FitchRatings

Banks
Retail & Consumer Banks
Brazil

Banco BMG S.A.

Key Rating Drivers

Company Profile: Recent improvements in Banco BMG S.A.'s company profile played an important role in the recent affirmation of the bank's Issuer Default Rating (IDR) and the upgrade of the National Rating. The improvements enhance the bank's ability to generate capital, which, in turn, will enable further growth in its payroll-backed credit product lines. These currently account for nearly three-quarters of the bank's credit portfolio.

Improved Capitalization: The Fitch Core Capital (FCC) ratio at Sept. 30, 2019 was at a satisfactory 14.8%. Fitch Ratings also acknowledges the expected further improvements in BMG's capitalization ratios, following the successful IPO of Oct. 2019, which raised BRL1.2 billion of new capital. Once the proceeds are approved as Tier I capital, the bank's capital ratio will be even more robust, at least until risk-weighted assets increase significantly.

Asset Quality: While asset quality metrics improved through September 2019, BMG still shows elevated impaired loans when compared with peers. As of Sept. 30, 2019, impaired loans represented 6.5% of total loans. This improvement is expected to continue as BMG reduces its higher-risk assets.

Strong Liquidity Metrics: Even before the IPO, BMG was operating with a more comfortable liquidity position, enhanced, in part, by securitizations of its credit card receivables, deposit funding from a wide range of depositors and lower risk appetite in its wholesale segment.

Profitability: The operating profit/risk-weighted assets ratio improved slightly to nearly 3.0% as of Sept. 30, 2019, up from 2.9% at Dec. 31, 2018. The bank continues to reduce operating expenses and has improved its efficiency ratio. ROAA and ROAE at Sept. 2019 were 1.6% and 10.2%, respectively.

Rating Sensitivities

Profitability: Positive rating actions could result from a consolidation of BMG's business model that produced relevant and sustained improvements in operating profitability. The credit profile would also benefit from further, sustained declines in impaired loans (D–H) to below 5% without a rise in chargeoffs and asset foreclosures, while keeping its FCC ratio above 15%.

Asset Quality: The ratings could be downgraded following a sustained deterioration in asset quality (NPL over 90 days remaining above 8%) and weak performance (negative trend in operating profit/risk-weighted assets) and/or deterioration in capitalization (FCC ratio falling below 12%).

Ratings

Foreign Currency	
Long-Term IDR	B+
Short-Term IDR	B
Local Currency	
Long-Term IDR	B+
Short-Term IDR	B
Viability Rating	b+
Support Rating	5
Support Rating Floor	NF
National	
National Long-Term Rating	A(bra)
National Short-Term Rating	F1(bra)
Sovereign Risk	
Foreign-Currency LT IDR	BB–
Local-Currency LT IDR	BB–
Country Ceiling	BB

Outlooks/Watches

Foreign-Currency Long-Term IDR	Positive
Local-Currency Long-Term IDR	Positive
National Long-Term Rating	Positive
Sovereign Long-Term Foreign-Currency IDR	Stable
Sovereign Long-Term Local-Currency IDR	Stable

Applicable Criteria

Bank Rating Criteria (October 2018)
National Scale Ratings Criteria (July 2018)

Related Research

Brazil — December 2019 Global Economic Outlook Forecast (December 2019)

Fitch Affirms BMG's IDRs at 'B+' (November 2019)

Fitch Affirms Brazil at 'BB–'; Outlook Stable (November 2019)

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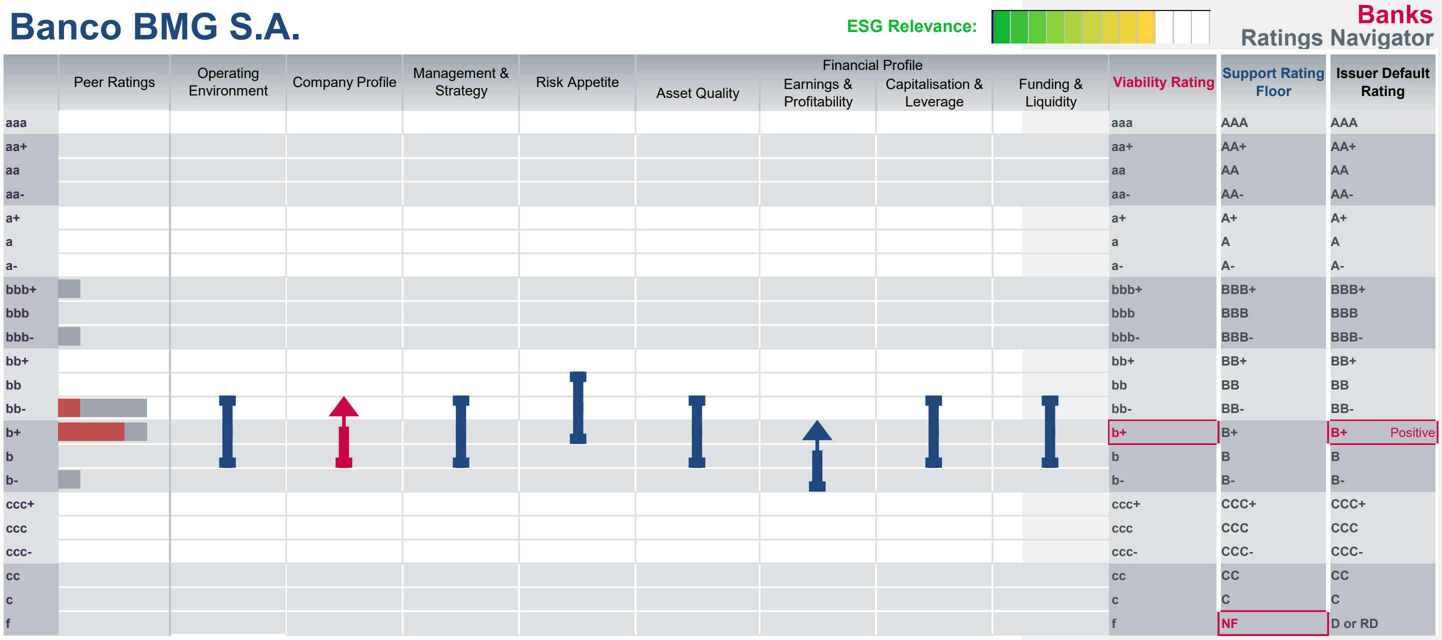
Issuer Ratings (Including Major Issuing Entities)

Rating Level	Rating
Long-Term IDR	B+
Short-Term IDR	B
Local-Currency LT IDR	B+
Local-Currency ST IDR	B
Viability Rating (VR)	b+
Support Rating	5
Support Rating Floor	NF
National Long-Term Rating	A(bra)
National Short-Term Rating	F1(bra)
Outlook/Watch	Positive

Source: Fitch Ratings.

Ratings Navigator — Standalone Assessment



Sovereign/Institutional Support Assessment

Support Rating Floor			Value
Typical D-SIB SRF for sovereign's rating level (assuming high propensity)			BB- or B+
Actual country D-SIB SRF			B+
Support Rating Floor:			**NF**
Support Factors	**Positive**	**Neutral**	**Negative**
Sovereign ability to support system			
Size of banking system relative to economy		✓	
Size of potential problem			✓
Structure of banking system		✓	
Liability structure of banking system		✓	
Sovereign financial flexibility (for rating level)		✓	
Sovereign propensity to support system			
Resolution legislation with senior debt bail-in		✓	
Track record of banking sector support		✓	
Government statements of support		✓	
Sovereign propensity to support bank			
Systemic importance			✓
Liability structure of bank	✓		
Ownership		✓	
Specifics of bank failure		✓	
Policy banks			
Policy role			
Funding guarantees and legal status			
Government ownership			

Bar Chart Legend

Vertical Bars – VR range of Rating Factor

Bar Colors – Influence on final VR

- Higher influence
- Moderate influence
- Lower influence

Bar Arrows – Rating Factor Outlook

⇧ Positive ⇩ Negative

Company Summary

BMG is a privately owned financial institution mainly controlled by Flávio Pentagna Guimarães and his family. The bank has an 89-year history operating in various businesses such as traditional payroll lending (consignado) and commercial lending. When the traditional consignado business was sold to Itau Unibanco S.A., BMG's focus shifted to credit card lending and lending to retirees and pensioners backed by payroll/pension receivables. Commercial lending continues via BMG Empresas but the current risk appetite remains low.

BMG has a limited national franchise, but maintains its leadership position in the payroll credit card segment with a market share of close to 65%. The bank has 19 branches, one in each of the Brazilian states, which enables the portability of salary and pension/social security payments (which back its credit products). BMG is the sixth-largest issuer of credit cards among Brazilian financial institutions. The number of active clients (3.9 million as of Sept. 30, 2019 – up from 3.4 million a year earlier) and operating income continue to increase. The bank has over 145,000 clients that place deposits or invest in the bank's certificates of deposit (financial bills known locally as LCA, LCI and LF). As of Sept. 30, 2019 the bank had 2,203 employees.

In the fourth quarter of 2019, the bank completed an IPO that raised nearly BRL1.4 billion of new capital, which represents nearly 20% of the bank's equity. The proceeds will be used mainly to finance the continued growth of the consignado lending business, now that the noncompete agreement with a former joint venture partner has come to an end and potential demand continues to grow in line with the increasing number of retirees.

The bank has been able to maintain its market share of the consignado credit card business due to its nearly nine decades of expertise in the product and, until recently, the low level of interest from the competition due to the target market and pricing strategies on this lower-risk product.

While the bulk of the bank's credit exposure (74%) is concentrated in the payroll credit card product the credit exposure risks are well-diversified given that the exposure per individual borrower is very low (for example, the top 100 exposures only account for 11.2% of total credit exposure). The bank's investment in its digital banking platform is also on track to improve operating efficiency.

BMG's wholesale business, which currently represents about 14% of total credit exposure, remains stable and is not expected to grow (it may even continue to shrink) in the short term. BMG has also worked on diversifying its revenue streams via exclusive agreements with Itau in sourcing traditional payroll business and also with a well-known insurance company, Generali, to sell insurance products via its insurance arm, BMG Seguros. BMG also generates revenues via a franchise business called help! Loja de Credito (help! Stores) to sell services to retirees and the lower-income segment that is not as well-served by larger institutions. There are currently 620 help! stores and another 28 planned in the short term: 70% of these stores are owned by third-party franchisees.

As of Sept.30, 2019, total assets reached BRL18 billion, which includes a net loan portfolio of BRL10.3 billion. Shareholders' equity was BRL2.7 billion. Along with the physical branches, the help! stores and a digital branch, the bank also works with 2,000 third–party bank correspondents and has multiple distribution channels for its growing number of products. BMG is 21st in the ranking of the largest banks.

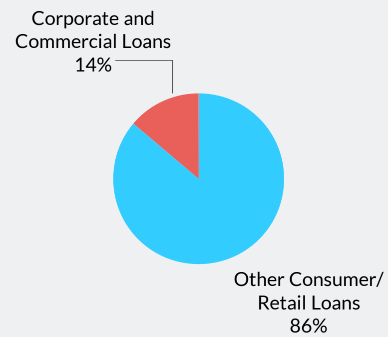
The group has a relatively simple organizational structure. The bank has majority control of the operating companies. Most companies provide synergies to the main businesses, while some of the companies are inactive but are maintained for tax credit purposes (the company expects to derive the full benefits of the tax credits during the next three and a half years).

Key Qualitative Assessment Factors

Management Quality

Although BMG is now about 79% family owned and family members are on the board (along with several independent members), day-to-day management is conducted by professional

Loan Composition



Source: Fitch Ratings, Fitch Solutions, Banco BMG S.A.

staff, all of whom are highly experienced having come from other well-respected financial institutions. The bank's board of directors meets on a monthly basis, and comprises nine members (three of which are independent). The executive team remains relatively unchanged although there have been some changes in the roles of certain managers to promote greater synergies. The bank's external auditor is PricewaterhouseCoopers. The opinion on the audit of the most recent financial statements was unqualified.

Fitch believes that BMG's management team is seasoned and well-regarded in the industry. Challenged by the country's deep recession, they have responded with a conservative underwriting strategy that focused on the lower–risk, payroll–backed lending business while restricting growth in the commercial lending business. They also led the exit of the vehicle finance business.

Strategic Objectives

BMG's strategic objectives consist mainly of preserving and growing its main business — the payroll/pension-backed credit card segment, which currently represents about 74% of the total credit portfolio. The proceeds of the IPO and internally generated capital will be used to return to and expand BMG's traditional consignado business. The bank also plans on resuming its consignado personal loan business, for which there is also healthy demand. Previous noncompete agreements temporarily kept BMG from doing so on a large scale. These are lower-risk products, in part because BMG's target population consists mainly of federal public employees and retirees, whose numbers continue to grow.

The bank also plans to increase investments in technology and process enhancements to increase operational efficiency and client satisfaction, with the goal of instilling loyalty and generating cross-selling opportunities. Management believes they can add at least 500,000 new active users per year by offering a range of low fee or low interest rate products that other large competitors traditionally do not offer (for fear of eroding their margins).

Execution

BMG has been successful in increasing profitability and internal capital generation while maintaining satisfactory asset quality and liquidity. As seen by the investor interest in the IPO, BMG has also attracted local and overseas investors that understand the business model. The insurance segment has been performing satisfactorily as it generates sustainable fees that cover operating costs while the company continues to build volume.

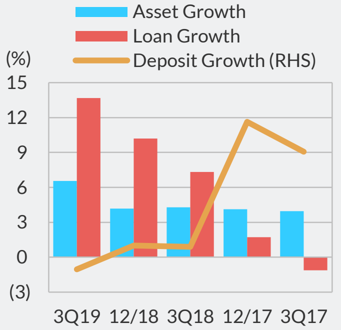
The bank has also implemented a digital platform, which will help to lower costs and increase operating efficiency as it is a cheap way of bringing in new clients. Lending business generated through the digital platform is still small, but is expected to grow going forward as it expands its financial education and cross-selling programs for older generations while also attracting younger stakeholders with its other products such as insurance, payments and investments. On the funding side, the digital platform has already facilitated the sourcing of longer-term deposits.

Risk Appetite

Underwriting standards are in line with the practices of peers. The granting of credit continues to be BMG's main risk. BMG's risk appetite is expected to remain conservative and is supported by the secured nature of the payroll-backed credit card business. As of Sept.30, 2019, lending concentrations were low as the 20 largest borrowers only represented 6.1% of the total credit portfolio (about 3.7% of total assets) and the 50 largest represented only 9.4%. On the wholesale side, BMG has become more selective with its company lending and if it cannot find low-risk clients, it is comfortable with allowing the commercial portfolio to shrink further. Refinancing is only permitted for good clients.

BMG's target retail clients are public sector employees and social security pension (INSS) recipients who have a steady source of income. There is a lower probability of unemployment in the public sector, despite the weak operating environment. The majority of lending agreements involve retirees who receive regular INSS pensions or public sector employees that benefit from very high job security. The bank has invested heavily in management information systems, which identify internal and external risks, minimize fraud (state-of-the-art technology, biometrics and GPS applications) and ensure that a sophisticated contingency

Growth



Source: Fitch Ratings, Fitch Solutions, Banco BMG S.A.

system is in place to protect data and allow the bank to continue operations from back-up sites with minimal delays.

BMG's treasury department is operated on a conservative basis with modest exposure limits. The treasury department uses a value-at-risk methodology, with a 99% confidence interval. The asset and liability committee meets weekly to review its position and strategy. The bank hedges its U.S. dollar and interest rate risk exposures and the risks from its commercial clients. The bank utilizes swap contracts to mitigate FX risks.

The bank is also subject to tenor risk as the consignado portfolio is usually long term. To mitigate these risks the bank has access to long-term funding as well as the proceeds from the recently completed IPO.

Other risks of doing business include changes in regulatory rules on the bank's main product. However, management views this as unlikely given that recent regulations have been supportive for the target demographic segment, the product line and the credit providers. The regulations also allow portability so that borrowers can seek financing from other providers beyond where they receive their salary/pension.

Key Quantitative Financial Metrics — Latest Developments

Asset Quality

While BMG's asset quality indicators improved during 2019, with loan impairments continuing to fall, the bank still shows elevated impaired loans, especially when compared with peers in the same rating category. As of Sept. 30, 2019, BACEN D-H loans represented 6.5% of total loans. Loan loss coverage saw some weakening to 77% from 81% (nine months earlier) but remains adequate given the nature of the bulk of the portfolio, which consists of lower-risk credits. Part of the improvement in impairments can be attributed to the nearly 14% growth in loans during the first nine months of 2019.

Overall impairments are still being negatively affected by the higher levels of impairment in the wholesale and runoff portfolios. The consignado portfolio currently caries a significantly lower impairment rate of 3.4% for transactions in the higher-risk E-H categories. Fitch believes that this positive trend will continue as further loan growth is expected to be concentrated in the lower–risk consignado lending products, while management expects to continue to curb lending in the higher-risk segments.

Profitability

The operating profit/risk-weighted assets ratio improved slightly to 3.0% as of Sept. 30, 2019. More favorable results are expected by management for 2019 as a whole in view of tighter underwriting (resulting in expected lower provisions) and continued growth in the lower-risk, payroll-backed business. Continued cost controls are expected to result in an efficiency ratio close to 40%. The return on average assets ratio (1.6%) and the return on average equity ratio (10.2%) saw strong improvements supported by net income of BRL205 million for the first nine months of 2019 (exceeding the BRL171 million reported for 2018). The proceeds of the IPO will enable further growth in 2020. Thus the bank's positive earnings trend is likely to continue, supported by favorable macroeconomic indicators and the expected growth in demand for these types of credit by lower-income borrowers.

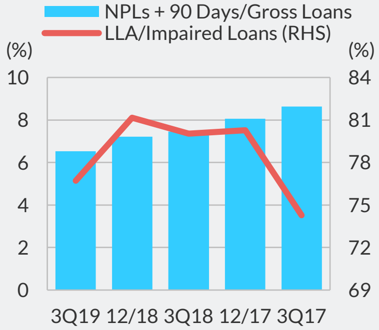
Capitalization

Fitch also acknowledges the expected improvement in BMG's capitalization ratios, which will be enhanced by the proceeds from the IPO of October 2019, which raised BRL1.2 billion of Tier I capital. The Fitch Core Capital (FCC) ratio at Sept. 30, 2019 was already a satisfactory 14.8%, up from 14.5% at YE 2018, despite the 14% growth in risk assets during the first nine months of 2019. The regulatory Tier I capital ratio was 13.75% at Sept. 30, 2019. With the additional capital, (which represents a free float of approximately 21%), the new BIS ratio could initially rise to slightly above 20%.

Liquidity and Funding

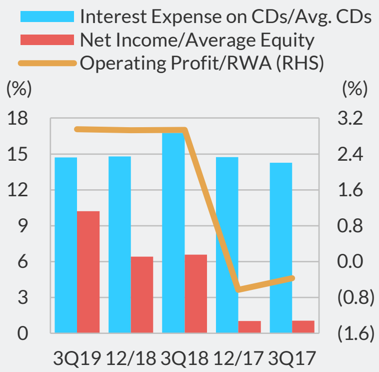
Even before the IPO, BMG was operating with a more comfortable liquidity position, partly enhanced by securitizations of its credit card receivables, funding from a wide range of customer deposits and the downsizing of its commercial credit portfolio. The volume of

Asset Quality



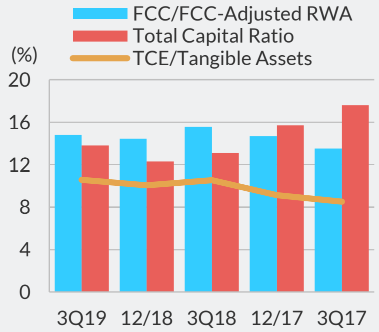
LLA – Loan loss allowance.
Source: Fitch Ratings, Fitch Solutions, Banco BMG S.A.

Profitability



CD –Certificate of deposit. RWA – Risk-weighted assets.
Source: Fitch Ratings, Fitch Solutions, Banco BMG S.A.

Capitalization



FCC – Fitch Core Capital. RWA – Risk-weighted assets. TCE – Tangible common equity.
Source: Fitch Ratings, Fitch Solutions, Banco BMG S.A.

deposits captured mainly by distributors/brokers is increasing, and the bank has been growing its own funding platform. Fitch also believes the bank has an adequate asset/liability management policy.

Fitch expects BMG to continue to operate with a comfortable liquidity position, supported by its lower risk appetite and more moderate growth. At Sept. 30, 2019, customer deposits accounted for nearly 88% of the bank's funding. These deposits have a low level of concentration (the average ticket is BRL70,000, about USD17,500). The 20 largest depositors only account for 9% of total funding. The bank has previously used its excess liquidity to reduce its more expensive liabilities and to further diversify its funding sources. The bank will also now benefit from the IPO proceeds, which will further lower the cost of funding.

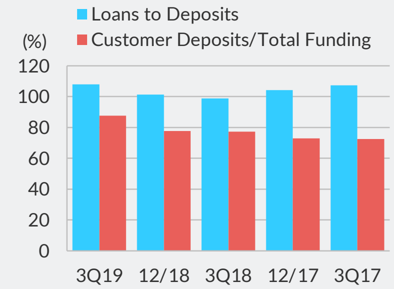
Management reports that they have received frequent offers of foreign funding, which they have declined as they were more expensive than other sources. The bank is also able to raise funds via the securitization of its payroll credit card receivables at very reasonable rates. The availability of the IPO funds may reduce the number of securitizations if the rates become less attractive. The bank also previously issued a perpetual finance bill, which combined with the other sources (excluding the eventual IPO proceeds), has enabled a 2–3-year positive gap

The bank expects to continue to diversify its funding, seeking sustainable and long-term lines. Complementing this strategy is the digital bank platform, which is currently bringing in funds at low rates. BMG continues to present a very comfortable liquidity coverage ratio of 1,260%.

Subordinated Debt

BMG's subordinated debt is rated two notches below its Viability Rating (VR) to reflect its subordinated status. The Recovery Rating was unchanged at 'RR6' for subordinated notes, according to the agency's rating criteria. Subordinated Tier II debt ratings would generally move together with the bank's IDR. However, Fitch's criteria factor in the compression issue where the VR is 'bb+' or lower, allowing some room for a narrower notching. Thus, BMG's subordinate notes are notched down two degrees below the anchor rating, given that BMG's VR (b+) is non-investment grade.

Liquidity



Source: Fitch Ratings, Fitch Solutions, BMG S.A.

Summary Financials and Key Ratios

(BRL Mil.)	9/30/19 Nine Months— Third Quarter Reviewed — Unqualified	12/31/18 Audited — Unqualified	9/30/18 Nine Months— Third Quarter Reviewed —Unqualified	12/31/17 Audited — Unqualified
Summary Income Statement				
Net Interest and Dividend Income	1,649.2	1,841.2	1,298.5	1,277.3
Net Fees and Commissions	29.9	41.6	32.7	36.6
Other Operating Income	(263.0)	(279.3)	(217.7)	(267.6)
Total Operating Income	**1,416.1**	**1,603.5**	**1,113.5**	**1,046.3**
Operating Costs	799.4	961.3	650.6	863.0
Pre-Impairment Operating Profit	616.7	642.2	462.9	183.3
Loan and Other Impairment Charges	347.3	318.2	226.7	242.0
Operating Profit	269.4	324.0	236.2	(58.7)
Other Non-Operating Items (Net)	0.1	(8.4)	(7.2)	57.2
Tax	64.6	144.8	97.9	(27.8)
Net Income	204.9	170.8	131.1	26.3
Other Comprehensive Income	N.A.	N.A.	N.A.	N.A.
Fitch Comprehensive Income	204.9	170.8	131.1	26.3
Summary Balance Sheet				
Gross Loans	10,813.7	9,512.8	9,265.0	8,632.8
Less Impairments	705.7	686.5	691.2	695.7
Loan Loss Allowances	541.4	557.1	553.2	558.5
Net Loans	10,272.3	8,955.7	8,711.8	8,074.3
Interbank	87.7	37.5	155.2	20.8
Derivatives	347.9	252.0	185.3	183.9
Other Securities and Earning Assets	3,043.5	3,243.2	3,376.1	3,391.5
Total Earning Assets	**13,751.4**	**12,488.4**	**12,428.4**	**11,670.5**
Cash and Due From Banks	77.7	47.4	44.4	24.7
Other Assets	4,216.2	4,401.7	4,486.0	4,564.8
Total Assets	**18,045.3**	**16,937.5**	**16,958.8**	**16,260.0**
Liabilities				
Customer Deposits	10,015.1	9,402.8	9,369.7	8,294.8
Interbank and Other Short-Term Funding	445.0	372.7	431.8	1,055.9
Other Long-Term Funding	974.1	2,320.1	2,324.8	2,043.3
Trading Liabilities and Derivatives	101.7	84.0	149.4	236.2
Total Funding	**11,535.9**	**12,179.6**	**12,275.7**	**11,630.2**
Other Liabilities	3,776.5	2,117.6	1,926.0	2,057.9
Pref. Shares and Hybrid Capital	N.A.	N.A.	N.A.	N.A.
Total Equity	**2,732.9**	**2,640.3**	**2,757.1**	**2,571.9**
Total Liabilities and Equity	**18,045.3**	**16,937.5**	**16,958.8**	**16,260.0**
Ratios (%, Annualized as Appropriate)				
Profitability				
Operating Profit/RWA	3.0	2.9	2.9	(0.6)
NII/Average Earning Assets	17.0	15.4	14.7	11.5
Non-Interest Expense/Gross Revenues	55.7	60.0	58.4	82.2
Net Income/Average Equity	10.2	6.4	6.6	1.0

Summary Financials and Key Ratios (Continued)

(BRL Mil.)	9/30/19 Nine Months — Third Quarter Reviewed — Unqualified	12/31/18 Audited — Unqualified	9/30/18 Nine Months — Third Quarter Reviewed — Unqualified	12/31/17 Audited — Unqualified
Asset Quality				
Impaired Loans Ratio	6.5	7.2	7.5	8.1
Growth in Gross Loans	13.7	10.2	7.3	1.7
Loan Loss Allowances/Impaired Loans	76.7	81.2	80.0	80.3
Loan Impairment Charges/Average Gross Loans	4.6	3.5	3.4	2.9
Capitalization				
Fitch Core Capital Ratio	14.8	14.5	15.6	14.7
TCE Ratio	10.6	10.1	10.6	9.1
CET 1 Ratio	13.1	12.3	13.1	13.4
Net Impaired Loans/FCC	9.1	8.1	8.2	10.0
Funding and Liquidity				
Loans/Customer Deposits	108.0	101.2	98.9	104.1
LCR	1,260.0	N.A.	N.A.	N.A.
Customer Deposits/Funding	87.6	77.7	77.3	72.8

N.A. – Not available.
Source: Fitch Ratings, Fitch Solutions.

Environmental, Social and Governance Considerations

FitchRatings **Banco BMG S.A.**

Banks
Ratings Navigator

Credit-Relevant ESG Derivation

Banco BMG S.A. has 5 ESG potential rating drivers

- Banco BMG S.A. has exposure to compliance risks including fair lending practices, mis-selling, repossession/foreclosure practices, consumer data protection (data security) but this has very low impact on the rating.
- Governance is minimally relevant to the rating and is not currently a driver.

			Overall ESG Scale
key driver	0	issues	5
driver	0	issues	4
potential driver	5	issues	3
not a rating driver	4	issues	2
	5	issues	1

Environmental (E)

General Issues	E Score	Sector-Specific Issues	Reference	E Scale
GHG Emissions & Air Quality	1	n.a.	n.a.	5
Energy Management	1	n.a.	n.a.	4
Water & Wastewater Management	1	n.a.	n.a.	3
Waste & Hazardous Materials Management; Ecological Impacts	1	n.a.	n.a.	2
Exposure to Environmental Impacts	2	Impact of extreme weather events on assets and/or operations and corresponding risk appetite & management; catastrophe risk; credit concentrations	Company Profile; Management & Strategy; Risk Appetite; Asset Quality	1

Social (S)

General Issues	S Score	Sector-Specific Issues	Reference	S Scale
Human Rights, Community Relations, Access & Affordability	2	Services for underbanked and underserved communities: SME and community development programs; financial literacy programs	Company Profile; Management & Strategy; Risk Appetite	5
Customer Welfare - Fair Messaging, Privacy & Data Security	3	Compliance risks including fair lending practices, mis-selling, repossession/foreclosure practices, consumer data protection (data security)	Operating Environment; Company Profile; Management & Strategy; Risk Appetite	4
Labor Relations & Practices	2	Impact of labor negotiations, including board/employee compensation and composition	Company Profile; Management & Strategy	3
Employee Wellbeing	1	n.a.	n.a.	2
Exposure to Social Impacts	2	Shift in social or consumer preferences as a result of an institution's social positions, or social and/or political disapproval of core banking practices	Company Profile; Financial Profile	1

Governance (G)

General Issues	G Score	Sector-Specific Issues	Reference	G Scale
Management Strategy	3	Operational implementation of strategy	Management & Strategy	5
Governance Structure	3	Board independence and effectiveness; ownership concentration; protection of creditor/stakeholder rights; legal /compliance risks; business continuity; key person risk; related party transactions	Management & Strategy; Earnings & Profitability; Capitalisation & Leverage	4
Group Structure	3	Organizational structure; appropriateness relative to business model; opacity; intra-group dynamics; ownership	Company Profile	3
Financial Transparency	3	Quality and frequency of financial reporting and auditing processes	Management & Strategy	2
				1

How to Read This Page
ESG scores range from 1 to 5 based on a 15-level color gradation. Red (5) is most relevant and green (1) is least relevant.

The Environmental (E), Social (S) and Governance (G) tables break out the individual components of the scale. The left-hand box shows the aggregate E, S, or G score. General Issues are relevant across all markets with Sector-Specific Issues unique to a particular industry group. Scores are assigned to each sector-specific issue. These scores signify the credit-relevance of the sector-specific issues to the issuing entity's overall credit rating. The Reference box highlights the factor(s) within which the corresponding ESG issues are captured in Fitch's credit analysis.

The Credit-Relevant ESG Derivation table shows the overall ESG score. This score signifies the credit relevance of combined E, S and G issues to the entity's credit rating. The three columns to the left of the overall ESG score summarize the issuing entity's sub-component ESG scores. The box on the far left identifies the [number of] general ESG issues that are drivers or potential drivers of the issuing entity's credit rating (corresponding with scores of 3, 4 or 5) and provides a brief explanation for the score.

Classification of ESG issues has been developed from Fitch's sector and sub-sector ratings criteria and the General Issues and the Sector-Specific Issues have been informed with SASB's Materiality Map.

Sector references in the scale definitions below refer to Sector as displayed in the Sector Details box on page 1 of the navigator.

CREDIT-RELEVANT ESG SCALE

How relevant are E, S and G issues to the overall credit rating?

5	Highly relevant, a key rating driver that has a significant impact on the rating on an individual basis. Equivalent to "higher" relative importance within Navigator.
4	Relevant to rating, not a key rating driver but has an impact on the rating in combination with other factors. Equivalent to "moderate" relative importance within Navigator.
3	Minimally relevant to rating, either very low impact or actively managed in a way that results in no impact on the entity rating. Equivalent to "lower" relative importance within Navigator.
2	Irrelevant to the entity rating but relevant to the sector.
1	Irrelevant to the entity rating and irrelevant to the sector.

Banco BMG S.A. — Income Statement

	9/30/19 Nine Months — Third Quarter			2018		9/30/18 Nine Months — Third Quarter		2017		9/30/17 Nine Months — Third Quarter	
(BRL Mil., Year End as of Dec. 31)	R/U (USD Mil.)	R/U	As % of Earning Assets	A/U	As % of Earning Assets	R/U	As % of Earning Assets	A/U	As % of Earning Assets	R/U	As % of Earning Assets
Interest Income on Loans	592.0	2,465.1	23.97	2,797.4	22.40	2,077.9	22.35	2,271.7	19.47	1,653.6	19.23
Other Interest Income	69.6	289.7	2.82	404.9	3.24	354.6	3.81	137.1	1.17	35.1	0.41
Dividend Income	N.A.	N.A.	—	N.A.	—	N.A.	—	N.A.	—	N.A.	—
Gross Interest and Dividend Income	661.6	2,754.8	26.78	3,202.3	25.64	2,432.5	26.17	2,408.8	20.64	1,688.7	19.64
Interest Expense on Customer Deposits	254.7	1,060.5	10.31	1,310.0	10.49	1,094.7	11.78	1,060.0	9.08	738.1	8.58
Other Interest Expense	10.8	45.1	0.44	51.1	0.41	39.3	0.42	71.5	0.61	49.2	0.57
Total Interest Expense	265.5	1,105.6	10.75	1,361.1	10.90	1,134.0	12.20	1,131.5	9.70	787.3	9.16
Net Interest Income	396.1	1,649.2	16.03	1,841.2	14.74	1,298.5	13.97	1,277.3	10.94	901.4	10.48
Net Fees and Commissions	7.2	29.9	0.29	41.6	0.33	32.7	0.35	36.6	0.31	27.6	0.32
Net Gains (Losses) on Trading and Derivatives	N.A.	N.A.	—	N.A.	—	N.A.	—	N.A.	—	N.A.	—
Net Gains (Losses) on Assets and Liabilities at Fair Value	N.A.	N.A.	—	N.A.	—	N.A.	—	N.A.	—	N.A.	—
Net Gains (Losses) on Other Securities	N.A.	N.A.	—	N.A.	—	N.A.	—	N.A.	—	N.A.	—
Net Insurance Income	N.A.	N.A.	—	N.A.	—	N.A.	—	N.A.	—	N.A.	—
Other Operating Income	(58.5)	(243.6)	(2.37)	(281.8)	(2.26)	(217.4)	(2.34)	(263.4)	(2.26)	(134.4)	(1.56)
Total Non-Interest Operating Income	(51.3)	(213.7)	(2.08)	(240.2)	(1.92)	(184.7)	(1.99)	(226.8)	(1.94)	(106.8)	(1.24)
Total Operating Income	344.8	1,435.5	13.96	1,601.0	12.82	1,113.8	11.98	1,050.5	9.00	794.6	9.24
Personnel Expenses	37.1	154.5	1.50	229.5	1.84	121.0	1.30	177.3	1.52	136.5	1.59
Other Operating Expenses	154.9	644.9	6.27	731.8	5.86	529.6	5.70	685.7	5.88	514.0	5.98
Total Non-Interest Expenses	192.0	799.4	7.77	961.3	7.70	650.6	7.00	863.0	7.39	650.5	7.57
Equity-Accounted Profit/Loss — Operating	(4.7)	(19.4)	(0.19)	2.5	0.02	(0.3)	(0.00)	(4.2)	(0.04)	(4.7)	(0.05)
Pre-Impairment Operating Profit	148.1	616.7	6.00	642.2	5.14	462.9	4.98	183.3	1.57	139.4	1.62
Loan Impairment Charge	83.4	347.3	3.38	318.2	2.55	226.7	2.44	242.0	2.07	165.4	1.92
Securities and Other Credit Impairment Charges	N.A.	N.A.	—	N.A.	—	N.A.	—	N.A.	—	N.A.	—
Operating Profit	64.7	269.4	2.62	324.0	2.59	236.2	2.54	(58.7)	(0.50)	(26.0)	(0.30)
Equity-Accounted Profit/ Loss — Non-operating	N.A.	N.A.	—	N.A.	—	N.A.	—	N.A.	—	N.A.	—
Goodwill Impairment	N.A.	N.A.	—	N.A.	—	N.A.	—	N.A.	—	N.A.	—
Nonrecurring Income	0.0	0.1	0.00	N.A.	—	N.A.	—	57.2	0.49	57.9	0.67
Nonrecurring Expense	N.A.	N.A.	—	8.4	0.07	7.2	0.08	N.A.	—	N.A.	—
Change in Fair Value of Own Debt	N.A.	N.A.	—	N.A.	—	N.A.	—	N.A.	—	N.A.	—
Other Non-Operating Income and Expenses	N.A.	N.A.	—	N.A.	—	N.A.	—	N.A.	—	N.A.	—
Pretax Profit	64.7	269.5	2.62	315.6	2.53	229.0	2.46	(1.5)	(0.01)	31.9	0.37
Tax Expense	15.5	64.6	0.63	144.8	1.16	97.9	1.05	(27.8)	(0.24)	11.5	0.13
Profit/Loss from Discontinued Operations	N.A.	N.A.	—	N.A.	—	N.A.	—	N.A.	—	N.A.	—
Net Income	49.2	204.9	1.99	170.8	1.37	131.1	1.41	26.3	0.23	20.4	0.24
Change in Value of AFS Investments	N.A.	N.A.	—	N.A.	—	N.A.	—	N.A.	—	N.A.	—
Revaluation of Fixed Assets	N.A.	N.A.	—	N.A.	—	N.A.	—	N.A.	—	N.A.	—
Currency Translation Differences	N.A.	N.A.	—	N.A.	—	N.A.	—	N.A.	—	N.A.	—
Remaining OCI Gains/(Losses)	N.A.	N.A.	—	N.A.	—	N.A.	—	N.A.	—	N.A.	—
Fitch Comprehensive Income	49.2	204.9	1.99	170.8	1.37	131.1	1.41	26.3	0.23	20.4	0.24

Banco BMG S.A. — Income Statement (Continued)

	9/30/19 Nine Months — Third Quarter			2018		9/30/18 Nine Months — Third Quarter		2017		9/30/17 Nine Months — Third Quarter	
(BRL Mil., Year End as of Dec. 31)	R/U (USD Mil.)	R/U	As % of Earning Assets	A/U	As % of Earning Assets	R/U	As % of Earning Assets	A/U	As % of Earning Assets	R/U	As % of Earning Assets
Memo: Profit Allocation to Noncontrolling Interests	N.A.	N.A.	—	N.A.	—	N.A.	—	N.A.	—	N.A.	—
Memo: Net Income after Allocation to Noncontrolling Interests	49.2	204.9	1.99	170.8	1.37	131.1	1.41	26.3	0.23	20.4	0.24
Memo: Common Dividends Relating to the Period	27.3	113.6	1.10	139.6	1.12	N.A.	—	44.6	0.38	N.A.	—
Memo: Preferred Dividends and Interest on Hybrid Capital Accounted for as Equity Related to the Period	N.A.	N.A.	—	N.A.	—	N.A.	—	N.A.	—	N.A.	—

[a]Exchange rate: 9/30/19 — USD1 – BRL4.1638; 21/31/18 — USD1 – BRL3.8742; 9/30/18 — USD1 – BRL4.0033; 12/31/17 — USD1 – BRL3.3074. 9/30/17 — USD1 – BRL3.1865. R/U – Reviewed — Unqualified. A/U – Audited — Unqualified. N.A. – Not available.
Source: Fitch Ratings, Fitch Solutions, Banco BMG S.A.

Banco BMG S.A. — Balance Sheet

	9/30/19 Nine Months — Third Quarter			2018		9/30/18 Nine Months — Third Quarter		2017		9/30/17 Nine Months — Third Quarter	
(BRL Mil., Year End as of Dec. 31)	(USD Mil.)		As % of Assets		As % of Assets		As % of Assets		As % of Assets		As % of Assets
Assets											
Loans											
Residential Mortgage Loans	1.9	8.0	0.04	8.8	0.05	9.2	0.05	29.7	0.18	31.3	0.19
Other Mortgage Loans	N.A.	N.A.	—	N.A.	—	N.A.	—	N.A.	—	N.A.	—
Other Consumer/Retail Loans	2,236.2	9,310.9	51.60	8,328.7	49.17	8,133.8	47.96	7,421.8	45.64	7,182.4	44.23
Corporate & Commercial Loans	359.0	1,494.8	8.28	1,175.3	6.94	1,122.0	6.62	1,181.3	7.27	1,177.1	7.25
Other Loans	N.A.	N.A.	—	N.A.	—	N.A.	—	N.A.	—	N.A.	—
Less: Loan Loss Allowances	130.0	541.4	3.00	557.1	3.29	553.2	3.26	558.5	3.43	538.6	3.32
Net Loans	2,467.0	10,272.3	56.93	8,955.7	52.87	8,711.8	51.37	8,074.3	49.66	7,852.2	48.36
Gross Loans	2,597.1	10,813.7	59.93	9,512.8	56.16	9,265.0	54.63	8,632.8	53.09	8,390.8	51.68
Memo: Impaired Loans included above	169.5	705.7	3.91	686.5	4.05	691.2	4.08	695.7	4.28	725.2	4.47
Memo: Specific Loan Loss Allowances	N.A.	N.A.	—	N.A.	—	N.A.	—	N.A.	—	N.A.	—
Other Earning Assets											
Loans and Advances to Banks	21.1	87.7	0.49	37.5	0.22	155.2	0.92	20.8	0.13	306.8	1.89
Reverse Repos and Securities Borrowing	205.4	855.1	4.74	815.2	4.81	1,461.2	8.62	1,424.0	8.76	1,212.4	7.47
Derivatives	83.6	347.9	1.93	252.0	1.49	185.3	1.09	183.9	1.13	178.5	1.10
Trading Securities and at FV through Income	N.A.	N.A.	—	N.A.	—	13.0	0.08	8.0	0.05	7.6	0.05
Securities at FV through OCI/ Available for Sale	471.9	1,964.7	10.89	2,195.4	12.96	1,775.1	10.47	1,851.2	11.38	1,830.3	11.27
Securities at Amortised Cost/ Held to Maturity	N.A.	N.A.	—	N.A.	—	N.A.	—	N.A.	—	N.A.	—
Other Securities	N.A.	N.A.	—	N.A.	—	N.A.	—	N.A.	—	N.A.	—
Total Securities	471.9	1,964.7	10.89	2,195.4	12.96	1,788.1	10.54	1,859.2	11.43	1,837.9	11.32
Memo: Government Securities included Above	670.9	2,793.4	15.48	2,794.2	16.50	3,236.3	19.08	3,090.4	19.01	2,856.2	17.59
Memo: Total Securities Pledged	62.5	260.2	1.44	211.5	1.25	267.7	1.58	388.9	2.39	546.2	3.36
Equity Investments in Associates	53.7	223.7	1.24	232.6	1.37	126.8	0.75	108.3	0.67	108.7	0.67
Investments in Property	N.A.	N.A.	—	N.A.	—	N.A.	—	N.A.	—	N.A.	—
Insurance Assets	N.A.	N.A.	—	N.A.	—	N.A.	—	N.A.	—	N.A.	—
Other Earning Assets	N.A.	N.A.	—	N.A.	—	N.A.	—	N.A.	—	N.A.	—
Total Earning Assets	3,302.6	13,751.4	76.20	12,488.4	73.73	12,428.4	73.29	11,670.5	71.77	11,496.5	70.80
Non-Earning Assets											
Cash and Due From Banks	18.7	77.7	0.43	47.4	0.28	44.4	0.26	24.7	0.15	38.1	0.23
Memo: Mandatory Reserves included Above	N.A.	N.A.	—	N.A.	—	N.A.	—	N.A.	—	N.A.	—
Foreclosed Assets	14.9	62.1	0.34	71.7	0.42	55.3	0.33	51.6	0.32	N.A.	—
Fixed Assets	25.0	104.3	0.58	103.4	0.61	94.4	0.56	83.8	0.52	81.5	0.50
Goodwill	67.2	279.6	1.55	386.3	2.28	425.3	2.51	531.4	3.27	567.6	3.50
Other Intangibles	1.3	5.4	0.03	N.A.	—	N.A.	—	0.5	0.00	0.8	0.00
Current Tax Assets	N.A.	N.A.	—	N.A.	—	N.A.	—	N.A.	—	N.A.	—
Deferred Tax Assets	538.5	2,242.3	12.43	2,267.0	13.38	2,323.1	13.70	2,361.6	14.52	2,384.9	14.69
Discontinued Operations	N.A.	N.A.	—	N.A.	—	N.A.	—	N.A.	—	N.A.	—
Other Assets	365.7	1,522.5	8.44	1,573.3	9.29	1,587.9	9.36	1,535.9	9.45	1,667.7	10.27
Total Assets	4,333.9	18,045.3	100.00	16,937.5	100.00	16,958.8	100.00	16,260.0	100.00	16,237.1	100.00

Banco BMG S.A. — Balance Sheet (Continued)

	9/30/19 Nine Months — Third Quarter			2018		9/30/18 Nine Months — Third Quarter		2017		9/30/17 Nine Months — Third Quarter	
(BRL Mil., Year End as of Dec. 31)	(USD Mil.)		As % of Assets		As % of Assets		As % of Assets		As % of Assets		As % of Assets
Liabilities and Equity											
Interest-Bearing Liabilities											
Total Customer Deposits	2,405.3	10,015.1	55.50	9,402.8	55.51	9,369.7	55.25	8,294.8	51.01	7,817.4	48.15
Deposits from Banks	33.0	137.5	0.76	49.6	0.29	0.8	0.00	69.9	0.43	20.8	0.13
Repos and Securities Lending	6.0	25.0	0.14	N.A.	—	N.A.	—	8.6	0.05	N.A.	—
Commercial Paper and Short-term Borrowings	67.8	282.5	1.57	323.1	1.91	431.0	2.54	977.4	6.01	915.7	5.64
Customer Deposits and Short-term Funding	2,512.2	10,460.1	57.97	9,775.5	57.72	9,801.5	57.80	9,350.7	57.51	8,753.9	53.91
Senior Unsecured Debt	233.9	974.1	5.40	739.6	4.37	684.1	4.03	681.8	4.19	726.6	4.47
Subordinated Borrowing	N.A.	N.A.	—	1,580.5	9.33	1,640.7	9.67	1,361.5	8.37	1,303.9	8.03
Covered Bonds	N.A.	N.A.	—	N.A.	—	N.A.	—	N.A.	—	N.A.	—
Other Long-term Funding	N.A.	N.A.	—	N.A.	—	N.A.	—	N.A.	—	N.A.	—
Total LT Funding	233.9	974.1	5.40	2,320.1	13.70	2,324.8	13.71	2,043.3	12.57	2,030.5	12.51
Memo: o/w matures in less than 1 year	N.A.	N.A.	—	N.A.	—	N.A.	—	N.A.	—	N.A.	—
Trading Liabilities	N.A.	N.A.	—	N.A.	—	N.A.	—	N.A.	—	N.A.	—
Total Funding	2,746.1	11,434.2	63.36	12,095.6	71.41	12,126.3	71.50	11,394.0	70.07	10,784.4	66.42
Derivatives	24.4	101.7	0.56	84.0	0.50	149.4	0.88	236.2	1.45	628.5	3.87
Total Funding and Derivatives	2,770.5	11,535.9	63.93	12,179.6	71.91	12,275.7	72.39	11,630.2	71.53	11,412.9	70.29
Non-Interest Bearing Liabilities											
Fair Value Portion of Debt	N.A.	N.A.	—	N.A.	—	N.A.	—	N.A.	—	N.A.	—
Credit Impairment Reserves	N.A.	N.A.	—	N.A.	—	N.A.	—	N.A.	—	N.A.	—
Reserves for Pensions and Other	N.A.	N.A.	—	N.A.	—	N.A.	—	N.A.	—	0.0	0.00
Current Tax Liabilities	N.A.	N.A.	—	N.A.	—	N.A.	—	N.A.	—	0.0	0.00
Deferred Tax Liabilities	N.A.	N.A.	—	N.A.	—	N.A.	—	N.A.	—	N.A.	—
Other Deferred Liabilities	N.A.	N.A.	—	N.A.	—	N.A.	—	N.A.	—	N.A.	—
Discontinued Operations	N.A.	N.A.	—	N.A.	—	N.A.	—	N.A.	—	N.A.	—
Insurance Liabilities	N.A.	N.A.	—	N.A.	—	N.A.	—	N.A.	—	N.A.	—
Other Liabilities	907.0	3,776.5	20.93	2,117.6	12.50	1,926.0	11.36	2,057.9	12.66	2,226.7	13.71
Total Liabilities	3,677.5	15,312.4	84.86	14,297.2	84.41	14,201.7	83.74	13,688.1	84.18	13,639.6	84.00
Hybrid Capital											
Pref. Shares and Hybrid Capital accounted for as Debt	N.A.	N.A.	—	N.A.	—	N.A.	—	N.A.	—	N.A.	—
Pref. Shares and Hybrid Capital accounted for as Equity	N.A.	N.A.	—	N.A.	—	N.A.	—	N.A.	—	N.A.	—
Equity											
Common Equity	658.7	2,742.8	15.20	2,651.5	15.65	2,751.5	16.22	2,583.4	15.89	2,622.1	16.15
Non-controlling Interest	N.A.	N.A.	—	N.A.	—	N.A.	—	N.A.	—	0.0	0.00
Securities Revaluation Reserves	(2.4)	(9.9)	(0.05)	(11.2)	(0.07)	5.6	0.03	(11.5)	(0.07)	(24.6)	(0.15)
Foreign Exchange Revaluation Reserves	N.A.	N.A.	—	N.A.	—	N.A.	—	N.A.	—	N.A.	—
Fixed Asset Revaluations and Other Accumulated OCI	N.A.	N.A.	—	N.A.	—	N.A.	—	N.A.	—	N.A.	—
Total Equity	656.3	2,732.9	15.14	2,640.3	15.59	2,757.1	16.26	2,571.9	15.82	2,597.5	16.00
Memo: Equity plus Pref. Shares and Hybrid Capital accounted for as Equity	656.3	2,732.9	15.14	2,640.3	15.59	2,757.1	16.26	2,571.9	15.82	2,597.5	16.00
Total Liabilities and Equity	4,333.9	18,045.3	100.00	16,937.5	100.00	16,958.8	100.00	16,260.0	100.00	16,237.1	100.00
Memo: Fitch Core Capital	434.5	1,809.0	10.02	1,600.6	9.45	1,675.2	9.88	1,374.9	8.46	1,270.8	7.83

[a]Exchange rate: 9/30/19 — USD1 = BRL4.1638; 21/31/18 — USD1 = BRL3.8742; 9/30/18 — USD1 = BRL4.0033; 12/31/17 — USD1 = BRL3.3074. 9/30/17 — USD1 = BRL3.1865. N.A. – Not available.
Source: Fitch Ratings, Fitch Solutions, Banco BMG S.A.

Banco BMG S.A. — Summary Analytics

(%, Year End as of Dec. 31)	9/30/19 Nine Months — Third Quarter	2018	9/30/18 Nine Months — Third Quarter	2017	9/30/17 Nine Months — Third Quarter
Interest Ratios					
Interest Income/Average Earning Assets	28.41	26.77	27.50	21.61	20.50
Interest Income on Loans/Average Gross Loans	32.60	30.86	31.03	27.30	26.82
Interest Expense on Customer Deposits/Average Customer Deposits	14.71	14.78	16.77	14.74	14.27
Interest Expense Average Interest-bearing Liabilities	12.58	11.50	12.90	10.17	9.57
Net Interest Income/Average Earning Assets	17.01	15.39	14.68	11.46	10.94
Net Int. Inc Less Loan Impairment Charges/Av. Earning Assets	13.43	12.73	12.12	9.29	8.93
Net Interest Inc Less Preferred Stock Dividend/Average Earning Assets	17.01	15.39	14.68	11.46	10.94
Other Operating Profitability Ratios					
Operating Profit/Risk Weighted Assets	2.95	2.93	2.94	(0.63)	(0.37)
Non-Interest Expense/Gross Revenues	55.69	60.04	58.41	82.15	81.87
Loans and securities impairment charges Pre-impairment Op. Profit	56.32	49.55	48.97	132.02	118.65
Operating Profit/Average Total Assets	2.08	1.96	1.93	(0.37)	(0.22)
Non-Interest Income/Gross Revenues	(14.89)	(15.00)	(16.58)	(21.59)	(13.44)
Non-Interest Expense/Average Total Assets	6.18	5.83	5.31	5.46	5.55
Pre-impairment Op. Profit/Average Equity	30.69	24.13	23.21	7.07	7.17
Pre-impairment Op. Profit/Average Total Assets	4.77	3.89	3.78	1.16	1.19
Operating Profit/Average Equity	13.41	12.18	11.84	(2.26)	(1.34)
Other Profitability Ratios					
Net Income/Average Total Equity	10.20	6.42	6.57	1.01	1.05
Net Income/Average Total Assets	1.58	1.04	1.07	0.17	0.17
Fitch Comprehensive Income/Average Total Equity	10.20	6.42	6.57	1.01	1.05
Fitch Comprehensive Income/Average Total Assets	1.58	1.04	1.07	0.17	0.17
Taxes/Pre-tax Profit	23.97	45.88	42.75	1,853.33	36.05
Net Income/Risk Weighted Assets	2.24	1.54	1.63	0.28	0.29
Capitalization					
FCC/FCC-Adjusted Risk Weighted Assets	14.82	14.45	15.58	14.67	13.51
Tangible Common Equity/Tangible Assets	10.57	10.07	10.55	9.13	8.52
Equity/Total Assets	15.14	15.59	16.26	15.82	16.00
Basel Leverage Ratio	N.A.	N.A.	N.A.	N.A.	N.A.
Common Equity Tier 1 Capital Ratio	13.08	12.30	13.10	13.40	12.10
Fully Loaded Common Equity Tier 1 Capital Ratio	N.A.	N.A.	N.A.	N.A.	N.A.
Tier 1 Capital Ratio	13.75	12.30	13.10	13.40	12.10
Total Capital Ratio	13.80	12.30	13.10	15.70	17.61
Impaired Loans less Loan Loss Allowances/Fitch Core Capital	9.08	8.08	8.24	9.98	14.68
Impaired Loans less Loan Loss Allowances/Equity	6.01	4.90	5.01	5.33	7.18
Cash Dividends Paid & Declared/Net Income	55.44	81.73	N.A.	169.58	N.A.
Risk Weighted Assets/Total Assets	67.66	65.38	63.42	57.63	57.93
Risk Weighted Assets — Standardized/Risk Weighted Assets	N.A.	N.A.	N.A.	N.A.	N.A.
Risk Weighted Assets — Advanced Method/Risk Weighted Assets	N.A.	N.A.	N.A.	N.A.	N.A.

Banco BMG S.A. — Summary Analytics (Continued)

(%, Year End as of Dec. 31)	9/30/19 Nine Months — Third Quarter	2018	9/30/18 Nine Months — Third Quarter	2017	9/30/17 Nine Months — Third Quarter
Loan Quality					
Impaired Loans/Gross Loans	6.53	7.22	7.46	8.06	8.64
Growth of Gross Loans	13.68	10.19	7.32	1.72	(1.13)
Loan Loss Allowances/Impaired Loans	76.72	81.15	80.03	80.28	74.27
Loan Impairment Charges/Average Gross Loans	4.59	3.51	3.38	2.91	2.68
Growth of Total Assets	6.54	4.17	4.30	4.12	3.97
Loan Loss Allowances/Gross Loans	5.01	5.86	5.97	6.47	6.42
Net Chargeoffs/Average Gross Loans	4.80	3.52	3.47	3.12	3.30
Impaired Loans + Foreclosed Assets/Gross Loans + Foreclosed Assets	7.06	7.91	8.01	8.61	8.64
Funding and Liquidity					
Loans/Customer Deposits	107.97	101.17	98.88	104.07	107.33
Liquidity Coverage Ratio	N.A.	N.A.	N.A.	N.A.	N.A.
Customer Deposits/Total Funding (Including Pref. Shares and Hybrids)	87.59	77.74	77.27	72.80	72.49
Interbank Assets/Interbank Liabilities	63.78	75.60	19,400.00	29.76	1,475.00
Net Stable Funding Ratio	N.A.	N.A.	N.A.	N.A.	N.A.
Growth of Total Customer Deposits	6.51	13.36	12.96	48.81	40.25

N.A. – Not available.
Source: Fitch Ratings, Fitch Solutions, Banco BMG S.A.

The ratings above were solicited and assigned or maintained at the request of the rated entity/issuer or a related third party. Any exceptions follow below.