	(131,003)	(120,381)	(128,727)	(117,584)

	Bank		Consolidated	
	Six-month periods ended June 30,			
	2019	2018	2019	2018
Public utilities (water, power and gas)	(1,164)	(922)	(1,572)	(1,163)
Rent and insurance	(9,464)	(8,194)	(12,569)	(9,599)
Communication	(4,865)	(4,628)	(5,468)	(5,084)
Charitable contributions	(2,163)	(2,642)	(2,163)	(2,642)
Maintenance and upkeep of asset	(3,060)	(1,611)	(3,854)	(1,847)
Consumables	(1,568)	(1,576)	(1,647)	(1,606)
Data processing	(35,693)	(28,683)	(36,841)	(29,330)
Promotions, advertising and publications	(15,970)	(12,942)	(16,816)	(13,307)
Outside, technical and specialized services ⁽¹⁾	(159,434)	(153,299)	(142,097)	(141,375)
Depreciation and amortization	(5,187)	(5,001)	(5,305)	(5,124)
Other administrative expenses	(19,560)	(17,738)	(23,093)	(19,302)
Total	(258,128)	(237,236)	(251,425)	(230,379)

(1) Includes the recognition of expenses on commissions paid in advance to third parties, upon origination of lending operations, as determined by Circular Letter 3693/13, as amended by Circular Letter 3738/14, both issued by BACEN, mentioned in Note 3.j) and Note 11.

j) Tax expenses:

	Bank		Consolidated	
	Quarters ended June 30,			
	2019	2018	2019	2018
Tax expenses	(1,327)	(1,114)	(1,444)	(1,202)
Services tax (ISS) expenses	(2,327)	(1,794)	(4,601)	(3,668)
Expenses on contributions to COFINS	(27,653)	(24,922)	(30,360)	(27,318)
Expenses on contributions to PIS/PASEP	(4,493)	(4,050)	(4,980)	(4,472)
Total	(35,800)	(31,880)	(41,385)	(36,660)

	Bank		Consolidated	
	Six-month periods ended June 30,			
	2019	2018	2019	2018
Tax expenses	(2,926)	(2,976)	(3,151)	(3,221)
Services tax (ISS) expenses	(4,833)	(3,555)	(9,173)	(7,604)
Expenses on contributions to COFINS	(53,273)	(47,385)	(58,678)	(52,332)
Expenses on contributions to PIS/PASEP	(8,657)	(7,701)	(9,618)	(8,573)
Total	(69,689)	(61,617)	(80,620)	(71,730)

k) Other operating income:

	Bank		Consolidated	
	Quarters ended June 30,			
	2019	2018	2019	2018
Exchange rate changes ⁽¹⁾	(521)	9,000	(4,700)	17,245
Inflation adjustment of escrow deposits	18,371	17,187	18,514	17,254
Other operating income ⁽²⁾	112,030	61,735	113,283	63,873
Recovery of charges and expenses	-	1	-	1
Total	129,880	87,923	127,097	98,373

	Bank		Consolidated	
	Six-month periods ended June 30,			
	2019	2018	2019	2018
Exchange rate changes ⁽¹⁾	-	12,759	-	23,506
Inflation adjustment of escrow deposits	36,514	34,067	36,712	34,624
Other operating income ⁽²⁾	191,833	126,196	193,752	135,608
Recovery of charges and expenses	-	8	204	8
Total	228,347	173,030	230,668	193,746

(1) Refers to the reclassification of exchange rate changes on foreign investments, not eliminated in the consolidated financial statements.

(2) Total other operating income for the Bank and Consolidated are substantially comprised of income from notes and credits receivable – with no right of recourse which amount to R\$81,557 and R\$157,218 for the quarter and six-month period ended June 30, 2019, (R\$55,155 and R\$115,941 for the quarter and six-month period ended June 30, 2018).

l) Other operating expenses:

	Bank		Consolidated	
	Quarters ended June 30,			
	2019	2018	2019	2018
Expenses on provisions ⁽¹⁾	(7,926)	(19,033)	(8,636)	(21,970)
Inflation adjustment of taxes	(20,387)	(17,374)	(20,388)	(17,374)
Exchange rate changes	(1,671)	3,305	1,408	2,446
Other operating expenses	(33,630)	(9,926)	(35,310)	(9,892)
Interest expenses	(13,188)	(2)	(13,190)	(2)
Total	(76,802)	(43,030)	(76,116)	(46,792)

	Bank		Consolidated	
	Six-month periods ended June 30,			
	2019	2018	2019	2018
Expenses on provisions ⁽¹⁾	(23,114)	(25,731)	(26,089)	(29,887)
Inflation adjustment of taxes	(37,469)	(39,484)	(37,469)	(39,484)
Exchange rate changes	(3,463)	(168)	(4,190)	(2,426)
Other operating expenses	(70,059)	(18,109)	(73,201)	(20,153)
Interest expenses	(15,213)	(845)	(15,214)	(845)
Total	(149,318)	(84,337)	(156,163)	(92,795)

(1) For the six-month period ended June 30, 2019, respectively, expenses on provisions are substantially comprised of: (i) civil risks - R\$5,259 for the Bank and for the Consolidated (R\$6,985 for the Bank and for the Consolidated for the six-month period ended June 30, 2018); (ii) labor risks - R\$10,798 for the Bank and R\$13,773 for the Consolidated (R\$8,742 for the Bank and R\$12,898 for the Consolidated for the six-month period ended June 30, 2018); and (iii) pledges and sureties - R\$6,092 for the Bank and for the Consolidated (R\$9,966 for the period June 30, 2018 for the Bank and Consolidated).

26. CAPITAL MANAGEMENT AND BASEL ACCORD

Capital management

Daycoval carefully manages its capital base to cover the risks inherent to its business, Daycoval's capital adequacy is monitored upon compliance with the rules and proportions established by the Basel Committee on Banking Supervision and adopted by the Central Bank of Brazil, among others.

The main purpose of Daycoval's capital management is to ensure the compliance with foreign capital requirements to maintain a solid credit rating and proper capital structure to support its business and maximize the share value to its shareholders.

Basel Accord

BACEN has issued, beginning March 1, 2013, which have become effective beginning October 1, 2013, a set of standards that govern the Basel Committee's recommendations relating to the capital structure of the financial institutions. Known as Basel III, these new standards improve the capacity of these institutions to absorb the impacts from possible crisis, by strengthening the financial stability and increasing the quantity and quality of the regulatory capital.

These standards address the following issues:

- New regulatory capital calculation methodology (Regulatory Capital (PR)), which remains divided in tiers I and II;
- New required capital calculation methodology, by adopting the minimum requirements of PR, Tier I and Principal Capital, and introduction of the Principal Capital Additional; and
- New optional methodology to determine the minimum capital requirements for the credit cooperatives that joined the Prudential Simplified Regime (RPS), and introduction of the Principal Capital Additional specifically for these cooperatives.

In addition to the issues above, the CMN established a new method to prepare and submit information using a new document called Analytic Trial Balance - Prudential Financial, which started to be used as the basis to calculate the Regulatory Capital (PR) beginning January 2015.

The Basel III rules seek to improve the capital quality of the financial institutions, by restricting the use of financial instruments that are not able to absorb losses and deducting assets that could impact the capital value due to their low liquidity, their dependency on future earnings for realization purposes or whose value cannot be easily accurately. These instruments comprise tax credits, intangible assets and investments in non-controlled companies, specifically those operating in the insurance market.

The new minimum capital requirements establish the percentage amount of the risk-weighted assets and represent the capital requirements to be complied with by the financial institutions, based on the schedule below:

	2018	2019
Principal capital ^a (minimum + additional)	6.375 a 8.28%	7.0 a 9.5%
Tier I ^b (minimum + additional)	7.875 a 9.75%	8.5 a 11.0%
PR ^c (minimum + additional)	10.5 a 12.375%	10.5 a 13.0%

a) *Principal Capital* - comprised of shares, reserves and retained earnings;

b) *Tier I* - comprised of *Principal Capital* and other instruments to absorb losses while the institution continue as a going concern; and

c) *PR (Regulatory Capital)* - comprised of *Tier I* and other underlying instruments to absorb losses upon the institution's liquidation.

The Principal Capital Additional, which represents the supplementary maintenance (fixed) and cyclic (variable) capital, was also created, and at the end of the transition period, it must represent no less than 2.5% and no more than 5% of the risk-weighted assets, whose percentage is established by BACEN according to current macroeconomic conditions.

These new Basel III standards are effective beginning October 1, 2013, based on the international schedule until their effective implementation on January 1, 2022.

The table below shows the calculation of regulatory capital requirements and the Basel ratio:

	June 30, 2019	31 de dezembro de 2018
Regulatory capital for comparison with risk-weighted assets (RWAs)	3,670,195	3,382,951
Regulatory Capital – Tier I	3,517,999	3,237,038
Equity	3,517,999	3,237,038
Valuation adjustments to equity – derivatives for cash flow hedge	(685)	(1,401)
Prudential adjustment - Bacen Resolution 4277/13	(685)	(1,401)
Regulatory Capital - Tier II	152,881	147,314
Subordinated debts (Note 21)	152,881	147,314
Risk-Weighted Assets (RWA)	22,935,423	23,016,753
Exposure to credit risk - RWAcpad	19,686,520	18,725,498
Foreign exchange asset - RWAcam	1,547,081	1,564,403
Assets indexed to fixed interest - RWAjur1	232,152	444,052
Assets indexed to foreign exchange coupon - RWAjur2	181,172	185,619
Assets indexed to inflation - RWAjur3	15,923	100
Shares - RWApacs	112,307	87,783
Operational risk - RWAopad	1,160,268	2,009,298
Minimum Required Regulatory Capital (RWA x 8.00%) (8.625% in 2018) ⁽¹⁾	1,834,834	1,985,195
Basel ratio - Total	16.00%	14.70%
Basel ratio - Tier I	15.34%	14.06%
Basel ratio - Tier II	0.67%	0.64%
Portion of the interest rate in the Banking Book (Pbanking)	186,970	192,123

(1) The minimum required Regulatory Capital (PR), determined by CMN Resolution 4193/13, corresponding to the application of factor "F" on the amount of risk-weighted assets (RWA), will gradually decrease as follows: (i) 8.625% until December 31, 2018; (ii) 8% beginning January 1, 2019.

As at June 30, 2019 and December 31, 2018, the Bank's Regulatory Capital exceeded by 100.03% and 70.41% respectively, the minimum regulatory capital required by the BACEN.

27. EMPLOYEE BENEFITS

Education incentive and profit sharing programs

As part of its strategy of being ranked among the best companies to work in Brazil, the Bank invests in the training and welfare of its employees, through programs involving college and MBA and postgraduate students, participates in the federal government's Minor Apprentice program, and implements its own internship programs.

The Bank offers a profit sharing program to all employees. This program is designed in partnership with the Union of Bank Employees and is tied to performance goals annually evaluated, using the criteria according to the Performance Evaluation program.

28. GUARANTEES AND COLLATERALS PROVIDED ON BEHALF OF THIRD PARTIES (BANK AND CONSOLIDATED)**a) Breakdown by type and maturity date of guarantees and collaterals provided and responsibilities to third parties:**

	June 30, 2019		December 31, 2018	
	Outstanding credits for import	Beneficiaries of guarantees provided	Outstanding credits for import	Beneficiaries of guarantees provided
Up to 3 months	38,919	935,078	-	719,764
3 to 12 months	2,418	623,625	114,594	344,071
1 to 3 years	-	198,263	63	141,897
3 to 5 years	-	72,241	-	63,359
Over 5 years	-	2,276	-	-
Total	41,337	1,831,483	114,657	1,269,091

The Bank does not guarantee any transaction of direct and indirect subsidiaries, their officers and directors and their family members.

b) Provision for guarantees and collaterals provided and responsibilities to third parties:

As prescribed by CMN Resolution No. 4512/16 on accounting policies applicable to the assessment and recognition of the provision for financial guarantees provided, the Bank has recorded the provision for bank guarantees based on the parameters established by CMN Resolution No. 2682/99, which requires the periodical analysis of the portfolio and its classification into nine levels ("AA" (minimum risk) and "H" (maximum risk - loss).

	June 30, 2019			
	Total guarantees and collaterals	Provision		
		Required by BACEN Res. 4512/16	Additional ⁽¹⁾	Total provision
AA	1,201,224	-	-	-
A	309,589	1,548	929	2,477
B	339,313	3,393	6,447	9,840
C	9,515	285	409	694
D	12,357	1,236	-	1,236
H	822	822	-	822
Total provision for transactions with characteristics of loans (Note 20.d)	1,872,820	7,284	7,785	15,069

	December 31, 2018			
	Total guarantees and collaterals	Provision		
		Required by BACEN Res. 4512/16	Additional ⁽¹⁾	Total provision
AA	557,170	-	-	-
A	345,770	1,729	1,383	3,112
B	448,903	4,489	8,529	13,018
C	11,116	333	145	478
D	19,549	1,955	-	1,955
E	318	95	-	95
F	514	257	-	257
H	408	408	-	408
Total provision for transactions with characteristics of loans (Note 20.d)	1,383,748	9,266	10,057	19,323

⁽¹⁾ Additional allowance recognized in relation to the minimum percentage required by the prevailing regulation, based on a specific credit risk assessment methodology.

c) Variations in the provision for guarantees and collaterals provided and responsibilities to third parties:

Quarter ended June 30, 2019	Opening provision balance	Recognition (reversal) of provision			Closing provision balance
		Required by BACEN Res. 4512/16 ⁽¹⁾	Additional	Total provision expenses	
Bank	21,947	(3,510)	(3,368)	(6,878)	15,069
Total	21,947	(3,510)	(3,368)	(6,878)	15,069

Current liabilities – sundry payables - provision for financial guarantees provided	13,988
Noncurrent long-term liabilities - sundry payables - provision for financial guarantees provided	1,081
Total	15,069

Quarter ended June 30, 2019	Opening provision balance	Recognition (reversal) of provision			Closing provision balance
		Required by BACEN Res. 4512/16 ⁽¹⁾	Additional	Total provision expenses	
Bank	19,323	(1,982)	(2,272)	(4,254)	15,069
Total	19,323	(1,982)	(2,272)	(4,254)	15,069

Current liabilities – sundry payables - provision for financial guarantees provided	13,988
Noncurrent long-term liabilities - sundry payables - provision for financial guarantees provided	1,081
Total	15,069

December 31, 2018	Opening provision balance	Recognition (reversal) of provision			Closing provision balance
		Required by BACEN Res. 4512/16 ⁽¹⁾	Additional	Total provision expenses	
Bank	8,401	865	10,057	10,922	19,323
Total	8,401	865	10,057	10,922	19,323

Current liabilities – sundry payables - provision for financial guarantees provided	18,236
Noncurrent long-term liabilities - sundry payables - provision for financial guarantees provided	1,087
Total	19,323

(1) As prescribed by CMN Resolution No. 4512/16 on accounting policies applicable to the assessment and recognition of the provision for financial guarantees provided, the Bank has recorded the provision for bank guarantees based on the parameters established by CMN Resolution No. 2682/99, which requires the periodical analysis of the portfolio and its classification into nine levels ("AA" (minimum risk) and "H" (maximum risk - loss)).

29. RELATED-PARTY TRANSACTIONS

a) The direct and indirect subsidiaries and the Bank's shareholders enter into transactions with the Bank under usual market conditions. These transactions are contracted at rates consistent with those prevailing in the market on the transaction and settlement dates.

The table below shows the transactions between the Bank and its related parties as at June 30, 2019 and December 31, 2018:

Transactions	Bank			
	June 30, 2019		December 31, 2018	
	Assets (liabilities)	Income (expenses)	Assets (liabilities)	Income (expenses)
Demand deposits	(4,164)	-	(2,670)	-
Direct subsidiaries	(1,241)	-	(182)	-
ACS Participações Ltda.	(25)	-	(83)	-
Daycoval Asset Management Ltda.	(3)	-	(16)	-
Daycoval Leasing - Banco Múltiplo S.A.	(1,205)	-	(64)	-
Dayprev Vida e Previdência S.A.	(8)	-	(19)	-
Indirect subsidiaries	(626)	-	(855)	-
IFP Promotora de Serviços de Consultoria e Cadastro Ltda.	(59)	-	(134)	-
SCC Agência de Turismo Ltda.	(9)	-	(15)	-
Treetop Investments Ltd.	(558)	-	(706)	-
Other associates	(3)	-	(4)	-
Shtar Empreendimentos e Participações S.A.	(1)	-	(2)	-
Paratel Agropecuária e Imobiliária Ltda.	(1)	-	(1)	-
Valco Adm. Part. e Representações Ltda.	(1)	-	(1)	-
Other related parties – individuals	(2,294)	-	(1,629)	-
Interbank deposits	469,006	13,295	370,536	16,751
Direct subsidiaries	469,006	13,295	370,536	16,751
Daycoval Leasing - Banco Múltiplo S.A.	469,006	13,295	370,536	16,751
Time Deposits	(295,887)	(34,950)	(258,758)	(17,259)
Direct subsidiaries	-	(2)	-	(308)
ACS Participações Ltda.	-	(2)	-	(290)
Daycoval Asset Management Ltda.	-	-	-	(18)
Indirect subsidiaries	(78,630)	(2,425)	(69,867)	(5,039)
IFP Promotora de Serviços de Consultoria e Cadastro Ltda.	(49,312)	(1,779)	(57,116)	(4,180)
SCC Agência de Turismo Ltda.	(12,989)	(431)	(12,751)	(859)
Treetop Investments Ltd.	(16,329)	(215)	-	-
Other related parties – individuals	(217,257)	(32,523)	(188,891)	(11,912)
Financial bills	(788,042)	(36,316)	(701,831)	(51,395)
Direct subsidiaries	(620,109)	(20,132)	(566,358)	(37,982)
ACS Participações Ltda.	(620,109)	(20,132)	(566,358)	(37,982)
Other related parties – individuals	(167,933)	(16,184)	(135,473)	(13,413)
Agribusiness letter of credit	(3,964)	(1,098)	(1,367)	(452)
Other related parties – individuals	(3,964)	(1,098)	(1,367)	(452)
Mortgage Loan Notes	(22,488)	(2,578)	(2,997)	(403)
Other related parties – individuals	(22,488)	(2,578)	(2,997)	(403)
Securities issued abroad	-	(361)	(29,392)	(3,053)
Indirect subsidiaries	-	(361)	(29,392)	(3,053)
Treetop Investments Ltd.	-	(361)	(29,392)	(3,053)
Prepaid expenses	525	(8,841)	1,075	(24,369)
Indirect subsidiaries	525	(8,841)	1,075	(24,369)
IFP Promotora de Serviços de Consultoria e Cadastro Ltda.	525	(8,841)	1,075	(24,369)

Transactions	Daycoval Leasing			
	June 30, 2019		December 31, 2018	
	Assets (liabilities)	Income (expenses)	Assets (liabilities)	Income (expenses)
Interbank deposits	(469,006)	(13,295)	(370,536)	(16,751)
Controlling shareholder	(469,006)	(13,295)	(370,536)	(16,751)
Banco Daycoval S.A.	(469,006)	(13,295)	(370,536)	(16,751)

b) The table below shows the yield rates and respective terms of the transactions between the Bank and its related parties as at June 30, 2019:

Description	Interest rate	Assets (liabilities)				Total
		Up to 3 months	3 to 12 months	1 to 3 years	3 to 5 years	
Interbank deposits		383,313	85,693	-	-	469,006
Direct subsidiaries		383,313	85,693	-	-	469,006
Daycoval Leasing - Banco Múltiplo S.A.	Floating	383,313	85,693	-	-	469,006
Time deposits		(2,694)	(29,555)	(197,054)	(66,584)	(295,887)
Indirect subsidiaries		(199)	(16)	(60,194)	(18,221)	(78,630)
IFP Promotora de Serviços de Consultoria e Cadastro Ltda.	Floating	-	-	(47,205)	(2,107)	(49,312)
SCC Agência de Turismo Ltda.	Floating	-	-	(12,989)	-	(12,989)
Treetop Investments Ltd.	Fixed	(199)	(16)	-	(16,114)	(16,329)
Other related parties - individuals	Fixed /Floating	(2,495)	(29,539)	(136,860)	(48,363)	(217,257)
Financial bills		(522,972)	(118,360)	(56,459)	(90,251)	(788,042)
Direct subsidiaries		(517,508)	-	(13,850)	(88,751)	(620,109)
ACS Participações Ltda.	Fixed /Floating	(517,508)	-	(13,850)	(88,751)	(620,109)
Other related parties - individuals	Fixed /Floating	(5,464)	(118,360)	(42,609)	(1,500)	(167,933)
Agribusiness letter of credit		(372)	(2,105)	(1,487)	-	(3,964)
Other related parties - individuals	Fixed /Floating	(372)	(2,105)	(1,487)	-	(3,964)
Mortgage Loan Notes		(333)	(7,434)	(14,721)	-	(22,488)
Other related parties - individuals	Fixed /Floating	(333)	(7,434)	(14,721)	-	(22,488)
Prepaid expenses						
Indirect subsidiaries		60	465	-	-	525
IFP Promotora de Serviços de Consultoria e Cadastro Ltda.	n.a.	60	465	-	-	525

(1) Interest rates range between: (i) fixed from 10.01% to 14.70% p.a.; and (ii) floating from 93% to 115% of the CDI rate.

c) Compensation of key management personnel:

The Annual Shareholders' Meeting sets the overall compensation of Management, as established by the Bank's bylaws.

The Annual Shareholders' Meetings held on April 30, 2019 established the overall compensation of up to R\$70 million (R\$70 million for the year ended December 31, 2018) for the year ending December 31, 2019.

	June 30, 2019	December 31, 2018
Total compensation	28,897	45,471
Direct and fringe benefits (healthcare plan)	548	953

The Bank does not offer other short or long-term post-employment or severance benefits to its key management personnel

d) Ownership interest:

As at June 30, 2019 and December 31, 2018, the members of the Board of Directors and the Executive Committee held jointly the following interest in the Bank's capital:

	Ownership interest in relation to share class	
	June 30, 2019	December 31, 2018
Common shares (ON)	100.00%	100.00%

30. OTHER INFORMATION**a) Asset management:**

Daycoval Asset Management is responsible for administering and managing third-party assets through investment funds, whose net assets as at June 30, 2019 are R\$4.4 billion (R\$3.7 billion as at December 31, 2018).

b) Insurance coverage against losses:

Despite the low risk exposure as a result of their assets not being physically concentrated, the Bank and its subsidiaries insure their assets at amounts considered sufficient to cover probable losses.

c) Relationship with Auditors:

In accordance with CVM Instruction 381, of January 14, 2003, we inform that the firm engaged to review the Bank's interim information and audit the financial statements for the quarter period ending June 30, 2019, has not provided any other services to the Bank and the Group companies, other than the independent audit services.

Our policy, including our subsidiaries, to engage non-audit services from our independent auditors, is based on applicable regulation and internationally accepted principles that preserve the independence of the auditor. These principles consist of: (a) the auditor must not audit its own work; (b) the auditor must not exercise managerial functions in its client; and (c) the auditor must not promote the interests of its client.

d) Audit Committee:

As required by CMN Resolution 3198/04, and with a view to adopting the industry best practices when conducting its businesses, Extraordinary General Meeting held on March 26, 2009 has decided on and approved the establishment of an Audit Committee, which will be comprised of 3 independent members, pursuant to the prevailing legislation. The establishment of this committee was ratified by the Central Bank of Brazil on May 26, 2009.

31. INTEGRATED RISK AND CAPITAL MANAGEMENT

On February 23, 2017, BACEN has disclosed CMN Resolution No. 4557, which was effective for the banks from S2 to S5 segments, defined pursuant to CMN Resolution No. 4.553/17, beginning February 22, 2018, and revoked CMN Resolutions No. 3380, 3464, 3721, 3988, and 4090, which provided for the implementation of individual operating, market, credit, capital and liquidity risk management frameworks, respectively.

Daycoval, in addition to being aligned with the requirements set out in CMN Resolution No. 4557, understands the integrated risk management as an important tool for the generation of value to the Bank, shareholders, employees and clients. Accordingly, it establishes strategies and goals to reach the ideal balance between the growth and investment return targets and the related risks, being allowed to explore its resources with efficiency and effectiveness in the attainment of the Bank's objectives.

The Corporate Risk Management structuring, in addition to complying with the regulatory body requirements, contributes to a better Corporate Governance, which is one of Daycoval's strategic goals, and which was designed based on the purposes, demands and institutional culture.

The identification of risks allows mapping the internal and external risk events that could affect the business unit purposes. In this regard, the Risk Committees and the risk managers play an important role in the Bank's several areas to ensure its continuous expansion.

The Risk Managers identify, measure, control, assess and manage the risks, ensuring the consistency between the risks assumed and the acceptable risk level defined by the Institution, as well as report the exposure to the senior management, business areas and regulatory bodies.

In addition to the requirement to implement an integrated risk and capital management framework, CMN Resolution No. 4557/17 also required financial institutions to prepare the Risk Appetite Statement (RAS) and to establish a Risk Management Committee and appoint, to BACEN, the Chief Risk Officer (CRO), with designation of roles, responsibilities and independence requirements.

Main risk categories and respective management frameworks:

a) Market risk

Market risk is the risk of incurring losses due to fluctuations in the fair values of the positions held by a financial institution, including the risks to which the transactions subject to exchange rate changes, interest rates, stock prices, and commodity prices are exposed.

a.1) Main market risks to which Daycoval is exposed:

Interest rate risk

Possible interest rate fluctuations that could adversely affect the value of the financial instruments. This risk is classified as follows:

- Parallel change risk: exposure of profit and loss to parallel changes in the interest curve, resulting in equal differentials for all terms.
- Risk of changes in curve slope: exposure of profit or loss to the changes in the timeframe structure of the interest curve, resulting in changes in pending or curve form.

Currency price risk

The exposure of foreign currency positions to the changes in the exchange type.

Price risk

The exposure of outstanding securities to adverse market price fluctuations. This risk is classified as follows:

- Generic or systematic risk: exposure of the position value to the changes in prices in general;
- Specific risk: exposure not related to the changes in prices in general but related to the issuer's own characteristics

Commodity price risk

The risk related to the effects from the potential changes in the portfolio commodity prices.

a.2) Market Risk management methodologies

Value-at-Risk (VaR)

The Value-at-Risk or VaR is the benchmark used in the market and a measure that properly summarizes the market risk exposure from the trading activities (trading portfolio). It represents the potential maximum loss in the market value that, under normal market conditions, can result in a specific position or portfolio, considering a defined certainty level (confidence level) and time horizon.

Among the different methodologies available to calculate the VaR (parametric, historical simulation and Montecarlo simulation), Daycoval understands that the parametric methodology is the most adequate to the characteristics of the positions of its trading portfolio.

Parametric methodology

It is based on the normality statistics in the distribution of probabilities related to the risk factor changes, based on the volatilities and correlations to determine the potential change of a position. Accordingly, the risk factors must be identified and the positions must be allocated to the defined vertices. Subsequently, the volatilities of each risk factor and the correlations to the positions are applied.

a.3) Stress test

It is a supplementary tool to the VaR measures and scenario analysis used to measure and assess the risk to which the Bank is exposed. It is based on the definition of a set of movements for certain market variables and the determination of the effects from the movements on the portfolio value. The stress test results are periodically analyzed by the Market Risk Committee.

a.4) Scenario analysis

The purpose of the scenario analysis is to assist the senior management in understanding the impact caused by certain events on the Bank, using a risk analysis tool that defines the long-term scenarios that affect the parameters or variables defined for risk measurement.

Differently from the stress tests, which consider the impact from the changes in the market risk factors on the short-term portfolio, the scenario analysis determines the impact from more complex events on the Bank as a whole.

In the definition of the scenarios, the following factors are considered:

- The experience and expertise of the persons responsible for the areas involved;
- The proper number of relevant variables and their explanation power in order to avoid unnecessary problems in the analysis and interpretation of the results.

As a risk management governance practice, Daycoval and its subsidiaries adopt a continuous risk management process that involves controlling all the positions exposed to the market risk. The market risk limits are determined according to the characteristics of the operations, which are segregated in the following portfolios:

- Trading portfolio: refers to transactions with financial instruments and commodities, including derivatives, that are held for the purpose of being actively traded or to hedge other financial instruments comprising the trading portfolio. These held-for-trading transactions are those intended for the resale, obtain gains from actual or expected price fluctuations, or arbitrage.
- Banking portfolio: refers to all transactions that are not classified in the trading portfolio and are represented by transactions arising from the Bank's business lines.

The segregation above is related to the way Management manages Daycoval's business and its exposure to the market risks, in conformity with the best market practices, the transaction classification criteria set forth in prevailing regulations issued by BACEN and the –Basel Accord. Therefore, according to the nature of the activities, the sensitivity analysis, as prescribed by CVM Instruction 475/08, was conducted for the trading and banking portfolio operations, as they represent significant exposures for Daycoval's profit or loss.

The sensitivity analysis of the trading and banking portfolios as at June 30, 2019 and December 31, 2018 is as follows:

Financial exposures Risk factors	June 30, 2019			December 31, 2018		
	Scenarios			Scenarios		
	1	2	3	1	2	3
Fixed rate	(20,102)	(37,375)	(54,194)	(12,952)	(24,328)	(35,450)
Foreign currencies	24,948	54,492	83,829	10,447	29,503	48,796
Price indices	-	-	-	(4)	(6)	(8)
Variable income	(7,740)	(18,704)	(29,669)	(7,098)	(17,154)	(27,209)
Borrowings	(2,384)	(3,463)	(5,846)	(6,340)	(11,853)	(17,198)
Other	(1,670)	(2,812)	(3,886)	(16)	(60)	(103)
Total Trading	(6,948)	(7,862)	(9,766)	(15,963)	(23,898)	(31,172)
Total Banking	(279,730)	(498,491)	(709,150)	(234,581)	(437,350)	(631,955)
Total Geral	(286,678)	(506,353)	(718,916)	(250,544)	(461,248)	(663,127)

The sensitivity analysis was carried out considering the following scenarios:

• Scenario 1: refers to the probable stress scenario for risk factors, and available market information (B3 S.A., ANBIMA, etc.) was used as basis for the preparation of this scenario. Accordingly, the risk factors considered were as follows: (i) R\$/US\$4.36 (R\$/US\$4.41 as at December 31, 2018); (ii) fixed interest rate – 8.31% p.a. (9.05% p.a. as at December 31, 2018); (iii) Ibovespa – 85,822 points (74,704 points as at December 31, 2018); and (iv) Exchange Coupon 5.43% p.a. (6.22%p.a. as at December 31, 2018).

• Scenario 2: As established by CVM Instruction 475/08, this scenario considered a deterioration of the risk factors of approximately 25%. Accordingly, the risk factors considered were as follows: (i) US\$5.45 (R\$/US\$5.51 as at December 31, 2018); (ii) fixed interest rate – 10.39% p.a. (11.31% p.a. as at December 31, 2018); (iii) Ibovespa – 64,367 points (56,028 points as at December 31, 2018); and (iv) Exchange Coupon 6.79% p.a. (7.78%p.a. as at December 31, 2018).

• Scenario 3: As established by CVM Instruction 475/08, this scenario considered a deterioration of the risk factors of approximately 50%. Accordingly, the risk factors considered were as follows: (i) R\$/US\$6.54 (R\$/US\$6.61 as at December 31, 2018); (ii) fixed interest rate 12.47% p.a. (13.58% p.a. as at December 31, 2018); (iii) Ibovespa – 42,911 points (37,352 points as at December 31, 2018); and (iv) Exchange Coupon 8.15%p.a. (9.33%p.a. as at December 31, 2018).

It is important to mention that the results shown in the tables above reflect the impacts for each scenario projected on a static position of the portfolio as at June 30, 2019 and December 31, 2018. The market dynamics changes this position continually and does not necessary reflect the actual position on the reporting date. Additionally, as mentioned above, the Trading and banking portfolio positions are continuously managed to mitigate the related risks, according to the strategy defined by Management and, when there are any indication of deterioration of a certain position, proactive actions are taken to minimize possible adverse impacts to maximize the risk/return ratio for the Bank.

a.5) Backtesting

Backtesting is the comparison between the former estimated gain/loss and the effective gain/loss. The purpose is to analyze the model adequacy. For purposes of backtesting, effective gains/losses are used for each business unit.

b) Liquidity risk

Liquidity risk is the risk of mismatches between tradable assets and payable liabilities — payables and receivables mismatches — that might affect the payment ability of the Bank, taking into consideration the different currencies and settlement terms of its assets and liabilities.

The model risk is not included among them, which is defined as the potential loss for incorrect estimates and calculation of the parameters and assumptions included in the liquidity risk management methodologies. This risk is more related to the operations rather than liquidity.

c) Credit risk

The credit risk is the risk of incurring losses due to borrower or counterparty default under agreed financial obligations, the depreciation of a credit agreement due to the downgrading of the borrowers' risk ratings, the decrease in gains or returns, the advantages granted in restructurings, and the recovery costs.

Classification of operations

For the classification of the lending operations, Daycoval adopts consistent, verifiable criteria that combine the borrower's economic, financial, personal and market information with the accessory collaterals provided for the operation. Based on this information, the minimum provision will be recognized to cover the risks assumed, as prescribed by BACEN Resolution 2682/99.

Daycoval credit scoring models

These are statistical models designed and used for risk rating in the credit granting process following the adoption of the credit policies previously analyzed and approved.

Treasury - financing of government bonds, over-the-counter derivatives and brokers

Low-risk strategies are adopted in the structuring of operations based on the exposure limit analysis against the counterparties' equity, trading agreements previously agreed and according to the objective technical assessment conditions of the counterparties' credit risk and strict selection of brokers related to prime banks to deal with the positions allocated.

d) Operational risk

Operational risk is the possibility of an entity incurring losses due to failure, deficiency or ineffectiveness of internal processes, people and systems, or external events. It includes the legal risk associated to inadequacy or deficiency in contracts entered into by the Bank, as well as penalties due to noncompliance with legal provisions, and compensation paid for damages caused to third parties as a result of the activities conducted by the Bank.

In managing operational risks, the Bank relies on a qualified risk management framework to identify, control and identify operational risks, as well as to disseminate the risk mitigation culture.

e) Social and environmental risk

Refers to the possibility of incurring losses arising from social and environmental damages, related to each entity individually, comprising Daycoval Group, in accordance with the following principles:

- Significance: Establishes as significance criterion the most representative segment in its product portfolio; and
- Proportionality: Establishes as proportionality criterion the credit operations of the most significant segment, whose economic activity may pose a higher risk of causing social and environmental damages associated with the customer's total debt amount in an institution.

(Convenience Translation into English from the Original Previously Issued in Portuguese)

ITR - Interim Financial Information - 06/30/2019 - BCO DAYCOVAL S.A.

Version: 1

Commentary on the Behavior of Business Projections

Not applicable.

(Convenience Translation into English from the Original Previously Issued in Portuguese)

ITR - Interim Financial Information - 06/30/2019 - BCO DAYCOVAL S.A.

Version: 1

Other Information that the Company understands Relevant

Not applicable.

(Convenience Translation into English from the Original Previously Issued in Portuguese)

ITR - Interim Financial Information - 06/30/2019 - BCO DAYCOVAL S.A.

Version: 1

Opinions and Declarations / Opinion of the Fiscal Council or Equivalent Body

Up to the date of presentation of the financial statements, there is no Fiscal Council installed.

(Convenience Translation into English from the Original Previously Issued in Portuguese)

ITR - Interim Financial Information - 06/30/2019 - BCO DAYCOVAL S.A.

Version: 1

Summarized Audit Committee Opinions and Statements / Report (statutory, set forth in specific CVM regulation)

Not applicable for the quarter ended June 30, 2019.

Summarized Audit Committee Opinions and Statements / Opinion or Report, if any (either statutory or not)

SUMMARY OF THE REPORT OF THE AUDIT COMMITTEE

The Audit Committee ("Committee") of Banco Daycoval S.A. ("Bank") has been established upon resolution of the Board of Directors in conformity with the standards issued by the National Monetary Council and approved by the Central Bank of Brazil, consisting of three independent members. The Audit Committee assists the Board of Directors in assessing the quality of the financial statements, monitors the compliance with legal and regulatory requirements, verifies the independence and effectiveness of the work conducted by the internal and independent audit teams, as well as the effectiveness of internal systems and operational risk management and, within the scope of its duties and responsibilities, whenever necessary, recommends the adjustment and improvement of practices and procedures, Management being responsible for preparing the individual and consolidated financial statements in accordance with the accounting practices adopted in Brazil, applicable to the institutions authorized to operate by the Central Bank of Brazil, among other duties.

The Committee evaluated the process that involved the preparation and disclosure of the individual and consolidated financial statements, and the Independent Auditors are responsible for examining the individual and consolidated financial statements and for issuing a report on their adequacy in all material respects in accordance with accounting practices adopted in Brazil, based on the accounting guidelines issued by the Brazilian Corporation Law, the rules and instructions of the National Monetary Council, the Central Bank of Brazil and the Accounting Plan for Financial Institutions, the Securities Commission and the Superintendency of Private Insurance and the Accounting Pronouncements Committee.

Internal Auditors evaluate the effectiveness of internal controls to ensure compliance with the Bank's rules and procedures. The Committee followed the schedule and execution of the planned works, reviewed the notes and the conclusions of the work carried out in the period, as well as the follow-up of the notes of the work in progress.

The Risk Management, Control and Compliance area elaborates the mapping, maintenance and management of risks and controls. The Committee evaluated the work developed to improve the main systems and existing reports for risk management and support to governance.

The Bank's management dealt with issues related to activities, internal management, improvement of risk management and governance, and any notes made by regulatory bodies.

Based on the actions developed by the Committee, in the conclusions and reports presented by the Independent Auditors, in the monitoring of the execution of the work planned by the Internal Audit with its conclusions, in the activities carried out by the areas responsible for Risk, Control and Compliance management and for the information received and considering the natural limitations arising from the scope of operations, the Committee recommends to the Board of Directors the approval of the individual and consolidated financial statements of the Bank for the six-month period ended June 30, 2019.

São Paulo, August 07, 2019.

The Audit Committee

Marcelo Cardinal Palumbo – Coordinator of the Audit Committee

José Ferreira da Silva - Member of the Audit Committee

Ricardo Fraccaroli de Almeida - Member of the Audit Committee

Opinions and Statements / Statement of Directors on the Financial Statements

DECLARATION ON FINANCIAL STATEMENTS

In compliance with CVM Instruction 480/09, the directors of Banco Daycoval S.A., a publicly-held company registered with the BM&FBOVESPA S.A. – Bolsa de Valores, Mercadorias & Futuros in Category B, hereby DECLARES that they reviewed, discussed and agreed to the financial statements for the quarter ended June 30, 2019.

São Paulo, August 07, 2019.

SALIM DAYAN
Executive Director

MORRIS DAYAN
Executive Director

CARLOS MOCHE DAYAN
Executive Director

ALBERT ROUBEN
Director

MARIA REGINA R. M. NOGUEIRA
Director

NILO CAVARZAN
Director

RICARDO GELBAUM
Director

ALEXANDRE TEIXEIRA
Director

ALEXANDRE RHEIN
Director

PAULO AUGUSTO LUZ FERREIRA SABA
Director

EDUARDO CAMPOS RAYMUNDO
Director

CLAUDINEI APARECIDO PEDRO
Director

ELIE JACQUES MIZRAHI
Director

Opinions and Statements / Statement of Directors on the Report of the Independent Auditors

DECLARATION ON THE REPORT OF THE INDEPENDENT AUDITORS

Pursuant to CVM Instruction No. 480/09, the directors of Banco Daycoval S.A., a publicly-held company registered with the CVM in Category B, hereby DECLARES that they have reviewed, discussed and agreed with the opinions expressed in the Independent Auditors' Quarterly Information, Deloitte Touche Tohmatsu - Auditores Independentes, referring to the financial statements for the quarter ended June 30, 2019.

São Paulo, August 07, 2019.

SALIM DAYAN
Executive Director

MORRIS DAYAN
Executive Director

CARLOS MOCHE DAYAN
Executive Director

ALBERT ROUBEN
Director

MARIA REGINA R. M. NOGUEIRA
Director

NILO CAVARZAN
Director

RICARDO GELBAUM
Director

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Director

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Director