



Individual and consolidated interim financial statements on March 31, 2020 and independent auditor's review report on the interim financial statements



(A free translation of the original in Portuguese)

Report on review of parent company and consolidated interim financial statements

To the Board of Directors and Stockholders
Banco BMG S.A.

Introduction

We have reviewed the accompanying interim balance sheet of Banco BMG S.A. ("Bank") as at March 31, 2020 and the related statements of income, comprehensive income, the statements of changes in equity and cash flows for the three-month period then ended, as well as the accompanying consolidated interim balance sheet of Banco BMG S.A. and its subsidiaries ("Financial Conglomerate" or "Consolidated") as at March 31, 2020 and the related consolidated statements of income, the comprehensive income, the consolidated statements of changes in equity and cash flows for the three-month period then ended, and a summary of significant accounting policies and other explanatory notes.

Management is responsible for the preparation and fair presentation of these parent company and consolidated interim financial statements in accordance with accounting practices adopted in Brazil applicable to financial institutions authorized to operate by the Brazilian Central Bank (BACEN). Our responsibility is to express a conclusion on these interim financial statements based on our review.

Scope of review

We conducted our review in accordance with Brazilian and International Standards on Reviews of Interim Financial Information (NBC TR 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim 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 Brazilian and International Standards on Auditing and consequently did 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

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements referred to above do not present fairly, in all material respects, the financial position of Banco BMG S.A. ("Bank") and of Banco BMG S.A. and its subsidiaries ("Financial Conglomerate" or "Consolidated") as at March 31, 2020, and the parent company financial performance



Banco BMG S.A.

and its cash flows for the three-month period then ended, as well as the consolidated financial performance and the consolidated cash flows for the three-month period then ended, in accordance with accounting practices adopted in Brazil applicable to institutions authorized to operate by BACEN.

Other matters

Statements of value added

The interim financial statements referred to above include the parent company and consolidated statements of value added for the three-month period ended March 31, 2020. These statements are the responsibility of the Bank's management and are presented as supplementary information for the purposes of BACEN. These statements have been subjected to review procedures performed together with the review of the interim financial statements for the purpose of concluding whether they are reconciled with the interim financial statements and accounting records, as applicable, and if their form and content are in accordance with the criteria defined in the accounting standard CPC 09 - "Statement of Value Added", of the Brazilian Accounting Pronouncements Committee (CPC). Based on our review, nothing has come to our attention that causes us to believe that these statements of value added have not been properly prepared, in all material respects, in accordance with the criteria established in this accounting standard, and consistent with the parent company and consolidated interim financial statements taken as a whole.

São Paulo, May 7, 2020

A blue ink signature, likely belonging to a PricewaterhouseCoopers auditor, written in a cursive style.

PricewaterhouseCoopers
Auditores Independentes
CRC 2SP000160/O-5

A blue ink signature, likely belonging to Edison Arisa Pereira, written in a cursive style.

Edison Arisa Pereira
Contador CRC 1SP127241/O-0

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MANAGEMENT REPORT

The Management of Banco BMG S.A. and its subsidiaries ("BMG"), in accordance with the legal and statutory provisions applicable to financial institutions authorized to operate by the Central Bank of Brazil, is presenting the Interim Financial Statements for the period ended March 31, 2020 along with the independent auditors' report on the Interim Financial Statements.

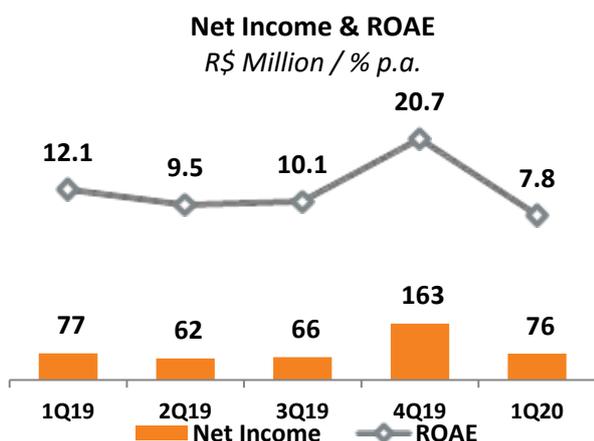
Banco BMG

With 89 years of solid performance in the financial market, the Bank is notable for its operational efficiency driven by technology, its sales force and ability to adapt to the main market movements. Over the course of its history, BMG has built a brand recognized for its tradition, transparency and sound corporate governance practices.

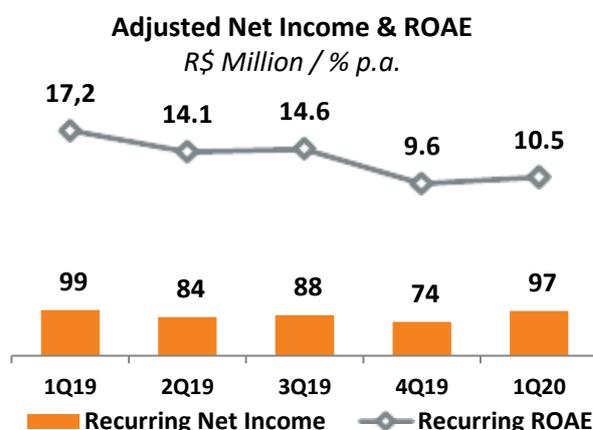
Banco BMG currently has 4.3 million customers, offering to retail: payroll credit card, payroll loans, personal credit and public servants and retail insurance through a partnership. Additionally, it offers retail customers a full range of products and services in its digital bank. To corporate clients it offers financing, structured financial services, derivative instruments and guarantee insurance for medium and large companies. In addition, BMG provides investment products to both publics.

Financial Performance

The net income for the first quarter of 2020 was R\$ 76 million, compared to R\$ 77 million in the same period of 2019. The Return on Average Equity (ROAE) was of 7.8% per year in the first quarter of 2020, compared to 12.1% in the same period of the previous year.



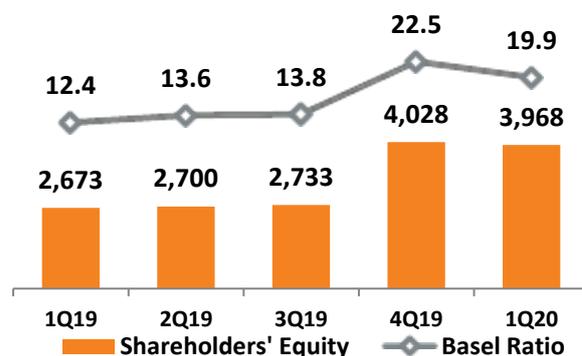
In August 2011, Banco BMG acquired financial institutions, recording a goodwill in the amount of R\$1,450 million based on the expectation of future profitability. Excluding the effect of this goodwill and other non-recurring events, the net income for the first quarter of 2020 was R\$ 97 million and the Return on Average Equity (ROAE) was of 10.5% per year.



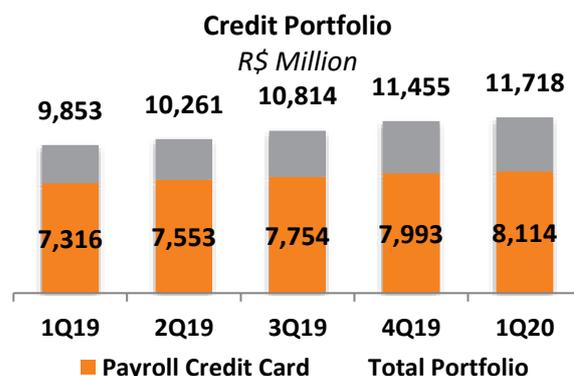
Consolidated Shareholders' Equity on March 31, 2020 amounted to R\$ 3,968 million, after the cancellation of 11,981,100 preferred shares in treasury. The capitalization ratio of risk-weighted assets (Basel Ratio) was 19.9%.

Shareholders' Equity & Basel Ratio

R\$ Million / %



The total consolidated portfolio ended March 31, 2020 with a balance of R\$ 11,718 million, representing an increase of 18.9% compared to the same period of 2019. BMG's main product, the payroll credit card, posted an expansion of 10.9% in 12 months, reaching R\$ 8,114 million.



The consolidated funding balance totaled R\$ 13,705 million in of the end of 1Q20, representing an increase of 12.0% compared to the same period of the previous year. The main source of funding, the Time Deposit (CDB), represents 77.1% of the funding and grew 12.7% in the last 12 months.

On March 31, 2020, BMG's investments in subsidiaries totaled R\$ 1.228 million, aiming at better operational efficiency.

Corporate Governance

With experienced and professionalized management, Banco BMG opted voluntarily to implement high level corporate governance practices, which includes a Board of Directors with three independent members, statutory and non-statutory Committees to support management, duly structured Compliance Processes and Internal Controls, a Code of Ethics, a Money Laundering Prevention Program (PLD), an independent Internal Audit Structure and a strategic and active Investor Relations department, among other initiatives.

Based on best risk management practices, the Bank has developed policies, systems and internal controls to mitigate and control possible losses arising from exposure to the risks to which its activities are exposed, with a set of appropriate processes and routines applied to its operating modalities.

In December 2018, the Bank was registered with the Brazilian Securities and Exchange Commission (CVM).

On December 9, 2019, the Bank announced to the market a change in Management, which consists of: (i) election of Ricardo Annes Guimarães to the position of Chairman of the Board of Directors; (ii) election of Ana Karina Bortoni Dias to the position of Chief Executive Officer; (iii) relocation of Marco Antonio Antunes to the position of Executive Vice-President; (iv) election of Eliane Aleixo Lustosa as an independent member of the Board of Directors; and (v) relocation of Olga Colpo to the position of Vice Chairman of the Board of Directors to be created. The proposed changes are intended to support the Bank's strategic plan and are subject to Bacen approval. On April 15, 2020, announced the election of Dorival Dourado Jr. as an independent member of the Board of Directors, replacing Sandoval Martins Pereira.

For more information on corporate governance, please visit: www.bancobmg.com.br/ir.

Regulation

BACEN Circular No. 3.068/01 - At the end of the quarter, BMG had no securities classified as "held to maturity".

Relationship with Independent Auditors

The adopted policy adheres to the principles that preserve the independence of the auditor, in accordance with internationally accepted criteria, ie, the auditor should not audit his or her own work and neither perform managerial functions at his client nor promote its interests. As established by CVM Instruction 381, in the period ended March 31, 2020, Banco BMG did not contract and did not

have services rendered by PricewaterhouseCoopers Auditores Independentes not related to the external audit, at a level higher than 5% of the total relative fees to external audit services.

COVID-19 Pandemic

Due the COVID-19 pandemic, the Bank, in line with the guidelines established by national and international health authorities, has been taking several preventive measures to minimize the effects of the pandemic as much as possible, especially regarding to the safety of its stakeholders, as well as the continuity of the business.

In order to keep its shareholders and market properly informed about the Bank initiatives, on April 16, 2020, the Bank release a Notice to the Market, making available a presentation on the positioning and measures implemented due to the pandemic on our Investor Relations' and the CVM's websites.

Capital Management

The assessment of capital adequacy is made to ensure that the organization maintains a strong capital base to support its activities. It also considers a prospective vision, designed to anticipate possible changes in market conditions.

Acknowledgements

All these achievements reflect the firm commitment of the Shareholders and Management to continually strive to exceed expectations and always offer its clients high quality service and a healthy environment for its employees.

These gains have been possible thanks to our clients' support and trust and the dedicated efforts of our collaborators and partners/correspondents.

To them all, our deep appreciation.

BANK'S MANAGEMENT

São Paulo, May 7, 2020.



BANCO BMG S.A. (BANK) AND BANCO BMG S.A. AND ITS SUBSIDIARIES (FINANCIAL CONGLOMERATE)

**BALANCE SHEETS
ENDED MARCH 31, 2020 AND DECEMBER 31, 2019**

(A free translation of the original in Portuguese)

	Note	Financial Conglomerate		Bank	
		2020	2019	2020	2019
Assets					
Cash and balances at banks		176,725	893,313	162,680	883,692
Available cash		111,724	263,220	97,679	253,599
Short-term interbank investments	4/5	65,001	630,093	65,001	630,093
Financial Instruments		13,688,164	12,731,290	13,310,629	12,307,231
Investments in interbank deposits	5	23,292	46,477	313,736	230,102
Marketable securities and derivatives	6 e 7	2,973,695	2,261,014	2,946,586	2,234,201
Credit operations	8	11,301,775	11,006,113	10,601,028	10,387,489
Provision for impairment of credits	8	(610,598)	(582,314)	(550,721)	(544,561)
Interfinancial relations		38,055	85,808	37,841	85,591
Other credits	9	4,586,517	4,432,860	3,965,533	3,960,723
Tax credits		2,772,801	2,650,037	2,377,585	2,252,323
Sundry		1,813,716	1,782,823	1,587,948	1,708,400
Other assets		185,361	166,714	184,147	165,393
Assets not in use	10(a)	65,031	65,199	64,892	65,092
Prepaid expenses	10(b)	120,330	101,515	119,255	100,301
Permanent assets		1,636,850	600,569	4,309,205	3,207,297
Investments		1,229,187	238,641	4,106,552	3,086,639
Subsidiary and associated companies:		1,229,187	238,641	4,106,552	3,086,639
Foreign	11			252,555	199,379
Local	11	1,228,093	237,903	3,852,903	2,886,522
Other investments		1,094	738	1,094	738
Property and equipment	12	115,743	109,282	115,743	109,282
Buildings		289,422	275,746	289,422	275,746
Accumulated depreciation		(173,679)	(166,464)	(173,679)	(166,464)
Intangible assets		291,920	252,646	86,910	11,376
Goodwill on acquisition of subsidiaries	13 (a)	1,450,412	1,450,412		
Accumulated amortization of intangible assets	13 (b)	(1,245,402)	(1,209,142)		
Others		86,910	11,376	86,910	11,376
Total Assets		20,311,672	18,910,554	21,970,035	20,609,927

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



BANCO BMG S.A. (BANK) AND BANCO BMG S.A. AND ITS SUBSIDIARIES (FINANCIAL CONGLOMERATE)

**BALANCE SHEETS
ENDED MARCH 31, 2020 AND DECEMBER 31, 2019**

(A free translation of the original in Portuguese)

	Note	Financial Conglomerate		Bank	
		2020	2019	2020	2019
Liabilities and Equity					
Deposits and other financial instruments		13,419,563	11,995,489	15,097,960	13,725,924
Deposits	14	10,993,689	10,271,776	12,918,650	12,182,233
Funds obtained in the open market - own portfolio		110,001		123,507	21,604
Funds from acceptance and issue of securities	15(c)	1,126,757	726,838	1,126,757	726,838
Interfinancial relations		140,137	153,793	140,061	153,719
Borrowings and onlendings	16	775,701	712,225	515,707	510,673
Derivative financial instruments	7	273,278	130,857	273,278	130,857
Provisions		768,246	768,436	749,671	734,226
Provision for income tax and social contribution payable	17(a)	5,879	35,143		13,566
For payables		157,458	134,961	157,135	134,580
Financial guarantees provided		5,399	5,469	5,399	5,469
Contingent liabilities		599,510	592,863	587,137	580,611
Deferred tax liabilities	17(a)	132,408	33,804	132,125	33,532
Other liabilities		2,023,629	2,084,509	2,022,489	2,087,965
Collection of taxes and similar		19,457	17,976	19,457	17,976
Social and statutory		62,218	189,114	62,218	189,114
Other taxes and contributions payable	17(a)	28,741	35,897	28,702	28,345
Negotiation and intermediation of securities		4,645	2,373	4,645	2,373
Sundry	17(b)	1,908,568	1,839,149	1,907,467	1,850,157
Total Liabilities		16,343,846	14,882,238	18,002,245	16,581,647
Equity managed by the parent company		3,967,826	4,028,316	3,967,790	4,028,280
Non-controlling interests		36	36		
Equity	19	3,967,790	4,028,280	3,967,790	4,028,280
Capital - local residents		3,742,571	3,742,571	3,742,571	3,742,571
Revenue reserves		233,838	287,558	233,838	287,558
Other accumulated comprehensive income		1,744	(1,849)	1,744	(1,849)
Carrying value adjustment		(10,363)		(10,363)	
Total Liabilities and Equity		20,311,672	18,910,554	21,970,035	20,609,927

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



BANCO BMG S.A. (BANK) AND BANCO BMG S.A. AND ITS SUBSIDIARIES (FINANCIAL CONGLOMERATE)

**STATEMENT OF INCOME
THREE-MONTH PERIODS ENDED MARCH 31**

(A free translation of the original in Portuguese)

	Note	Financial Conglomerate		Bank	
		2020	2019	2020	2019
Income from financial intermediation		1,135,988	821,839	938,249	802,995
Credit operations	20(a)	1,106,582	770,620	906,995	755,397
Leasing operations	20(b)	29,406	51,219	31,254	47,598
Expenses on financial intermediation	20(c)	(491,215)	(295,546)	(392,622)	(316,003)
Funds obtained in the market		(431,803)	(292,425)	(335,167)	(312,882)
Loans, assignments and onlendings		(7,145)	(9,891)	(5,188)	(9,891)
Derivative financial instruments		(52,267)	6,770	(52,267)	6,770
Net income from financial intermediation before provision for impairment of credits		644,773	526,293	545,627	486,992
Provision for impairment of credits	8(f)	(170,698)	(136,799)	(145,916)	(127,641)
Credit operations recovered	8(f)	22,282	38,984	21,989	38,838
Net income from financial intermediation		496,357	428,478	421,700	398,189
Other operating income (expenses)		(442,895)	(319,063)	(376,594)	(299,853)
Income from services rendered	21	14,000	9,191	13,984	9,191
Personnel expenses	22(a)	(61,709)	(43,770)	(61,676)	(43,740)
Other administrative expenses	22(b)	(226,412)	(171,324)	(225,745)	(170,580)
Tax expenses	23	(30,282)	(24,277)	(30,005)	(23,999)
Equity in the earnings (loss) of subsidiary and associated companies	11	(11,890)	(2,852)	53,743	15,253
Other operating income	24	84,283	30,822	82,755	30,494
Other operating expenses	24	(210,885)	(116,853)	(209,650)	(116,472)
Operating result		53,462	109,415	45,106	98,336
Non-operating income (expenses)		(9)	(352)	(45)	(350)
Profit before taxation and profit sharing		53,453	109,063	45,061	97,986
Income tax	25(c)	(50,782)	(7,985)	(47,150)	(3,072)
Social contribution	25(c)	(40,053)	(4,336)	(37,720)	(1,378)
Deferred income tax and social contribution	25(c)	123,007	(11,950)	125,434	(8,744)
Statutory profit sharing		(10,000)	(7,800)	(10,000)	(7,800)
Profit before non-controlling interest		75,625	76,992	75,625	76,992
Non-controlling stake in consolidated subsidiaries					
Profit for the period		75,625	76,992	75,625	76,992
Net income per share - R\$	19(d)			0,1380	0,1405

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



BANCO BMG S.A. (BANK) AND BANCO BMG S.A. AND ITS SUBSIDIARIES (FINANCIAL CONGLOMERATE)

**COMPREHENSIVE RESULTS
THREE-MONTH PERIODS ENDED MARCH 31**

	Financial Conglomerate		Bank	
	2020	2019	2020	2019
Net profit for the quarter	75,625	76,992	75,625	76,992
Other comprehensive results				
Items that will not be reclassified to profit or loss				
Securities available for sale - Own	6,097	(128)	6,097	(128)
Securities available for sale - From Subsidiaries (MEP)	(4)	(95)	(4)	(95)
Cash flow hedge	425	1,310	425	1,310
Tax effects	(2,925)	(473)	(2,925)	(473)
Change in other comprehensive income	3,593	614	3,593	614
Total comprehensive income for the quarter	79,218	77,606	79,218	77,606

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



**BANCO BMG S.A. (BANK) AND BANCO BMG S.A. AND ITS SUBSIDIARIES (FINANCIAL CONGLOMERATE)
STATEMENT OF CHANGES IN EQUITY**

(A free translation of the original in Portuguese)

	Capital	Revenue reserves			Other comprehensive results	Treasury stock	Retained earnings (accumulated deficit)	Total	non-controlling interest	Total
	Realized	Legal	Statutory	Other						
At December 31, 2018	2,542,571	80,365	22,620	5,894	(11,159)			2,640,291	34	2,640,325
Change in other comprehensive income					614			614		614
Profit for three-month period							76,992	76,992	1	76,993
Provision for Interest on capital (note 19c)							(45,094)	(45,094)		(45,094)
At March 31, 2019	2,542,571	80,365	22,620	5,894	(10,545)		31,898	2,672,803	35	2,672,838
At December 31, 2019	3,742,571	98,739	182,925	5,894	(1,849)			4,028,280	36	4,028,316
Treasury stock						(103,763)		(103,763)		(103,763)
Treasury shares canceled				(93,400)		93,400				
Change in other comprehensive income					3,593			3,593		3,593
Profit for three-month period							75,625	75,625		75,625
Provision for Interest on capital (note 19c)							(35,945)	(35,945)		(35,945)
At March 31, 2020	3,742,571	98,739	89,525	5,894	1,744	(10,363)	39,680	3,967,790	36	3,967,826

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



BANCO BMG S.A. (BANK) AND BANCO BMG S.A. AND ITS SUBSIDIARIES (FINANCIAL CONGLOMERATE)
STATEMENT OF CASH FLOWS
THREE-MONTH PERIODS ENDED MARCH 31

(A free translation of the original in Portuguese)

	Financial Conglomerate		Bank	
	2020	2019	2020	2019
Cash flows from operating activities				
Profit for the period	75,625	76,992	75,625	76,992
Adjustments to profit	(122,710)	194,213	(215,696)	163,262
Depreciation	7,235	5,916	7,235	5,916
Provision for impairment of credits	170,698	136,799	145,916	127,641
Amortization	4,526	428	4,526	428
Deferred income tax and social contribution	(123,007)	11,950	(125,434)	8,744
Equity in the (earnings) loss of subsidiary and associated companies	11,890	2,852	(53,743)	(15,253)
Cash flow hedge mark-to-market	254	786	254	786
Foreign exchange variations of marketable securities and interbank investments		(12,275)		(12,275)
Foreign exchange variations of funding	(249,365)	11,695	(249,365)	11,637
Foreign exchange variations of borrowings and onlendings		1,824		1,824
Amortization of goodwill	36,260	36,259	36,260	36,259
Provision for contingencies	6,647	(3,371)	6,526	(3,795)
Effect of exchange rate changes on cash and cash equivalents	12,152	1,350	12,129	1,350
Adjusted profit for three-month period	(47,085)	271,205	(140,071)	240,254
Changes in assets and liabilities				
Decrease (Increase) in short-term interbank investments	23,185	213	(83,634)	213
(Increase) in marketable securities	(708,835)	(365,773)	(708,538)	(417,052)
(Increase) in interbank and interdepartmental accounts	47,748	(13,905)	47,747	(14,154)
(Increase) in credit operations	(438,076)	(524,009)	(353,295)	(460,183)
Decrease (Increase) in other receivables	(96,280)	207,391	54,998	226,780
(Increase) in other assets	(18,647)	(33,518)	(18,754)	(33,656)
(Decrease) in deposits	721,913	(2,181)	736,417	13,767
Increase in funds obtained in the open market	110,001	20,005	101,903	19,107
Decrease (Increase) in funds from acceptance and issue of securities	649,284	(74,151)	649,284	(74,094)
(Decrease) Increase in borrowings and onlendings	63,476	2,186	5,034	2,186
Increase in interbank accounts	(13,654)	6,124	(13,656)	6,124
Increase (Decrease) in derivative financial instruments	142,421	20,983	142,421	20,983
Increase (decrease) in provisions, deferred tax liabilities and other liabilities	153,076	(112,965)	150,431	(148,122)
Cash from operations	588,527	(598,395)	570,287	(617,847)
Income tax and social contribution paid	(27,643)	(17,548)	(13,850)	(1,348)
Net cash (used in) provided by operating activities	560,884	(615,943)	556,437	(619,195)
Cash flows from investing activities				
Purchases of property and equipment	(13,835)	(4,416)	(13,835)	(4,416)
Sale of property and equipment	139	52	139	52
Capital increase in controlled company	(1,000,000)		(1,000,000)	
Purchase of subsidiary		(11,022)		(11,022)
Increase of intangible assets	(17,371)	(426)	(17,371)	(426)
Dividends received from affiliated companies				3,417
Net cash (used in) investing activities	(1,031,067)	(15,812)	(1,031,067)	(12,395)
Cash flows from financing activities				
Acquisition of Own Shares	(103,763)		(103,763)	
Issuance of eligible equity instruments		5,000		5,000
Interest on share equity paid out	(130,490)	(43,300)	(130,490)	(43,300)
Net cash (used in) financing activities	(234,253)	(38,300)	(234,253)	(38,300)
Increase in cash and cash equivalents	(704,436)	(670,055)	(708,883)	(669,890)
Cash and cash equivalents at the beginning of the period	893,313	862,577	883,692	853,274
Effect of exchange rate changes on cash and cash equivalents	(12,152)	(1,350)	(12,129)	(1,350)
Cash and cash equivalents at the end of the period (Note 2.2 and Note 4)	176,725	191,172	162,680	182,034
Increase in cash and cash equivalents	(704,436)	(670,055)	(708,883)	(669,890)

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



BANCO BMG S.A. (BANK) AND BANCO BMG S.A. AND ITS SUBSIDIARIES (FINANCIAL CONGLOMERATE)

**STATEMENT OF VALUE ADDED
THREE-MONTH PERIODS ENDED MARCH 31**

(A free translation of the original in Portuguese)

	Financial Conglomerate		Bank	
	2019	2018	2019	2018
1 – Income	1,086,075	764,299	911,245	753,957
1.1 Financial intermediation	1,135,988	821,839	938,249	802,995
1.2 Services rendered	14,000	9,191	13,984	9,191
1.3 Provision for impairment of credits	(170,698)	(136,799)	(145,916)	(127,641)
1.4 Credit operations recovered	22,282	38,984	21,989	38,838
1.5 Other operating income	84,283	30,822	82,755	30,494
1.6 Non-operating	220	262	184	80
2 - Expenses	702,329	413,013	602,501	432,905
2.1 Expenses on financial intermediation	491,215	295,546	392,622	316,003
2.2 Other operating expenses	210,885	116,853	209,650	116,472
2.3 Non-operating	229	614	229	430
3 - Materials and services purchased from third parties	174,695	126,392	174,035	125,655
3.1 Materials, energy and other	24,907	18,270	24,685	18,127
3.2 Third-party services	29,968	25,211	29,968	25,211
3.3 Others	119,820	82,911	119,382	82,317
3.3.1 Communication expenses	7,253	5,712	7,253	5,712
3.3.2 Promotions and public relations	29,249	19,576	29,185	19,450
3.3.3 Data processing	22,834	17,007	22,833	17,007
3.3.4 Specialist technical services	51,444	37,655	51,078	37,198
3.3.5 Bank fees	7,217	1,746	7,210	1,735
3.3.6 Transport	1,823	1,215	1,823	1,215
4 - Gross value added (1 - 2 - 3)	209,051	224,894	134,709	195,397
5 - Depreciation and amortization	48,021	42,603	48,021	42,603
6 - Net value added generated by the entity (4 - 5)	161,030	182,291	86,688	152,794
7 - Value added received as transfer	(11,890)	(2,852)	53,743	15,253
7.1 Equity in the earnings (loss) of subsidiary and associated companies	(11,890)	(2,852)	53,743	15,253
8 - Value added to be distributed (6 + 7)	149,140	179,439	140,431	168,047
9 - Distribution of value added	149,140	179,439	140,431	168,047
9.1 Personnel	71,709	51,570	71,676	51,540
9.1.1 Direct remuneration	47,379	34,446	47,357	34,427
9.1.2 Benefits	11,216	7,973	11,210	7,964
9.1.3 Social charges	13,114	9,151	13,109	9,149
9.2 Taxes, contributions and fees	(1,890)	48,548	(10,559)	37,193
9.2.1 Federal	(3,425)	47,984	(12,041)	36,629
9.2.2 State	52	36	52	36
9.2.3 Municipal	1,483	528	1,430	528
9.3 Third-party capital remuneration	3,696	2,329	3,689	2,322
9.3.1 Rents	3,696	2,329	3,689	2,322
9.4 Remuneration of stockholders' capital	75,625	76,992	75,625	76,992
9.4.1 Profit for the year	75,625	76,992	75,625	76,992

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

(A free translation of the original in Portuguese)



BANCO BMG S.A. (BANK) AND BANCO BMG S.A. AND ITS SUBSIDIARIES (FINANCIAL CONGLOMERATE)

NOTES TO THE INTERIM FINANCIAL STATEMENTS

AT MARCH 31, 2020 AND DECEMBER 31, 2019

All amounts in thousands of reais unless otherwise stated

1 Operations

The operations of Banco BMG S.A. ("BMG" or "Bank") are conducted in the context of a group of financial institutions that operate together in the financial market, and certain operations have the co-participation or intermediation of institutions of the BMG Financial Conglomerate. BMG is authorized to operate as a multiple service bank with commercial and credit, financing and investment portfolios. The benefits of the services rendered between the institutions of the Financial Conglomerate and the operating and administrative costs are absorbed together or individually, as is most practical and reasonable in the circumstances, and as considered adequate by management of the financial institutions.

The interim consolidated financial statements include those of Banco BMG S.A., the overseas subsidiary BMG Bank (Cayman) Ltd., and the local subsidiaries BMG Leasing S.A. - Arrendamento Mercantil, Banco Cifra S.A., Cifra Financeira S.A., and Banco BCV S.A..

In December 2018, the Bank obtained its register as a public company with the Brazilian Securities and Exchange Commission (CVM).

2 Presentation of the interim financial statements and significant accounting practices

2.1. Presentation of the interim financial statements

Banco BMG S.A. ("BMG" or "Bank"), incorporated as a Publicly Traded Company, controlled by BMG Participações em Negócios Ltda., and located at Avenida Presidente Juscelino Kubitschek, nº 1.830, São Paulo/SP, Brazil, currently has 4.3 million clients, and retails: payroll credit card, payroll loan, personal credit and mass market insurance via partnership. Additionally, it makes a complete range of retail products and services available to its clients through its digital bank. Wholesale customers are offered financing, structured financial services, derivative instruments and collateral insurance. In addition, BMG offers investment products to both groups.

The interim financial statements were prepared in accordance with accounting practices adopted in Brazil, applied to financial institutions authorized to operate by the Brazilian Central Bank (BACEN), and consider the accounting guidelines established by Law 6404/76 and the changes introduced by Laws 11638/07 and 11941/09 for recording operations, as well as the standards and instructions of the National Monetary Council (CMN) and the Brazilian Central Bank. They disclose all (and only) the applicable significant information related to the interim financial statements, which is consistent with the information utilized by management in the performance of its duties. For purposes of disclosure of these interim financial statements, Banco BMG complies with the provisions of Resolution CMN 4.720/2019 and BACEN Circular No. 3.959/19.

(A free translation of the original in Portuguese)



BANCO BMG S.A. (BANK) AND BANCO BMG S.A. AND ITS SUBSIDIARIES (FINANCIAL CONGLOMERATE)

NOTES TO THE INTERIM FINANCIAL STATEMENTS

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For a better understanding and comparability between the periods presented in these interim financial statements, we present below the balance sheets of December 31, 2019 reclassified, pursuant to BACEN Circular No. 3.959/19.

Assets	Financial Conglomerate		Bank	
	From	To	From	To
Available cash	263,220	263,220	253,599	253,599
Short-term interbank investments	676,570	634,306	860,195	634,306
Investments in interbank deposits		42,264		225,889
Marketable securities and derivatives	2,261,014	2,261,014	2,234,201	2,234,201
Interfinancial relations	85,808	85,808	85,591	85,591
Credit operations	11,006,113	11,006,113	10,387,489	10,387,489
Provision for impairment of credits	(582,314)		(544,561)	
Provision for losses associated with credit risk		(582,314)		(544,561)
Other credits	4,432,860	1,782,823	3,960,723	1,708,400
Tax credits		2,650,037		2,252,323
Other assets	166,714	166,714	165,393	165,393
Permanent assets	600,569	600,569	3,207,297	3,207,297
Total Assets	18,910,554	18,910,554	20,609,927	20,609,927

Liabilities	Financial Conglomerate		Bank	
	From	To	From	To
Deposits	10,271,776	10,271,776	12,182,233	12,182,233
Funds obtained in the open market - own portfolio			21,604	21,604
Funds from acceptance and issue of securities	726,838	726,838	726,838	726,838
Interfinancial relations	153,793	153,793	153,719	153,719
Borrowings and onlendings	712,225	712,225	510,673	510,673
Derivative financial instruments	130,857	130,857	130,857	130,857
Other liabilities	2,886,749	2,084,509	2,855,723	2,087,965
<i>Provision for income tax and social contribution payable</i>		35,143		13,566
<i>For payables</i>		134,961		134,580
<i>Contingent liabilities</i>		592,863		580,611
<i>Financial guarantees provided</i>		5,469		5,469
<i>Deferred tax liabilities</i>		33,804		33,532
Non-controlling interests	36	36		
Equity	4,028,280	4,028,280	4,028,280	4,028,280
Total Liabilities and Equity	18,910,554	18,910,554	20,609,927	20,609,927

These interim financial statements were finalized and approved for issue by the Bank's Board of Directors on May 7th, 2020

The Accounting Pronouncements Committee – CPC issued pronouncements related to the international accounting convergence process. Accordingly, the Conglomerate, in preparing the interim financial statements, has adopted the following pronouncements to date:

- Resolution CMN no. 4144/12 - Basic Conceptual Pronouncement (R2)
- Resolution CMN no. 3566/08 - CPC 01 (R2) - Impairment of Assets
- Resolution CMN no. 4.524/16 – CPC 02 (R2) - The Effects of Changes in Foreign Exchange Rates
- Resolution CMN no. 3604/08 - CPC 03 (R2) - Statement of Cash Flows
- Resolution CMN no 4.534/16 – CPC 04 (R1) - Intangible Assets
- Resolution CMN no. 3750/09 - CPC 05 (R1) - Related-party Disclosures
- Resolution CMN no. 3989/11 - CPC 10 (R1) - Share-based Payments
- Resolution CMN no. 4007/11 - CPC 23 - Accounting Policies, Changes in Accounting Estimates and Errors
- Resolution CMN no. 3973/11 - CPC 24 - Subsequent Events
- Resolution CMN no. 3823/09 - CPC 25 - Provisions, Contingent Liabilities and Contingent Assets
- Resolution CMN no 4.535/16 – CPC 27 - Permanent assets
- Resolution CMN no. 4424/15 - CPC 33 (R1) - Employee Benefits
- CMN Resolution No. 4.720/19 - CPC 41 (R1) – Earnings per Share.
- Resolution CMN no. 4748/19 - CPC 46 (R1) - Fair Value



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Some amounts included in this Report have been subject to rounding adjustments.

Accordingly, amounts shown as totals in some tables may not be the arithmetic sum of the amounts that precede them.

2.2 Description of significant accounting practices

(a) Functional and presentation currency

The interim financial statements are presented in Brazilian reais, which is BMG's functional currency. The foreign subsidiary's operations (Note 11) are, in fact, an extension of the activities carried out in Brazil. Therefore, its assets, liabilities and income and expenses are stated in conformity with the accounting practices adopted in Brazil and are converted into reais, based on the foreign currency exchange rates. Gains and losses on conversion are recorded in the statement of income for the period.

(b) Determination of the results of operations

The results of operations are determined on the accrual basis of accounting and are adjusted by income tax and social contribution on net income due on taxable income, and, when applicable, by deferred income tax and social contribution that will be recoverable or payable in future periods.

(c) Cash and cash equivalents

Cash and cash equivalents, according to BACEN Resolution 3604/08, include cash, bank deposits, high liquidity short-term investments, without a significant risk of changes value and limits, maturing in 90 days or less at the acquisition date. These are utilized by the Bank to manage its short-term obligations (See Note 4).

(d) Interbank accounts

Unrestricted purchase and sale commitments are adjusted to market value. Other assets are stated at acquisition cost, plus accrued income up to the balance sheet date, net of a provision for losses, when applicable.

(e) Marketable securities

In accordance with BACEN Circular 3068/01 and subsequent regulations, marketable securities are classified into three specific categories based on management's intention of negotiation, in accordance with the following accounting criteria:

(i) Trading securities - securities purchased in order to be frequently and actively traded. They are recorded at market value and the realized and unrealized gains and losses are recognized in the statement of income.

(ii) Securities available for sale - securities to be used as part of the strategy to manage the risk of interest rate variations, which can be traded because of these variations, changes in payment conditions or for other reasons. These securities are recorded at market value, with the accrued income being recognized in the statement of income, and the unrealized gains and losses arising from market value variations, net of tax effects, when applicable, recognized in a specific account in equity, "Adjustment to market value - Securities available for sale", until realization by sale.

Gains and losses, when realized, are recognized in the statement of income after being specifically identified at the trading date, with a corresponding entry to the specific account in equity, net of tax effects.

(iii) Securities to be held until maturity - securities that the Bank intends and has the financial capacity to hold until maturity, which are recorded at cost of purchase, plus accrued income. Financial capacity is defined according to cash flow projections which do not consider the possibility of the early redemption of these securities.



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Decreases in the market value of securities available for sale and those held to maturity to below their respective costs, for reasons not considered to be temporary, are reflected in the statement of income as realized losses, when applicable.

Management determines guidelines for the classification of marketable securities within the categories established by BACEN Circular 3068/01. The classifications of the securities in the portfolio, as well as of those acquired in the period, are periodically and systematically reviewed in accordance with these guidelines. As established in article 5 of BACEN Circular 3068, the reevaluation of the classification of marketable securities can only be recognized in the six-monthly balance sheets. Moreover, in the event of a transfer from the "held-to-maturity" category to others, the transfer can only be made due to isolated, unusual, non-necessary and unexpected reasons which have occurred after the classification date.

(f) Derivative financial instruments

In accordance with BACEN Circular 3082/02 and subsequent regulations, derivative financial instruments are classified at the date of purchase according to the intention of management to utilize them as hedge instruments or not.

Transactions that utilize derivative financial instruments, which are carried out at customers' requests, for own account, or that do not meet the hedging criteria defined in the Circular (mainly derivatives used to manage the overall risk exposure), are recorded at market value, and the realized and unrealized gains and losses recognized directly in the statement of income.

The transactions that utilize derivative financial instruments destined for hedging purposes are classified as market or cash flow hedges, in accordance with the criteria defined in BACEN Circular 3082/02. In these cases, the items hedged are also adjusted to market value, with a corresponding entry for these adjustments (derivative and respective item hedged) to: (i) the appropriate income or expense account for the period, in the case of a market risk hedge; and (ii) a separate account in equity, for the effective portion of a cash flow hedge, net of tax effects.

Pursuant to CMN Resolution 4.277 of October 31, 2013, BMG has procedures to assess the need for adjustments in the value of the financial instruments, observing the prudence, relevancy and reliability criteria, including, among other factors, the credit risk spread when registering the market value of these instruments.

(g) Credit transactions and provision for losses associated with credit risk

The credit operations are stated at realizable values, including, when applicable, accrued income calculated on a daily pro rata basis, in accordance with the variation in the index or interest rate contracted. The income on overdue accounts is recorded up to the 59th day and, after the 60th day, is no longer appropriated and is only recognized in the income when the installments are effectively received, as determined by article 9 of BACEN Resolution 2682/99.

As defined in the COSIF (The Chart of Legal Accounts for Financial Institutions), credit operations are presented net of unearned income, which is appropriated to income on a pro rata basis.

The provision for losses associated with credit risk is recognized based on the criteria defined by BACEN Resolution No. 2.682/99, and on management's analysis of outstanding operations, taking into consideration the value of guarantees, past loss experience and the portfolio risks.

(h) Credit assignments

Resolution CMN 3533/2008 (postponed by Resolutions CMN 3673/08 and 3895/10), established the procedures for the classification and disclosure of sales or transfers of financial assets. In accordance with this resolution, the maintenance or write-off of the financial asset is related to the substantial retention of the risks and rewards in the sale or transfer transaction. The credit assignment operations in which a substantial



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retention of risks and rewards are retained by BMG remain recorded in assets in their totality. The amounts received in the operation are recorded in assets with a corresponding entry in liabilities related to the assumed obligation. The income and expenses are appropriated and recorded separately in the statement of income over the remaining period of the transactions.

(i) Other current assets and other long-term receivables

These assets are stated at realizable values including, when applicable, accrued income calculated on a daily pro rata basis, less the related unearned income.

(j) Other assets - prepaid expenses

Prepaid expenses include the investment of resources, the benefits of which will occur in future periods, and are recorded in the statement of income on the accrual basis.

The costs incurred for the corresponding assets, which will generate income in subsequent periods, are appropriated to the statement of income based on the terms and amounts of the expected benefits and written off directly to expenses when the corresponding assets and rights no longer comprise the Bank's assets or when future benefits are no longer expected.

(k) Investments

Investments in subsidiaries with shareholdings or those over which there is significant influence are recorded on the equity method of accounting (see percentage ownership in Note 11). Other investments are recorded at cost and, when applicable, adjusted to their recoverable value through the constitution of a provision, in accordance with current rules, for the Financial Consolidated criteria see note 2.2 t.

(l) Property and equipment

As provided for in CMN Resolution No. 4.535, dated 11/24/2016, represent own tangible assets and improvements made in third-party real estate, provided they are used in the performance of the Financial Conglomerate's activities for a period of more than one year and must be recognized at cost and adjusted for impairment. They are stated at acquisition cost, less accumulated depreciation and allowance for impairment losses, when applicable.

Depreciation is calculated on the straight-line method at the following annual rates that consider the useful lives of these assets: property in use - 4%; machinery, equipment, furniture and fixtures, installations and communication systems - 10% and vehicles and data processing equipment - 20%.

(m) Intangible assets

The intangible assets are comprised of non-monetary items, without physical substance and separately identifiable. They are formed through business combinations, acquisition of software licenses and other intangible assets. These assets are recognized at cost. The cost of an intangible asset acquired in a business combination is its fair value at the date of acquisition. Assets with a useful life are amortized over their economic useful lives. Intangible assets without a determined useful life are not amortized.

The book value of intangible assets with indefinite useful lives, such as goodwill or intangible assets not yet available for use, are tested for impairment annually. Intangible assets subject to amortization are valued at the end of each reporting period if there is any indication that an asset may have suffered a devaluation. A loss through reduction in recoverable value (impairment) is recognized if the carrying amount exceeds the recoverable amount.



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i. Goodwill

Goodwill is originated in the process of acquisition of subsidiaries. It represents the excess of the acquisition cost over the book value of identifiable assets and liabilities acquired from a subsidiary on the date of acquisition. Goodwill arising on the acquisition of subsidiaries is recognized in "Investments" on the individual interim financial statements. The goodwill arising from the acquisition of subsidiaries and consolidated and subsequently incorporated companies is recognized in "Intangible Assets" on the consolidated interim financial statements.

Goodwill based on estimated future profitability was determined in acquisitions of equity participations, substantiated by the future profitability of these investments. This goodwill was determined based on the difference between the acquisition amount and the stockholders equity of the related subsidiaries at the date of acquisition, as required by the standards of Cosif and are substantiated by the estimated future profitability, based on forecasted results of the investee. They are amortized in accordance with the time period of the forecasts that substantiated it, or based on their disposal or loss. They are annually tested for impairment.

(n) Impairment of non-financial assets

Impairment losses are recognized in the statements of income if there is evidence that the assets are recorded at a non-recoverable amount. This procedure is performed annually.

(o) Current and non-current liabilities

These liabilities are stated at known or estimated amounts including, when applicable, accrued charges calculated on a daily pro rata basis, net of the related unexpired expenses.

(p) Income tax and social contribution on net income

The provision for current taxes is constituted at the rate of 15% on the profit calculated plus 10% on what exceeds R\$20,000.00/month, for income tax and 15% for social contribution until February 2020 and 20% from March 2020 in accordance with Constitutional Amendment No. 103 of November 12, 2019.

Deferred income tax and social contribution are represented by deferred tax credits and deferred tax liabilities arising from the differences between the accounting basis and the tax basis, in accordance with tax rules and legislation, at the rates prevailing on the date of their constitution.

Tax credits arising from tax losses carryforwards are only recognized if there is sufficient future taxable income to offset them.

(q) Operations in foreign currency

Assets and liabilities in foreign currency are translated into local currency (Brazilian reais) at the exchange rate on the balance sheet date. At March 31, 2020, the US\$/R\$ exchange rate was US\$ 1.00 = R\$5.1987 (12/31/2019 – US\$ 1.00 = R\$4.0307).

(r) Contingent assets and liabilities and legal obligations - tax and social security

These are valued, recognized and disclosed based on the provisions established in CMN Resolution 3823, of December 16, 2009, and BACEN Circular Letter 3429, of February 11, 2010.

Contingent assets – these are not accounted for, except when management has total control over the situation or when there are real guarantees or favorable judicial decisions in respect of which there can be no further appeals, thereby characterizing the gain as virtually certain, and with the confirmation of recovery by receipt or offset. The contingent assets for which the expectations of success are probable are disclosed in the explanatory notes (Note 18).



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Provisions – these are recognized in the interim financial statements when the risk of loss in a legal or administrative action is considered to be probable, with a probable outflow of resources to settle the obligations, based on the opinions of the legal advisors and management, similarities with previous processes and the complexity of the processes, and when the amounts involved can be measured with reasonable assurance. In addition to the situations mentioned above, the historical factor of probable litigations was included in the probable loss calculation, taking into consideration the Bank's decisions and experience between the occurrence of the event and the judicial notification. Contingent liabilities, which are classified as possible losses, are not provisioned and are disclosed in the notes to the interim financial statements when the amounts involved are significant. Contingent liabilities in respect of which losses are considered to be remote are neither recorded nor disclosed (Note 18).

Legal obligations - tax and social security - relate to legal actions contesting the legality and constitutionality of the obligations, and are fully recognized in the interim financial statements regardless of the evaluations concerning favorable outcomes in the legal actions (Note 18).

(s) Compensation plan - Administrators

Banco BMG implemented, as from 2012, a remuneration plan specific for management, which includes rules for the payment of fixed and variable remuneration in line with the Bank's risk management policy and best market practices, in compliance with CMN Resolution 3921/10. The fixed remuneration amount is approved annually at the Annual General Meeting. The right to variable remuneration is subject to the achievement of the Conglomerate strategic goals, the individual goals and the goals of the management's operational areas.

Additionally, at an extraordinary shareholders' meeting of the Company held on April 3, 2020, the Bank implemented a Long-Term Incentive Plan, to allow the directors and certain employees of the BMG Group designated by the Company's Compensation and Personnel Committee and approved by the Board of Directors of the Company (together, "Employees") to receive preferred shares issued by the Company as a long-term incentive that will compose their respective variable remuneration.

(t) Consolidation principles - Financial Conglomerate

The interim financial statements of the Financial Conglomerate have been prepared in accordance with the consolidation rules and regulations of the Brazilian Central Bank. Accordingly, intercompany investments, account balances and income and expenses have been eliminated, and the minority interest in the profit and equity has been separately disclosed.

In the preparation of the consolidated interim financial statements, the leasing operations are classified based on the financial method, at the present value of the future lease installment payments and with the prepaid residual values recorded as a reduction of the lease receivables.

Goodwill calculated on the acquisition of investments in subsidiaries is disclosed in Note 13 - Intangible Assets.

The interim financial statements of the company headquartered overseas, BMG Bank (Cayman) Ltd., whose functional currency is the Brazilian real, are originally prepared in accordance with accounting practices adopted in Brazil and BACEN standards.



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(u) Consolidation

To assist in the analysis of the consolidated interim financial statements, the balance sheets at March 31, 2020 and December 31, 2019 of the companies of the Financial Conglomerate are summarized as follows:

Assets	Banco BMG	Leasing	Cayman	Banco Cifra	Banco BCV	Cifra FI	Eliminations	Financial Conglomerate	
	2020	2020	2020	2020	2020	2020	2020	2020	2019
Cash and balances at banks	162,680	1,462	13,683	892	12,921	1,782	16,695	176,725	893,313
Available cash	97,679	1,462	13,683	89	219	1,782	3,190	111,724	263,220
Short-term interbank investments	65,001			803	12,702		13,505	65,001	630,093
Financial Instruments	13,310,629	339,229	629,989	605,971	1,005,528	9,596	2,212,778	13,688,164	12,731,290
Investments in interbank deposits	313,736	339,229		605,971	967,538	9,596	2,212,778	23,292	46,477
Marketable securities and derivatives	2,946,586				27,109			2,973,695	2,261,014
Credit operations	10,050,307		629,989		10,881			10,691,177	10,423,799
Interfinancial relations	37,841			9	205			38,055	85,808
Other credits	3,965,533	35,145	159,951	163,375	264,865	1,886	4,238	4,586,517	4,432,860
Other assets	184,147	139			276	799		185,361	166,714
Permanent assets	4,309,205						2,672,355	1,636,850	600,569
Total Assets	21,970,035	375,975	803,623	770,247	1,283,795	14,063	4,906,066	20,311,672	18,910,554



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Liabilities	Banco BMG	Leasing	Cayman	Banco Cifra	Banco BCV	Cifra FI	Eliminations	Financial Conglomerate	
	2020	2020	2020	2020	2020	2020	2020	2020	2019
Deposits and other financial instruments	15,097,960		551,032	56	20		2,229,505	13,419,563	11,995,489
Deposits	12,918,650		291,038				2,215,999	10,993,689	10,271,776
Funds obtained in the open market - own portfolio	123,507						13,506	110,001	
Funds from acceptance and issue of securities	1,126,757							1,126,757	726,838
Interfinancial relations	140,061			56	20			140,137	153,793
Borrowings and onlendings	515,707		259,994					775,701	712,225
Derivative financial instruments	273,278							273,278	130,857
Provisions	749,671	13,504	36	1,751	3,247	37		768,246	768,436
Deferred tax liabilities	132,125	283						132,408	33,804
Other liabilities	2,022,489	2,864		406	2,011	66	4,207	2,023,629	2,084,509
Equity managed by the parent company								36	36
Equity	3,967,790	359,324	252,555	768,034	1,278,517	13,960	2,672,354	3,967,790	4,028,280
Total Liabilities and Equity	21,970,035	375,975	803,623	770,247	1,283,795	14,063	4,906,066	20,311,672	18,910,554



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3 Capital requirements and investment limits

(a) Basel investment indexes

In accordance with CMN Resolution No. 4,193/13 and subsequent regulations, financial institutions are obliged to maintain equity compatible with the degree of risk of their assets, weighted by factors that vary from 0% to 1,250% and a minimum index of equity in relation to the risk-weighted assets of:

I - 8%, as of January 1, 2019.

For Level I

I - 6%, as from January 1, 2015.

In order to demonstrate compliance with the capital requirements provided for in the regulations in force, we present below the Basel Ratio and the equity requirements, which can be demonstrated as follows:

	Basel III	
	2020	2019
Reference equity - Tier I Capital	2,845,156	2,913,192
– Equity (1)	4,020,209	4,081,114
– Prudential adjustments – CMN Resolution 4192/13 (2)	(1,287,248)	(1,278,595)
Complementary capital	112,195	110,673
– Subordinated debts	112,195	110,673
Reference equity - Tier II	18,953	18,754
– Subordinated debts	18,953	18,754
Reference equity - PR (a)	2,864,109	2,931,946
Risk-weighted assets – RWA (b)	14,394,394	13,011,603
Capital allocation:		
– Credit risk	13,603,714	12,270,657
– Market risk	31,474	11,812
– Operational risk	759,206	729,134
Margin of capital allocation (a / b)	19.90%	22.53%
Tier I capital	19.77%	22.39%
– Main Capital	18.99%	21.54%
– Complementary capital	0.78%	0.85%
Tier II capital	0.13%	0.14%
– Capital to hedge the risk of transactions subject to the variation of interest rates classified in the banking portfolio per Resolution No. 3.876 of BACEN - Installment “IRRBB”.	39,220	30,000
Asset investment index	47.10%	11.88%
Excess capital in relation to asset investment	82,985	1,117,709

1) Equity of the Prudential Conglomerate, as provided in Item II, of Art. 3 of Resolution 4,192, of March 1, 2013.

2) The instruments eligible for capital, Complementary Capital and Level II, were issued subject to the conditions determined by Resolution No. 4.192, of 1/3/2013, of the CMN, with maturity of the repurchase option, subject to the prior authorization of the Central Bank of Brazil, in 5 years from the instrument issue date.



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4 Cash and cash equivalents

	Financial Conglomerate		Bank	
	2020	2019	2020	2019
Cash and balances at banks	111,724	263,220	97,679	253,599
Short-term interbank investments (i)	65,001	630,093	65,001	630,093
Total	176,725	893,313	162,680	883,692

(i) Includes only operations with maturity dates equal to or less than 90 days on the effective date of the investment, and which have an immaterial risk of change in fair value.

The balance of interbank investments considered as cash and cash equivalents is also presented in Note 5.

5 Interbank investments

	Financial Conglomerate		Bank	
	2020	2019	2020	2019
Funded position				
Financial Treasury Bills – LFT		39,993		39,993
National Treasury Bills – LTN		590,100		590,100
National Treasury Notes – NTN	65,001		65,001	
Open market investments	65,001	630,093	65,001	630,093
Interbank deposits	23,292	46,477	313,736	230,102
Total	88,293	676,570	378,737	860,195
Current	84,037	672,357	374,481	855,982
Non-current	4,256	4,213	4,256	4,213



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6 Marketable securities and derivatives

(a) **Marketable securities can be summarized as follows:**

	Financial conglomerate		Bank	
	2020	2019	2020	2019
Fixed rate notes				
<u>Free</u>				
Federal Public Securities				
- Financial Treasury Bills – LFT	1,520,538	1,759,470	1,482,271	1,713,362
- National Treasury Bills – LTN	7,019	6,945	7,019	6,945
- National Treasury Notes – NTN	275,282		275,282	
- Quotas in investment funds	33,417	32,664	33,417	32,664
<u>Private Securities</u>				
- Securities issued abroad	10,041		10,041	
<u>Subject to buyback transactions</u>				
- Financial Treasury Bills – LFT	110,077		123,583	21,620
<u>Subject to guarantees</u>				
Federal Public Securities				
- Financial Treasury Bills - LFT	418,617	256,989	416,269	254,664
<u>Derivative financial instruments (i)</u>				
Private securities				
- Swap receivables	347,050	191,284	347,050	191,284
- Forward contract	251,654	13,662	251,654	13,662
Total	2,973,695	2,261,014	2,946,586	2,234,201
Current	908,917	48,723	906,569	48,723
Non-current	2,064,778	2,212,291	2,040,017	2,185,478

(i) See information on derivative financial instruments in Note 7.



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(b) Marketable securities fall due as follows:

Description	Financial Conglomerate										Bank	
	Yield curve value / amortized cost		Book value		Adjustment to market value in equity		Yield curve value / amortized cost		Book value		Adjustment to market value in equity	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Securities available for sale	2,368,680	2,055,847	2,374,991	2,056,068	6,311	221	2,341,550	2,029,022	2,347,882	2,029,255	6,332	233
- LFT												
From 31 to 60 days												
From 91 to 180 days												
From 181 to 360 days	468,380		468,360		(20)		466,031		466,012		(19)	
After 360 days	1,581,183	2,016,300	1,580,872	2,016,459	(311)	159	1,556,402	1,989,475	1,556,111	1,989,646	(291)	171
- LTN												
Up to 30 days	7,018		7,019		1		7,018		7,019		1	
From 91 to 180 days		6,883		6,945		62		6,883		6,945		62
After 360 days												
- NTN												
After 360 days	268,668		275,282		6,614		268,668		275,282		6,614	
- Debentures												
After 360 days	10,014		10,041		27		10,014		10,041		27	
- Quotas in investment funds												
Without maturity	33,417	32,664	33,417	32,664			33,417	32,664	33,417	32,664		
Securities held for trading (i)												
- Securities issued abroad												
From 181 to 360 days												
Derivative financial instruments- Differential receivable			598,704	204,946					598,704	204,946		
Up to 30 days			98,328	18,931					98,328	18,931		
From 31 to 60 days			30,537	3,765					30,537	3,765		
From 61 to 90 days			6,331	151					6,331	151		
From 91 to 180 days			246,774	3,108					246,774	3,108		
From 181 to 360 days			51,568	15,823					51,568	15,823		
After 360 days			165,166	163,168					165,166	163,168		
Total	2,368,680	2,055,847	2,973,695	2,261,014	6,311	221	2,341,550	2,029,022	2,946,586	2,234,201	6,332	233
Total - Book value			2,973,695	2,261,014	6,311	221			2,946,586	2,234,201	6,332	233
Current			908,917	48,723	(19)	62			906,569	48,723	(18)	62
Non-current			2,064,778	2,212,291	6,330	159			2,040,017	2,185,478	6,350	171

(i) Securities presented in the balance sheet as held to maturity, all of them in the short term, irrespective of their maturity



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7 Derivative financial instruments

The Bank participates in transactions involving financial instruments, recorded in asset and liability accounts at amounts compatible with those currently practiced in the market, in order to manage its exposure to market, foreign exchange and interest rate risks. The transactions are principally designed to protect assets and liabilities, involving changes in indexes in the application and obtaining of resources, contracted at maturities, rates and amounts compatible with the protection necessary.

The transactions involving derivative financial instruments (swaps and futures contracts) are entered into in order to protect their own and clients' assets and liabilities. The risks are managed through control policies, establishment of operating strategies, determination of limits and various techniques for monitoring positions, with a view to liquidity, profitability and security. The utilization of derivative financial instruments in order to minimize market risks arising from fluctuations in interest rates, currencies, asset prices, and other factors, is an integral part of good accounting practice and is an indispensable tool in financial management.

Market risk is the exposure created by potential fluctuations in interest rates, exchange rates, prices of goods, prices quoted on the stock market and for other securities, and is the function of the type of product, the volume of operations, the duration and conditions of the contract and the underlying volatility. Risk management is controlled and monitored independently of the areas generating the risk exposure. The assessment and measurement are carried out daily based on indexes and statistical data, utilizing tools such as non-parametric "VaR" and sensitivity analysis in stress scenarios.

The derivative financial instruments are registered at the B3 - Brasil, Bolsa, Balcão.

(a) Swaps by maturity

Description	Financial Conglomerate and Bank						Total
	Up to 30 days	From 31 to 60 days	From 61 to 90 days	From 91 to 180 days	From 181 to 360 days	After 360 days	
Swap contracts:							
Asset position							
Foreign currency	15,188			183,594			198,782
Interest rate	83,140	30,537	6,331	63,180	51,568	16,898	251,654
Indexes						148,268	148,268
Total – 2020	98,328	30,537	6,331	246,774	51,568	165,166	598,704
Total – 2019	18,931	3,765	151	3,108	15,823	163,168	204,946
Swap contracts:							
Liability position							
Foreign currency	(1,909)	(372)		(423)	(978)	(188)	(3,870)
Interest rate	(15,956)	(34,219)	(1,375)	(160,532)	(5,177)	(52,149)	(269,408)
Total – 2020	(17,865)	(34,591)	(1,375)	(160,955)	(6,155)	(52,337)	(273,278)
Total – 2019	(2,702)	(2,057)	(2,550)	(22,234)	(65,640)	(35,674)	(130,857)



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(b) Swaps by index and notional amount

Swaps	Notional amount	Financial Conglomerate and Bank	
		Yield curve value - amortized cost	Market value
U.S. dollar x CDI	698,628	173,537	183,594
U.S. dollar x U.S. dollar			15,189
CDI x U.S. dollar	239,620	(87,988)	
IPCA x CDI	895,500	54,048	148,268
Fixed rate x Real	29,498	9,292	9,794
Fixed rate x U.S. dollar	463,590	230,479	241,859
Asset position – 2020	2,326,836	379,368	598,704
Asset position – 2019	2,640,428	77,372	204,946
U.S. dollar x U.S. dollar	30,000	(674)	(3,682)
CDI x U.S. dollar	313,242	(176,306)	(182,924)
CDI x IPCA	331,000	(28,516)	(39,112)
Fixed rate x Real	6,899	(312)	(114)
Fixed rate x U.S. dollar	187,931	(39,340)	(47,446)
Asset position – 2020	869,072	(245,148)	(273,278)
Asset position – 2019	1,418,639	(107,325)	(130,857)
Exposure – 2020	3,195,908	134,220	325,426
Exposure – 2019	4,059,067	(29,953)	74,089

Swap transactions were marked-to-market based on B3 - Brasil, Bolsa, Balcão quotations.

Below are the reference and receivables/payables amount of futures operations.

Futures	Amounts receivable	Amounts payable	Financial Conglomerate and Bank
			Mark-to-market adjustment in income / (expense)
DAP	3,002		1,778,879
DDI		(2,829)	1,108,815
DI1		(867)	1,693,874
DOL		(123)	159,905
Position – 2020	3,002	(3,819)	4,741,473
Position – 2019	5,673	(14)	5,254,872



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(c) Operations with derivative instruments designated for hedge purposes

(i) Cash flow hedge

The purpose of BMG's hedge relationship is to protect the portion of the payment cash flows to be disbursed in the funding of time deposits with floating interest rates indexed by the Interbank Deposit Certificate (CDI) to fixed rates.

In order to protect the future cash flows of the portion of the funding of time deposits against the exposure to the CDI, Banco BMG negotiated future one-day DI contracts on B3 - Brasil, Bolsa, Balcão, and the market present value of the funding is R\$ 74,811 (2019 – R\$2,272,554). These instruments generated an adjustment to market value in equity of R\$ 254 (2019 – positive in R\$9,692), net of tax effects.

The effectiveness determined for the hedge portfolio was in compliance with the provisions established in BACEN Circular Letter 3082 of January 30, 2002.

(ii) Market risk hedge

The purpose of Banco BMG's hedge relationship is to protect, from exposure to changes in market risk, post-fixed time deposits indexed to the dollar against the CDI.

To hedge against exposure to changes in market risk of borrowings indexed to foreign exchange variations, the Bank negotiated dollar x DI swap contracts in the amount of R\$ 877.194 (2019 – R\$686.712) on March 31, 2020, and the balance of funding is R\$ 868.093 (2019 – R\$691.045). These instruments generated a positive market value adjustment in the income for the period in the amount of R\$ 2.722 (2019 – positive in R\$27.867).

To hedge against exposure to market risk variation of CDBs indexed to the IPCA variation plus coupon, Banco BMG used futures contracts (DAP) traded on the B3 – Brasil, Bolsa, Balcão, as hedging instruments. As of March 31, 2020, the instruments generated an adjustment to positive market value in the result in the amount of R\$ R\$48.735 (2019 – negativo em R\$83.421).

The effectiveness calculated for the hedge portfolio is in accordance with the established in BACEN Circular no. 3.082, of 1/30/2002.



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8 Credit, leasing and other credit operations

(a) Classification by product

	Financial Conglomerate		Bank	
	2020	2019	2020	2019
Personal credit	8,840,950	8,571,534	8,151,138	7,976,236
Direct consumer credit (CDC) -Vehicles	113	163	113	163
Commercial portfolio	1,605,664	1,558,442	1,594,729	1,535,116
Assigned credit operations (i)	855,048	875,974	855,048	875,974
Subtotal	11,301,775	11,006,113	10,601,028	10,387,489
Foreign exchange portfolio	57,887	66,321	57,887	66,321
Credit cards	358,825	382,105	358,825	382,105
Total other receivables	416,712	448,426	416,712	448,426
Total credit portfolio	11,718,487	11,454,539	11,017,740	10,835,915
Provision for losses associated with credit risk	(610,598)	(582,314)	(550,721)	(544,561)
Provision for losses associated with credit risk– other credits	(9,303)	(9,456)	(9,303)	(9,456)
Total	11,098,586	10,862,769	10,457,716	10,281,898
Current	7,227,547	9,075,261	7,132,868	8,986,760
Non-current	3,871,039	1,787,508	3,324,848	1,295,138

(i) Credits assigned with substantial retention of risks and rewards in accordance with Resolution 3533/08.

(b) Classification by sector of activity

	Financial Conglomerate		Bank	
	2020	2019	2020	2019
Private sector:				
Industry	69,689	84,009	69,689	84,009
Commerce	125,297	119,588	125,297	119,588
Financial intermediaries	121,507	119,556	121,507	119,556
Other services	1,251,650	1,197,448	1,251,650	1,197,448
Housing	1,290	1,274	1,290	1,274
Rural credits	30,041	43,945	19,106	23,372
Individuals	10,119,013	9,888,719	9,429,201	9,290,668
Total	11,718,487	11,454,539	11,017,740	10,835,915



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(c) Credit assignments

Effective as from January 1, 2012, Resolution 3533/2008 establishes procedures for the classification, recording and disclosure of operations of sale or transfer of financial assets.

The classification as substantial retention of risks and rewards in the credit assignment operations is characterized by the co-obligation in the credit assignments or by the acquisition of subordinated quotas of the assignee funds. In this classification, the assigned operations remain recorded in the assets of the assignor institution and the funds received are recorded in assets with a corresponding entry in liabilities, due to the assumed obligation. Income and expenses referring to the assignments of credit realized are recognized in the statement of income according to the remaining term of the transactions.

On August 20, 2019, Banco BMG entered into a partnership with a securitization company, in which it undertakes to assign, without substantial retention of risks and benefits up to the limit amount of R\$1.5 billion, payroll loan operations entered into with INSS retirees and pensioners. In addition to the amount paid for the assignment of credits, BMG will receive a service fee related to portfolio management and will remain responsible for the correct formalization of these operations. In the period ended March 31, 2020, the loan portfolio reached a balance of R\$ 460,398 and a positive result of R\$ 3,335 (note 20 c “Income from loan operations assigned”)

In the period ended March 31, 2020, Banco BMG S.A. did not carry out credit assignment operations classified as “with substantial retention of risks and benefits,” wherein the Bank is exposed to market and operational and credit risks, which are monitored and mitigated in accordance with the Bank’s risk management framework (see Note 28) and the rules in force; however, it conducted loan assignment operations classified as “without substantial retention of risks and benefits,” reflecting the write-off of the loan portfolio’s debit balance in the amount of R\$281,263 thousand.

The retained economic benefits are related to the income from the credit operations of the assignment operations. The value of the operations assigned, and obligations assumed, as of March 31, 2020, are as follows:

Assignment after resolution 3533/08	Financial Conglomerate and Bank	
	Assigned operations	Assumed obligations (Note 17b)
Personal consigned credit:		
With co-obligation - Present value	855,048	438,324
Balance of settled operations to be transferred		192
Total 2020	855,048	438,516
Total 2019	875,974	500,402



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(d) Analysis of the credit portfolio by product and maturities

Maturity/Product	Personal credit	Vehicle finance	Financial Conglomerate	
			Commercial portfolio	Total
Falling due in up to 30 days	4,163,401	5	86,161	4,249,567
Falling due from 31 to 60 days	381,200	4	49,365	430,569
Falling due from 61 to 90 days	271,711	4	19,245	290,960
Falling due from 91 to 180 days	664,086	12	159,244	823,342
Falling due from 181 to 360 days	968,440	17	289,721	1,258,178
Falling due after 360 days	2,905,745	38	1,024,016	3,929,799
Total installments not yet due	9,354,583	80	1,627,752	10,982,415
Overdue up to 14 days	12,826	1	7,681	20,508
Overdue from 15 to 30 days	94,855	3	340	95,198
Overdue from 31 to 60 days	81,440	4	491	81,935
Overdue from 61 to 90 days	71,578	4	230	71,812
Overdue from 91 to 180 days	175,976	8	670	176,654
Overdue from 181 to 360 days	263,566	13	26,386	289,965
Total overdue installments	700,241	33	35,798	736,072
Total portfolio – 2020	10,054,824	113	1,663,550	11,718,487
Total portfolio – 2019	9,829,614	163	1,624,762	11,454,539



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Maturity/Product	Personal credit	Vehicle finance	Commercial portfolio	Bank Total
Falling due in up to 30 days	4,163,268	5	86,161	4,249,434
Falling due from 31 to 60 days	380,637	4	49,365	430,006
Falling due from 61 to 90 days	270,978	4	19,245	290,227
Falling due from 91 to 180 days	658,539	12	159,244	817,795
Falling due from 181 to 360 days	919,224	17	289,721	1,208,962
Falling due after 360 days	2,367,745	38	1,013,082	3,380,865
Total installments not yet due	8,760,391	80	1,616,818	10,377,289
Overdue up to 14 days	12,826	1	7,681	20,508
Overdue from 15 to 30 days	88,668	3	340	89,011
Overdue from 31 to 60 days	69,948	4	491	70,443
Overdue from 61 to 90 days	62,104	4	230	62,338
Overdue from 91 to 180 days	149,314	8	670	149,992
Overdue from 181 to 360 days	221,760	13	26,386	248,159
Total overdue installments	604,620	33	35,798	640,451
Total portfolio – 2020	9,365,011	113	1,652,616	11,017,740
Total portfolio – 2019	9,234,316	163	1,601,436	10,835,915



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(e) Provision for losses associated with credit risk

The analysis of the credit and leasing operations portfolio in the corresponding risk levels established in BACEN Resolution 2682/99, and the related provision for impairment, is as follows:

(i) Financial Conglomerate

2020				2019	
Level	%	Portfolio	Provision For losses associated with credit risk	Portfolio	Provision For losses associated with credit risk
A	0.50	10,623,164	53,116	10,386,423	51,932
B	1.00	188,177	1,882	236,504	2,365
C	3.00	105,100	3,153	90,623	2,719
D	10.00	107,512	10,751	81,968	8,197
E	30.00	109,156	32,747	103,420	31,026
F	50.00	105,480	52,740	90,673	45,336
G	70.00	47,953	33,567	49,109	34,376
H	100.00	431,945	431,945	415,819	415,819
Total		11,718,487	619,901	11,454,539	591,770

(ii) Bank

2020				2019	
Level	%	Portfolio	Provision For losses associated with credit risk	Portfolio	Provision For losses associated with credit risk
A	0.50	10,018,323	50,092	9,837,920	49,190
B	1.00	181,705	1,817	229,294	2,293
C	3.00	93,608	2,808	79,924	2,398
D	10.00	98,037	9,804	74,638	7,464
E	30.00	100,519	30,156	95,330	28,599
F	50.00	97,889	48,945	83,691	41,845
G	70.00	37,519	26,262	42,961	30,071
H	100.00	390,140	390,140	392,157	392,157
Total		11,017,740	560,024	10,835,915	554,017



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(f) Changes in the Provision for losses associated with credit risk and recovery of credits

Data related to doubtful credits written-off against the provision for impairment of credits and the recovery of credit operations previously written off as losses can be summarized as follows:

	Financial Conglomerate		Bank	
	2020	2019	2020	2019
Opening balance	591,770	557,120	554,017	540,541
Addition to/reversal of provision	170,698	636,967	145,916	588,423
Doubtful credits written-off against the provision	(142,567)	(602,317)	(139,909)	(574,947)
Closing balance	619,901	591,770	560,024	554,017
Credit operations recovered	(22,282)	(151,989)	(21,989)	(151,057)
Effect on the profit (expense)	148,416	484,978	123,927	437,366

9 Other receivables

	Financial Conglomerate		Bank	
	2020	2019	2020	2019
Tax credits (i)	2,772,801	2,650,037	2,377,585	2,252,323
Foreign exchange portfolio (Note 8 (a))	57,887	66,321	57,887	66,321
Exchange variation on advances	21,918	838	21,918	838
Debtors for guarantee deposits (ii)	378,503	372,119	372,950	366,700
Taxes to be offset (iii)	350,806	356,700	293,007	291,482
Sundry debtors - local	211,978	118,240	46,993	97,665
Non-financial write-offs (iv)	501,514	508,474	501,514	508,474
(-) Provision for non-recoverable amounts (iv)	(71,426)	(68,959)	(71,426)	(68,959)
Amounts receivable from associated companies			150	14,355
Credit securities receivable (Note 8 (a))	358,825	382,105	358,825	382,105
Others	13,014	56,441	15,433	58,875
(-) Provision for impairment - Other receivables (Note 8 (a))	(9,303)	(9,456)	(9,303)	(9,456)
Total	4,586,517	4,432,860	3,965,533	3,960,723
Current	1,152,053	1,129,735	953,546	1,082,489
Non-current	3,434,464	3,303,125	3,011,987	2,878,234

- (i) The income tax and social contribution on net income credits were calculated and recorded based on the aspects detailed in Note 25(a).
- (ii) The balances of debtors for guarantee deposits are related to tax and fiscal litigations (Note 18).
- (iii) The balance of taxes to be offset mainly comprises a COFINS credit of 271,161 (2019 - R\$270,079) in the Financial Conglomerate and R\$ 257,997 (2019 - R\$256,958) in the Bank, as a result of the unappealable decision on April 6, 2009 of a Rescissory Action seeking the recognition of the right to only pay COFINS on revenues from services in the form of Supplementary Law 70/91, because of the unconstitutionality of Art. 3, § 1, of Law 9,718/98, declared by the Supreme Court in the judgment of Extraordinary Appeal No. 357,950 and recovery of PIS and Cofins on revenue not included in the activity or corporate purpose, item IV. of art. 12 of Decree Law 1,598/77.
- (iv) Refers to amounts for instalments of payroll loan operations pending transfer by public agencies and provisions for non-recoverable amounts.



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10 Other assets

(a) Assets not in use and inventory of supplies

	Financial Conglomerate		Bank	
	2020	2019	2020	2019
Assets not in use (i)	70,486	70,419	70,347	70,312
Provision for losses	(5,567)	(5,439)	(5,567)	(5,439)
Inventory of supplies	112	219	112	219
Total – Current assets	65,031	65,199	64,892	65,092

(i) Basically comprises real estate and vehicles received as payment in kind.

(b) Prepaid expenses

	Financial Conglomerate		Bank	
	2020	2019	2020	2019
Commissions - Local	31,349	31,825	31,349	31,825
Commissions - Foreign	283	486	283	486
Other	88,698	69,204	87,623	67,990
Total	120,330	101,515	119,255	100,301
Current	53,503	38,585	52,428	37,371
Non-current	66,827	62,930	66,827	62,930



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11 Investments

Investments in subsidiary companies

	Financial Conglomerate						
				2020			2019
	Number of shares/ quotas held	% holding	Equity	Profit / (loss)	equity pickup (equivalence) result	Book value of the investment	Book value of the investment
(i) Direct (non-financial area)							
ME Promotora de vendas Ltda.	8,000	80.00%	12,439	(69)	(55)	9,951	10,006
CBFacil Corretora de Seguros e Negócios Ltda.	308,490,998	99.99%	1,126,332	(11,731)	(11,731)	1,126,220	137,950
BMSE Participações Ltda.	7,006,483	99.38%	1,971	2	2	1,958	1,956
BMG Participações em Negócios Ltda.	23,625,000	92.99%	61,766	401	198	57,436	54,739
Help Franchising Participações Ltda.	21,995,600	99.98%	21,646	1,750	1,750	21,642	19,891
Granito Soluções em Pagamentos S.A.	4,032,258	65.01%	(373)	(3,160)	(2,054)	(242)	1,812
Goodwill on investment in Help Franchising Participações Ltda.						3,091	3,091
Amortization of goodwill - Help Franchising Participações Ltda.						(1,288)	(1,133)
Goodwill on investment in Granito Soluções em Pagamentos S.A.						10,657	10,657
Amortization of goodwill - Granito Soluções em Pagamentos S.A.						(1,332)	(1,066)
(ii) Indirect (non-financial area)							
Cinpar Holding S.A.(i)	3,238,638	47.07%					
Provision Cinpar Holding							
Total					(11,890)	1,228,093	237,903

(i) In September 2019, the balance of the indirect investee "Cinpar Holdings S.A." was written off due to the closing of its activities



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						Bank	
							2020 2019
	Number of shares/quotas held	% holding	Equity	Profit or loss	Equity pickup and foreign exchange variation result for the period	Book value of the investment	Book value of the investment
(i) Direct (financial area)							
BMG Bank (Cayman) Ltd.	2,417	100.00%	252,555	(4,598)	53,177	252,555	199,379
BMG Leasing S.A - Arrendamento Mercantil	229,125,505	99.99%	359,324	2,073	2,073	359,288	357,215
Banco Cifra S.A.	163,647,689	100.00%	768,034	3,893	3,893	768,034	764,142
Banco BCV S.A.	81,977,488,506	100.00%	1,278,517	6,530	6,530	1,278,517	1,271,991
Cifra Financeira S.A.	279,000	100.00%	13,960	(40)	(40)	13,960	14,000
Goodwill on investment in Banco BCV S.A.						1,422,505	1,422,505
Goodwill amortization on investment in Banco BCV S.A.						(1,220,983)	(1,185,420)
Goodwill on investment in Banco Cifra S.A./ Simples Participações Ltda.						27,908	27,908
Amortization of goodwill - Simples Participações Ltda.						(24,419)	(23,722)
(iii) Direct (non-financial area)							
ME Promotora de Vendas Ltda.	8,000	80.00%	12,439	(69)	(55)	9,951	10,006
CBFacil Corretora de Seguros e Negócios Ltda.	308,490,998	99.99%	1,126,332	(11,731)	(11,731)	1,126,220	137,950
BMSE Participações Ltda.	7,006,483	99.38%	1,971	2	2	1,958	1,956
BMG Participações em Negócios Ltda.	23,625,000	92.99%	61,766	401	198	57,436	54,739
Help Franchising Participações Ltda.	21,995,600	99.98%	21,646	1,750	1,750	21,642	19,891
Granito Soluções em Pagamentos S.A.	4,032,258	65.01%	(373)	(3,160)	(2,054)	(242)	1,812
Goodwill on investment in Help Franchising Participações Ltda.						3,091	3,091
Amortization of goodwill - Help Franchising Participações Ltda.						(1,288)	(1,133)
Goodwill on investment in Granito Soluções em Pagamentos S.A.						10,657	10,657
Amortization of goodwill - Granito Soluções em Pagamentos S.A.						(1,332)	(1,066)
Total						53,743	4,105,458
							3,085,901



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On January 9, 2019 Banco BMG purchased 65.01% of the shares of Granito Soluções em Pagamentos S.A. (formerly Pago Soluções em Pagamento S.A.). Together, a purchase option was signed that can be exercised by Banco BMG at the end of 24 months, as of the closing date, which will correspond to the acquisition of 10% of the shares issued by the company.

In the fourth quarter of 2019, 375,000 split shares of BMG Participações em Negócios Ltda. were assigned and transferred totaling R\$375, with a consequent reduction in Banco BMG S.A.'s stake from 94.49% to 92.99%.

On November 29, 2019 BMG Participações em Negócios Ltda., A company controlled by the Bank, entered into a Stock Purchase and Sale Agreement with Assicurazioni Generali S.p.A. ("Generali"), whereby it sold 30% of the share capital to Generali of its investee BMG Seguros S.A. for the amount of R\$ 54,000, generating a gain of R\$ 26,448. BMG Participações em Negócios retains a 70% interest in the capital stock of BMG Seguros.

On January 31, 2020, a capital increase was made in BMG Participações em Negócios Ltda. in the amount of R\$2,500.

On March 2, 2020, a capital stock increase was fully paid in to the CBFacil Corretora de Seguros e Negócios Ltda. subsidiary in the amount of R\$ 1,000,000, to improve the Company's operational efficiency and better use of funds.



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12 Property and Equipment

	Annual rate Of depreciation (%)	Cost	2020 (Accumulate Depreciation)	2019 Net book value	Financial Conglomerate and Bank				
					Net book value at 12.31.2019	Purchases	(Amount written off)	(Depreciation expense)	Changes Net book value at 03.31.2020
Properties in use		16,687	(12,972)	3,715	3,715				3,715
Land		3,711		3,711	3,711				3,711
Buildings	4	12,976	(12,972)	4	4				4
Other assets in use		272,735	(160,707)	112,028	105,567	13,835	(139)	(7,235)	112,028
Facilities	10	96,251	(65,121)	31,130	30,657	1,632	0	(1,159)	31,130
Furniture and equipment	10	21,221	(13,736)	7,485	7,557	484	(9)	(547)	7,485
Communications system	10	1,503	(510)	993	929	98	(3)	(31)	993
Data processing system	20	145,769	(77,832)	67,937	62,301	10,834	(15)	(5,183)	67,937
Transport system	20	7,991	(3,508)	4,483	4,123	787	(112)	(315)	4,483
Property and equipment in use		289,422	(173,679)	115,743	109,282	13,835	(139)	(7,235)	115,743



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13 Intangible assets

(a) Goodwill on acquisition of subsidiaries

	Financial Conglomerate	
	2020	2019
Goodwill based on expected future profitability		
Banco BCV S.A.	1.422.504	1.422.504
Banco Cifra S.A. / Simples Participações Ltda.	27.908	27.908
Amortization of goodwill	(1.245.402)	(1.209.142)
Total	205.010	241.270

Banco BMG assesses annually, or when there is evidence of loss, the recoverable amount of goodwill, in order to obtain Management's best estimate of its future cash flows. According to a study carried out on the base date of December 31, 2019, the need to recognize the goodwill impairment loss in the period ended in March 31, 2020 was not identified. The amortization period for goodwill is 10 years, the final date of which is August 2021.

The goodwill recoverable calculation uses long-term assumptions for cash flow projections, considering market conditions and factors such as sensitized discount rates of 10% to 15% and sensitized perpetuities of 3% to 5%. Cash flow projections are based on the 10-year budget approved by Management.

(b) The changes in goodwill assets were:

	Financial Conglomerate	
	2020	2019
	Goodwill on acquisition	
Opening balance	241,270	386,310
Amortization	(36,260)	(145,040)
Total	205,010	241,270



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14 Deposits

(a) Interbank deposits and time deposits

	Financial Conglomerate		Bank	
	2020	2019	2020	2019
Demand deposits	101,481	71,664	104,111	73,868
Interbank deposits				
Fixed rate	245,502	53,400	2,167,833	1,961,633
Time deposits				
Fixed rate	3,714,489	3,557,389	3,714,489	3,557,389
Floating rate (i)	6,932,217	6,589,343	6,932,217	6,589,343
Total	10,993,689	10,271,796	12,918,650	12,182,233
Current	3,961,813	3,725,308	5,886,774	5,635,765
Non-current	7,031,876	6,546,468	7,031,876	6,546,468

- (i) Of the amount of R\$6,932,217 (Financial Conglomerate and Bank) of postfixed term deposits, R\$79,596 correspond to funding through the issuance of DPGE, subject to the conditions determined by CMN Resolution No. 4.785, of 03/23/2020.

(b) Maturity of time and interbank deposits

The information on the maturities of time and interbank deposits is as follows:

	Interbank deposits		Time deposits		Financial Conglomerate Total	
	2020	2019	2020	2019	2020	2019
Up to 30 days	17,402	5,099	495,575	449,051	512,977	454,150
From 31 to 60 days	23,226		274,910	215,274	298,136	215,274
From 61 to 90 days		33,505	257,398	196,370	257,398	229,875
From 91 to 180 days	168,012	5,224	927,972	729,698	1,095,984	734,922
From 181 to 360 days	29,226	2,025	1,666,611	2,017,418	1,695,837	2,019,443
Over 360 days	7,636	7,547	7,024,240	6,538,921	7,031,876	6,546,468
Total	245,502	53,400	10,646,706	10,146,732	10,892,208	10,200,132
Current	237,866	45,853	3,622,466	3,607,811	3,860,332	3,653,664
Non-current	7,636	7,547	7,024,240	6,538,921	7,031,876	6,546,468

	Interbank deposits		Time deposits		Bank Total	
	2020	2019	2020	2019	2020	2019
Up to 30 days	17,402	1,571,394	495,575	449,051	512,977	2,020,445
From 31 to 60 days	362,455		274,910	215,274	637,365	215,274
From 61 to 90 days		33,505	257,398	196,370	257,398	229,875
From 91 to 180 days	1,751,114	347,162	927,972	729,698	2,679,086	1,076,860
From 181 to 360 days	29,226	2,025	1,666,611	2,017,418	1,695,837	2,019,443
Over 360 days	7,636	7,547	7,024,240	6,538,921	7,031,876	6,546,468
Total	2,167,833	1,961,633	10,646,706	10,146,732	12,814,539	12,108,365
Current	2,160,197	1,954,086	3,622,466	3,607,811	5,782,663	5,561,897
Non-current	7,636	7,547	7,024,240	6,538,921	7,031,876	6,546,468



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15 Funds from acceptance and issue of securities

(a) Short-term / Medium-term notes program

Type of security	Principal (US\$ thousand)	Issuance	Maturity	Financial Conglomerate and Bank	
				2020	2019
				Interest	
Subordinated notes (i)	164,607	ago-10	ago-20	13,259	27,662
Market risk hedge (i)				18,375	31,617
Current				31,634	59,279

(i) At March 31, 2020 and December 2019 funding operations in U.S. dollars were adjusted to market value, as stated in Note 7.

The Bank utilizes swap contracts to mitigate the risks related to the foreign exchange rate exposure of the external funding. See Note 7 (c) (ii).

The balances include a provision for income tax, calculated at 14.3% on the financial charges.

(b) Liabilities from issue of financial bills

Financial bills were issued:

	Financial Conglomerate and Bank	
	2020	2019
Financial bills	954,459	534,552
Real estate credit bills	68,385	49,150
Agribusiness credit bills	72,279	83,857
Total	1,095,123	667,559
Current	219,107	214,981
Non-current	876,016	452,578



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(c) Maturity

The information on the maturity of the funds from acceptance and issue of securities is as follows:

	Financial Conglomerate and Bank					
	Interest on Subordinated Debt		Financial and Credit Bills		Total	
	2020	2019	2020	2019	2020	2019
Up to 30 days			23,040	31,180	23,040	31,180
From 31 to 60 days	8,917	27,662	18,337	40,739	27,254	68,401
From 61 to 90 days	4,365		29,932	17,783	34,297	17,783
From 91 to 180 days	18,352	31,617	77,652	48,120	96,004	79,737
From 181 to 360 days			70,146	77,159	70,146	77,159
Over 360 days			876,016	452,578	876,016	452,578
Total	31,634	59,279	1,095,123	667,559	1,126,757	726,838
Current	31,634	59,279	219,107	214,981	250,741	274,260
Non-current			876,016	452,578	876,016	452,578

16 Borrowings and onlendings

	Financial Conglomerate			Bank	
	2020	2019	2020	2020	2019
Local onlendings – Official Institutions (a)	19.515	19.466	19.515	19.466	
Foreign loans (i)	259.994	201.552			
Local loans – Other Institutions (b)	496.192	491.207	496.192	491.207	
Total	775.701	712.225	515.707	510.673	
Current	279.509	221.018	19.515	19.466	
Non-current	496.192	491.207	496.192	491.207	

(i) Represents loans obtained from the Itaú Unibanco S.A. - Nassau Branch



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(a) Local onlendings – Official institutions

These onlendings refer to funds received from the Ministry of Agriculture - Coffee Economy Defense Fund (FUNCAFÉ). They fall due as follows:

	Financial Conglomerate and Bank	
	2020	2019
Up to 30 days	14,432	14,432
From 181 to 360 days	5,083	5,034
Total	19,515	19,466
Current	19,515	19,466

(b) Local onlendings – Other Institutions

These refers to a loan from the FGC - Credit Guarantor Fund, with maturity in 2026 (See Note 11).

17 Other liabilities

(a) Provision for income tax and social contribution payable, Other taxes and contributions payable and Deferred tax liabilities

	Financial Conglomerate		Bank	
	2020	2019	2020	2019
Provision for income tax and social contribution payable	5,879	35,143		13,566
Other taxes and contributions payable	28,741	35,897	28,702	28,345
Provision for deferred income tax and social contribution (25(c))	132,408	33,804	132,125	33,532
Total	167,028	104,844	160,827	75,443
Current	34,620	71,040	28,702	41,911
Non-current	132,408	33,804	132,125	33,532



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(b) Sundry

	Financial Conglomerate		Bank	
	2020	2019	2020	2019
Provision for other payments	157,458	134,961	157,135	134,580
Sundry creditors	483,260	545,938	480,596	544,787
Transfer – Credit Assignments	192	231	192	231
Amounts payable to related companies			1,563	12,159
Provisions for contingent liabilities (i)	599,510	592,863	587,137	580,611
Obligations on operations linked to assignments(ii)	438,324	500,171	438,324	500,171
Debts and financial bills subordinated (Note 17(c))	986,792	792,809	986,792	792,809
Financial guarantees provided	5,399	5,469	5,399	5,469
Total	2,670,935	2,572,442	2,657,138	2,570,817
Current	1,764,709	969,761	1,763,285	980,388
Non-current	906,226	1,602,681	893,853	1,590,429

(i) Refers to claims of a civil, labor and tax nature. See Note 18.

(ii) Refers to obligations assumed for credit assignment operations with substantial retention of risks and rewards. See Note 8(c).

(c) Debts and financial bills subordinated

Type of security	Date of		Interest Rate (p.y)	Financial Conglomerate and Bank	
	Issuance	Maturity		Principal balance	
				US\$	R\$
Foreign (i):					
Subordinated debt (dollar)	Aug/10	Aug/20	8.88%	164,607	855,644
Local (ii)					
Financial bills subordinated	1st quarter/19	1st quarter/26	124% of CDI		5,360
Financial bills subordinated	2nd quarter/19	2nd quarter/26	122% of CDI		12,583
Financial bills subordinated	3rd quarter/19	3rd quarter/29	124% of SELIC		1,010
Financial bills subordinated	2nd quarter/19	Perpetual	IPCA + 6.60% to 6.67%		110,984
Financial bills subordinated	3rd quarter/19	Perpetual	126% to 130% of SELIC		1,211
Total – 2020					986,792
Total – 2019					792,809

(i) The funds obtained in connection with the issuance of subordinated debt securities, in accordance with the conditions determined by CMN Resolution 3444, of February 28, 2007, as amended by CMN Resolution 3532, of January 31, 2008, were as follows:

(ii) Funding made through the issuance of Financial Bills with subordination clauses, maturing and perpetual, subject to the conditions determined by CMN Resolution No. 4'192, of 3/1/2013, fully approved by BACEN to comprise Complementary Capital and Level II of Banco BMG Reference Equity



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The debts and financial bills subordinated eligible for level II capital (Financial Conglomerate and Bank) mature as follows:

Debts and financial bills subordinated	Financial Conglomerate and Bank	
	2020	2019
From 91 to 180 days	855,644	
From 181 to 360 days		663,382
Over 360 days	18,953	18,754
Perpetual	112,195	110,673
Total	986,792	792,809

Banco BMG settled and paid principal and interest on subordinated debt issued abroad, maturing on November 5, 2019, in the amount of R\$977,894.

18 Contingent assets and liabilities and legal obligations - Tax and social security

The Bank is a party to litigation involving labor, civil and tax issues. The criteria described in Note 2.2(r) are utilized to assess the need to record a provision. Management of the Bank believes that the provision recorded is enough to cover the expected losses from the respective processes.

(i) Provision for tax risks – The contingencies are equivalent to the amount of the principal of taxes related to administrative or judicial proceedings, which are subject to self-assessment or official assessment, plus interest and, when applicable, fines and charges. A provision is recorded, regardless of the likelihood of loss, when related to a legal obligation, that is, for a favorable outcome in the matter the law in effect must be declared unconstitutional. For other cases, a provision is recorded whenever the likelihood of loss is probable.

No provision is recorded for tax processes in which the likelihood of loss is considered as possible, amounting to an estimated R\$480,682 (2019 – R\$460,351) for the Financial Conglomerate and R\$471,066 (2019 – R\$450,786) for the Bank. These processes mainly refer to federal taxes.

The main questions are:

- a) CSLL - Law 7.689/88: final and non-appealable court decision declaring the right not to pay Social Contribution on Net Income, under the terms established by Law 7.689/88; and PIS and COFINS - Losses from Doubtful Credits: the deduction of losses from credits under Law 9.718/98 is discussed;
- b) INSS - Non-Remuneration Funds: questions the payment of the employer's portion on Executive Officers' stakes, pursuant to Law No. 8.212/91, deposited in escrow denominated as possible risk;
- c) SAT - Law nº 11.430/06: under discussion is the unconstitutionality and illegality of the SAT under the terms of article 21-A of Law nº 8.213/91, introduced by Law nº 11.430/06, with the consequent recognition of the non-existence of a legal-tax relationship that obliges the Co-Complainants to comply with such provisions, maintaining the original regulatory and legal wording.

(ii) Labor Provisions - The calculation is conducted periodically, based on the determination of the amount of the request, the procedural phase and the likelihood of loss, which, in turn, is estimated according to the factual and legal characteristics related to the action. The amounts considered as probable losses are subject to an accounting provision.



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The contingent labor lawsuits assessed as possible loss risks are not recognized in the accounting statements, and there is no estimated risk for March 31, 2020 and December 31, 2019 due to the termination of processes at the Financial Conglomerate and the Bank.

(iii) Civil Provisions - The provision of individualized civil cases is carried out periodically, based on the determination of the value of the risk and the probability of loss. The provision for class action civil cases is carried out periodically, based on a parameter of the average loss verified temporally and applied to the active cases base. The amounts considered as probable losses are subject to an accounting provision.

Contingent civil lawsuits assessed as a possible loss risk are not recognized in the accounting records, whose estimated total risk is R\$613,772 (2019 – R\$598,336) Financial Conglomerate and R\$609,863 (2019 – R\$596,520) Bank.

Banco BMG does not have any contingent assets on its balance sheet.

Below, we show the segregation by type and movement of provisions and respective deposits in guarantee of Tax and Social Security, labor and civil legal claims:

(iv) Analysis of judicial deposits and provisions by nature

	Financial Conglomerate		Bank	
	Judicial deposits	Provisions for contingencies	Judicial deposits	Provisions for contingencies
Tax and social security contingencies	98,778	39,110	94,321	37,112
Labor contingencies	31,086	69,322	30,573	60,218
Civil claims	248,639	491,078	248,056	489,807
Total	378,503	599,510	372,950	587,137

	Financial Conglomerate		Bank	
	Judicial deposits	Provisions for contingencies	Judicial deposits	Provisions for contingencies
Tax and social security contingencies	96,332	37,330	92,144	35,521
Labor contingencies	32,422	81,362	31,881	71,302
Civil claims	243,365	474,171	242,675	473,788
Total	372,119	592,863	366,700	580,611



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(v) Changes

	Financial Conglomerate			
	Judicial deposits	Tax Contingencies	Labor Contingencies	Civil Contingencies
At December 31, 2019	372,119	37,330	81,362	474,171
Additions	28,901	1,972	6,478	80,171
(Amounts written off)	(22,517)	(192)	(18,518)	(63,264)
At March 31, 2020	378,503	39,110	69,322	491,078

	Bank			
	Judicial deposits	Tax Contingencies	Labor Contingencies	Civil Contingencies
At December 31, 2019	366,700	35,521	71,302	473,788
Additions	27,789	1,783	6,304	79,222
(Amounts written off)	(21,539)	(192)	(17,388)	(63,203)
At March 31, 2020	372,950	37,112	60,218	489,807

19 Equity (Bank)

(a) Capital Social

As of March 31, 2020, the subscribed and paid-in capital was R\$3,742,571, represented by 591,474,531 (five hundred and ninety-one million, four hundred and seventy-four thousand five hundred and thirty-one) shares, of which 400,007,354 (four hundred million, seven thousand, three hundred and fifty-four) were common shares and 191.467.177 (one hundred ninety-one million, four hundred sixty-seven thousand, one hundred seventy-seven) preferred, registered, book-entry shares with no par value.

On October 24, 2019, the Board of Directors approved the increase in the Bank's capital stock, in the amount of R\$ 1,200,000, due to the primary offer of 103,448,277 (one hundred and three million, four hundred and forty-eight thousand and two hundred and seventy-seven) preferred shares, all nominative, book-entry and without par value. On November 1, 2019, the Central Bank of Brazil ratified the capital increase.

On October 28, 2019, Banco BMG finalized its Public Offering of Primary and Secondary Distribution of Shares. The shares were traded on the B3 SA - Brasil, Bolsa, Balcão stock exchange, for a unit price of R\$11.60 per share. With the completion of the Public Offering of Shares, Banco BMG raised a total of R\$1,391,304, of which R\$ 1,200,000, originating from the primary issue of shares, were used to increase Banco BMG capital stock, and the costs share issuance amounted to R\$37,944, net of tax effects. Cash generation totaled R\$ 1,136,760, net of commissions, fees and tax expenses.

At a meeting held on December 10, 2019, Banco BMG's Board of Directors resolved and approved the opening of the Bank's Share Buyback Program ("Buyback Program"), which came into force on December 11, 2019, involving the purchase of up to 11,994,003 (eleven million, nine hundred and ninety-four thousand and three) preferred shares, registered, book-entry, with no par value and without reducing the value of the Bank's share capital, corresponding to up to 10.0% (ten percent) of the shares in circulation, to be held in treasury, canceled or put back into the market or, furthermore, payment of compensation to Bank executives under the Bank's long-term incentive plans, pursuant to §§ 1 and 2 of article 30 of the Brazilian Corporation Law and ICVM 567/15. Acquisition operations were transacted on the stock exchange, at market value, over the period comprising December 11, 2019 to March 18, 2020, when the Bank ended, early, the buyback program.



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At a meeting held on March 18, 2020, the Board of Directors of the Bank resolved to cancel 11,981,100 (eleven million, nine hundred and eighty-one thousand and one hundred) preferred shares issued by the Bank held in treasury ("Shares"), without reducing the value of the Bank's capital stock, acquired through the buyback program approved by the Bank's Board of Directors at a meeting held on December 10, 2019. As a result, on the same date, the own stock buyback program approved at the meeting of the Board of Directors on December 10, 2019 ended early.

At the same meeting, the Board of Directors of the Bank approved a new stock buyback program, authorizing the acquisition of up to 10,700,112 (ten million, seven hundred thousand and one hundred and twelve) of the Bank's own preferred shares, without reducing the value of the capital stock, corresponding to up to 10.0% (ten percent) of the outstanding shares for treasury maintenance, cancellation or replacement in the market or, also, payment of remuneration to executives of the Bank under long-term incentive plans of the Bank, according to §§ 1 and 2 of article 30 of the Brazilian Corporations Law and CVM Instruction 567/15. The acquisition operations will be carried out on the stock exchange, at market value, from March 18, 2020 to March 17, 2021.

	Own shares 12/31/2019	Acquisition of Own Shares	Cancellation of own shares	Own shares 03/31/2020
Quantity		14,679,800	(11,981,100)	2,698,700
Balance in thousands of reais		(103,763)	93,400	(10,363)

	12/31/2019	Cancellation	03/31/2020
Common	400,007,354		400,007,354
Preferred	203,448,277	(11,981,100)	191,467,177
Saldo	603,455,631		591,474,531

	Number of shares in circulation		
	Common	Preferred	Total
On 12/31/2019	1.251.558	119.868.924	121.120.482
Cancellation of treasury shares		(11.981.100)	(11.981.100)
Change in treasury shares		(2.698.700)	(2.698.700)
Change in shares held by controlling shareholders and officers		(1.077.700)	(1.077.700)
On 3/31/2020	1.251.558	104.111.424	105.362.982

(b) Reserves

Revenue reserves:

- **Legal:** Accumulated through appropriations equivalent to 5% of the profit, for the year with the balance limited to 20% of capital.
- **Statutory:** The undistributed annual profit after all appropriations is transferred to this reserve and the accumulated balance is available to stockholders for future appropriations to be decided at General Meetings.



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(c) Interest on Capital

Stockholders are entitled to receive as mandatory dividends, in each fiscal year, an amount of not less than twenty-five percent (25%) of the adjusted net income, as called for in the Brazilian Corporations Law.

Interest on Shareholders' Equity was established by Law 9.249/95, which in its art. 9, and amendments, allows companies to deduct the Real Profit and Social Contribution from the duly recorded financial expense resulting from the application of the TJLP on shareholders' equity as compensation to the shareholder.

As of March 31, 2020, the amount of R \$ 35,945 was provisioned as interest on equity, whose payment shall be defined and properly minuted.

(d) Net income per share

The basic earnings per share is calculated by dividing the profit attributable to the Bank's shareholders by the weighted average number of common and preferred shares issued during the year. Diluted earnings per share are calculated by adjusting the weighted average number of outstanding common shares to presume the conversion of all diluted potential common shares. However, there are no potential common and preferred shares in the Bank for dilution purposes and, therefore, the basic and diluted earnings per share are equal. According to CPC41, we used the retrospective adjustment to calculate the basic profit per share of March 2019.

Net income per share	03/31/2020	03/31/2019
Profit attributable to the company's shareholders	75,525	76,992
Weighted average number of shares issued	548,081,597	500,007,354
Basic and diluted earnings per share (in Reais)	0.1380	0.1540



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20 Financial intermediation income (expenses)

Analysis of the financial intermediation income and expenses:

(a) Credit operations

	Financial Conglomerate		Bank	
	2020	2019	2020	2019
Direct consumer credit – personal	1,018,604	837,748	994,207	825,835
Direct consumer credit - for vehicles	9	103	9	103
Commercial portfolio	54,721	48,235	69,908	48,235
Agent commissions	(157,129)	(118,776)	(157,129)	(118,776)
Exchange variation	190,377	3,310		
Total	1,106,582	770,620	906,995	755,397

(b) Marketable securities transactions

	Financial Conglomerate		Bank	
	2020	2019	2020	2019
Interbank investments	7,825	8,949	9,949	8,928
Marketable securities	21,581	42,270	21,305	38,670
Total	29,406	51,219	31,254	47,598

(c) Expenses with funds obtained in the market

	Financial Conglomerate		Bank	
	2020	2019	2020	2019
Funding expenses abroad	(23,020)	(41,038)	(23,020)	(41,038)
Derivative financial instruments (i)	(52,267)	6,770	(52,267)	6,770
Exchange variation	(218,468)	(6,554)	(101,455)	(3,837)
Expenses with time deposits	(172,553)	(219,447)	(172,553)	(219,447)
Expenses with interbank deposits	(1,288)	(530)	(21,643)	(23,704)
Other funding expenses	(15,180)	(11,208)	(15,202)	(11,208)
Loans, assignments and onlendings	(7,145)	(9,891)	(5,188)	(9,891)
Expenses with assigned credit operations	(1,294)	(13,648)	(1,294)	(13,648)
Total	(491,215)	(295,546)	(392,622)	(316,003)

(i) Includes derivative financial instruments used to hedge the foreign exchange variation presented in notes 20 (a) and (b).

21 Income from services rendered

	Financial Conglomerate		Bank	
	2020	2019	2020	2019
Collection charges	258	194	258	194
Bank fees	3,535	1,537	3,535	1,537
Others	10,207	7,460	10,191	7,460
Total	14,000	9,191	13,984	9,191



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22 Personnel expenses and other administrative expenses

(a) Personnel expenses

	Financial Conglomerate		Bank	
	2020	2019	2020	2019
Payroll	(37,379)	(26,646)	(37,357)	(26,627)
Social charges	(13,114)	(9,151)	(13,109)	(9,149)
Training	(691)	(335)	(691)	(335)
Benefits	(10,525)	(7,638)	(10,519)	(7,629)
Total	(61,709)	(43,770)	(61,676)	(43,740)

(b) Other administrative expenses

	Financial Conglomerate		Bank	
	2020	2019	2020	2019
Water, power and gas	(656)	(471)	(656)	(471)
Marketing	(27,920)	(18,774)	(27,856)	(18,648)
Rentals	(3,696)	(2,329)	(3,689)	(2,322)
Leased property	(4,019)	(1,231)	(4,019)	(1,231)
Promotions and public relations	(1,329)	(802)	(1,329)	(802)
Communication expenses	(7,253)	(5,712)	(7,253)	(5,712)
Maintenance and repairs of property	(411)	(371)	(411)	(371)
Data processing	(22,834)	(17,007)	(22,833)	(17,007)
Insurance	(1,106)	(968)	(997)	(859)
Third-party services	(29,968)	(25,211)	(29,968)	(25,211)
Surveillance services	(1,582)	(1,512)	(1,582)	(1,512)
Specialist technical services	(51,444)	(37,655)	(51,078)	(37,198)
Sundry materials	(1,382)	(751)	(1,382)	(751)
Financial system services	(7,217)	(1,746)	(7,210)	(1,735)
Transport	(1,823)	(1,215)	(1,823)	(1,215)
Travel	(2,881)	(3,156)	(2,881)	(3,156)
Amortization and depreciation	(48,021)	(42,603)	(48,021)	(42,603)
Others	(12,870)	(9,810)	(12,757)	(9,776)
Total	(226,412)	(171,324)	(225,745)	(170,580)



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23 Tax expenses

	Financial Conglomerate		Bank	
	2020	2019	2020	2019
PIS/COFINS	(28,507)	(23,049)	(28,318)	(22,811)
ISS	(471)	(223)	(456)	(223)
Other	(1,304)	(1,005)	(1,231)	(965)
Total	(30,282)	(24,277)	(30,005)	(23,999)

24 Other operating income and expenses

	Financial Conglomerate		Bank	
	2020	2019	2020	2019
Other operating income				
Recovery of charges and expenses (i)	998	965	979	965
Monetary variations	487	1,788	459	1,763
Reversal of operating provisions (ii)	78,262	25,722	77,070	25,568
Adjustment of taxes to be offset	1,521	2,052	1,241	1,903
Share of premiums written (iii)	3,000		3,000	
Other	15	295	6	295
Total	84,283	30,822	82,755	30,494
Other operating expenses				
Monetary variations	(408)	(6,783)	(408)	(6,783)
Collection charges	(3,209)	(376)	(3,208)	(376)
Transaction expenses with onlending of funds	(22,712)	(20,384)	(22,712)	(20,384)
Operating provisions (ii)	(162,410)	(70,026)	(161,193)	(69,645)
Charges	(9,201)	(10,433)	(9,201)	(10,433)
Other	(12,945)	(8,851)	(12,928)	(8,851)
Total	(210,885)	(116,853)	(209,650)	(116,472)

- (i) In the Consolidated, recovery of PIS and Cofins, updated by the Selic rate, on revenues not included in the activity or corporate purpose, item IV. of art.(1) 12 of Decree Law 1.598/77.
- (ii) Basically, reversal and constitution of civil, labor and tax provisions.
- (iii) In the item "Participation on premiums written," the value of the partnership with the insurance company is recorded;

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25 Income tax and social contribution on net income
(a) Deferred income tax and Social contribution

	Financial Conglomerate			
	Social contribution MP 2158-35	Temporary differences	Income tax and social contribution losses	Total
Closing balance 31.12.2019	622	1,934,261	715,154	2,650,037
Increase (note 25 c)		153,497	66,054	219,552
(Utilization)	(75)	(90,625)	(6,088)	(96,788)
Closing balance 31.03.2020	547	1,997,133	775,120	2,772,801

	Bank			
	Social contribution MP 2158-35	Temporary differences	Income tax and social contribution losses	Total
Closing balance 31.12.2019	547	1,900,408	351,368	2,252,323
Increase (note 25 c)		149,354	66,028	215,382
(Utilization)		(90,120)		(90,120)
Closing balance 31.03.2020	547	1,959,642	417,396	2,377,585

The Financial Conglomerate adopts the practice of constituting deferred tax credits and obligations on all temporary differences, tax losses and negative bases. As of March 31, 2020, these balances have the following characteristics:

The Financial Conglomerate has an income tax loss for income tax purposes in the amount of R\$1,797,283 (2019 – R\$1,663,309) and a negative social contribution base in the amount of R\$1,629,244 (2019 – R\$1,488,151) and a Social Contribution Credit - MP 2,158-35 of R\$ 547(2019 – R\$622) that will be recovered according to the expected projection of future taxable profits.

Tax credits related to temporary additions refer mainly to Provisions for tax and social security disputes discussed at the judicial or administrative level, labor and civil provisions, the realization of which depends on the closing of the respective processes, and provision for doubtful accounts whose realization depends on the deductibility criteria under Law No. 9.430/96.

The technical studies carried out demonstrate the Institution's capacity to generate sufficient taxable profits to offset existing tax credits.

(b) Deferred income tax and social contribution on temporary exclusions in the amount of R\$132,408 (2019 - R\$33,803) in the Financial Conglomerate and R\$132,125 (2019 – R\$33,532) in the Bank mainly refer to Securities Marking-to-Market

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(c) Reconciliation of income tax and social contribution in the income statement

			Financial Conglomerate	
	Income tax	2020 Social contribution	Income tax	2019 Social contribution
Profit before taxation and profit sharing	53,453	53,453	109,063	109,063
Interest on own shareholders' equity (paid and payable)	(35,945)	(35,945)	(45,094)	(45,094)
Statutory profit sharing	(10,000)	(10,000)	(7,800)	(7,800)
Permanent additions (exclusions):				
Equity pickup	11,890	11,890	2,852	2,852
Exchange variation on foreign investments	(57,775)	(57,775)	(1,100)	(1,100)
Other	(9,229)	(4,416)	4,961	(98)
Calculation basis	(47,606)	(42,793)	62,882	57,823
Basic rate	7,140	8,558	(9,432)	(8,674)
Additional rate	4,766		(6,282)	
Tax credit change to the CSLL rate (i)		11,680		
Tax incentives	28		117	
Income tax and social contribution expense (credit)	11,934	20,238	(15,597)	(8,674)
				Bank
				2019
	Income tax	2020 Social contribution	Income tax	Social contribution
Profit (loss) before taxation and profit sharing	45,061	45,061	97,986	97,986
Interest on own shareholders' equity	(35,945)	(35,945)	(45,094)	(45,094)
Statutory profit sharing	(10,000)	(10,000)	(7,800)	(7,800)
Permanent additions (exclusions):				
Equity pickup	(53,743)	(53,743)	(15,253)	(15,253)
Other	(13,768)	(8,248)	5,370	249
Calculation basis	(68,395)	(62,875)	35,209	30,088
Basic rate	10,259	12,575	(5,282)	(4,513)
Additional rate	6,839		(3,515)	
Tax credit change to the CSLL rate (i)		10,891		
Tax incentives			116	
Income tax and social contribution expense (credit)	17,098	23,466	(8,681)	(4,513)

(i) Effect of the Social Contribution on Net Profit realized in the period of January and February/2020 with validity of the rate before its increase (note 2.2 p).

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26 Related party transactions (Bank)

Transactions carried out between related parties are disclosed in compliance with BACEN Resolution No. 4.636, dated 02/22/2018, and with Technical Pronouncement CPC 05. These operations are carried out at the usual values, terms and rates of the bank's other operations.

(a) Related-party transactions

Intercompany transactions are eliminated from the interim financial statements on consolidation. The main balances can be summarized as follows:

Related-party transactions	Asset (Liability)		Income (Expense)	
	2020	2019	2020	2019
Interbank deposits				
<i>BMG Bank (Cayman) Ltd.</i>	290,444	183,625	2,206	
Marketable securities				
<i>BMG Bank (Cayman) Ltd.</i>				1,640
Credit operations				
<i>Key Management personnel</i>	2,332	2,754	78	
<i>Othres related-party – Legal Person</i>	23,370	20,572	323	
Income receivable				
<i>BMG Leasing S.A. – Arrendamento Mercantil</i>	2,476	2,476		
<i>Cifra S.A. Créd., Fin. Invest.</i>	19	19		
Other receivables				
<i>Banco Cifra S.A.</i>		312		
<i>Banco BCV S.A.</i>	150	14,022		
<i>Bmg Participações Em Negócios Ltda</i>				
Collection services				
<i>EGL – Empreendimentos Gerais Ltda.</i>	62	78		
Demand deposits				
<i>BMG Leasing S.A. – Arrendamento Mercantil</i>	(1,410)	(944)		
<i>Cifra S.A. Créd., Fin. Invest.</i>	(5)			
<i>EGL - Empreendimentos Gerais Ltda</i>	(57)	(41)		
<i>Help Franchising</i>	(222)	(417)		
<i>CBFacil Corretora de Seguros e Negócios Ltda</i>	(1,021)	(1,004)		
<i>ME Promotora de Vendas Ltda</i>	(27)	(414)		
<i>BMG Soluções Eletrônicas S.A</i>	(9)	(10)		
<i>Bmg Participações Em Negócios Ltda</i>	(40)	(98)		
<i>Cmg Corretora De Seguros</i>	(102)	(183)		
<i>Granito Soluções em Pagamentos S.A.</i>	(2,228)	(2,228)		
Interbank deposits				
<i>Banco BCV S.A.</i>	(967,537)	(953,879)	(10,190)	(14,210)
<i>Banco Cifra S.A.</i>	(605,971)	(602,752)	(6,383)	(8,722)
<i>BMG Leasing S.A. – Arrendamento Mercantil</i>	(339,229)	(341,938)	(3,679)	(58)
<i>Cifra S.A. Créd., Fin. Invest.</i>	(9,594)	(9,664)	(102)	(184)
Time deposits				
<i>EGL - Empreendimentos Gerais Ltda</i>	(5,545)	(8,772)	(76)	(105)
<i>Help Franchising</i>	(13,529)	(11,978)	(133)	(188)
<i>ME Promotora de Vendas Ltda</i>	(7,634)	(7,554)	(80)	(77)
<i>CBFacil Corretora de Seguros e Negócios Ltda</i>	(600,211)	(1,128)	(3,806)	(1,575)
<i>BMG Soluções Eletrônicas S.A</i>	(372)	(368)	(4)	(6)
<i>Bmg Participações Em Negócios Ltda</i>	(708)	(865)	(8)	(17)
<i>Cmg Corretora De Seguros</i>	(8,359)	(6,953)	(78)	(109)
Obrigações por letras financeiras				
<i>CBFacil Corretora de Seguros e Negócios Ltda</i>	(401,695)		(1,695)	
Other liabilities				
<i>BMG Bank (Cayman) Ltd.</i>		(1,819)		
<i>Banco Cifra S.A.</i>	(300)			
<i>Banco BCV S.A.</i>	(994)	(10,176)		
<i>Cifra S.A. Créd., Fin. Invest.</i>	(269)	(165)		
<i>EGL – Empreendimentos Gerais Ltda.</i>	(308)	(395)		



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The funds invested in and obtained from related parties were contracted at market rates.

In March 2020, the BMG Conglomerate contracted a premiums guarantee insurance policy in the amount of R\$ 1,310 underwritten by BMG Seguros S.A.

EGL - Empreendimentos Gerais Ltda. (non-financial company belonging to the BMG Group), acquired credits without co-obligation with Banco BMG, which, by virtue of the assignment contract, receives 20% of the transfers to be made, as collection services. As of March 31, 2020, the amounts to be transferred to EGL – Empreendimentos Gerais Ltda., totaled R\$308 (2019 – R\$395) and collection services represented R\$62 (2019 – R\$78).

(b) Management remuneration

As mentioned in Note 2.2(s), in accordance with CMN Resolution 3921/10, the Bank has established the management remuneration at each the Annual General Meeting, agreed between the Board of Directors and the Executive Board, as determined by the Bank's bylaws.

(i) Short and long-term benefits for management

	2020	2019
Remuneration	5,355	3,005
INSS contribution	1,205	676
Total	6,560	3,681

(ii) Other information

Pursuant to Resolution No. 4.693, as of January 2019, financial institutions may carry out credit operations with related parties in compliance with the conditions and limits defined by said resolution. Accordingly, Banco BMG established a policy to conduct credit operations with related parties, duly approved by the Board of Directors and formalized in a specific document made available to the Central Bank of Brazil.

27 Other Information

Commitments and Guarantees

Guarantees and sureties given by the Financial Conglomerate to customers amount to R\$311,295 (2019 – R\$330,687) and are subject to financial charges and counter-guarantees from the beneficiaries.

With the advent of Resolution No. 4.512/16, referring to the treatment for financial guarantees provided, the balance of the provision of sureties and avals had a negative impact on result for the quarter ended March 31, 2020 of R\$44 (negative R\$63 in 2019).

Agreements for the clearing and settlement of liabilities in the National Financial System environment

In order to allow the offsetting of credits and debits held with a single counterparty, whose maturities of the rights and obligations may be accelerated to the date on which the event of default by either parties occurs, the BMG Conglomerate, pursuant to CMN Resolution 3,263, of February 24, 2005, entered into compensation agreements in the scope of derivative agreements, as well as agreements for the offset and settlement of assets and liabilities.



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Impacts of the COVID 19 pandemic (Coronavirus)

In line with the Official Letter No. 02/2020 issued by CVM, in the face of the COVID-19 pandemic, Banco BMG is thinking about everyone and, toward this end, has taken all necessary measures and care to minimize the impacts of the pandemic as much as possible.

In order to maintain its shareholders and the market duly informed about our initiatives, on April 16, 2020 the Bank released a notice to the market, making available a presentation on the positioning and measures implemented due to the pandemic on our Investor Relations' and the CVM's websites.

As soon as the pandemic began, BMG set up a crisis management committee with the participation of the entire executive board in daily meetings to assure efficient decision-making and monitoring. The committee is focused on guaranteeing the operation of the business and the performance based on three pillars: employees, clients and governance.

For employees, measures were taken to protect their health and, at the same time, maintain productivity and engagement through home office operations, with these main decisions: (i) 96% of corporate employees are working out of home offices, and in a survey conducted by us 88% indicated they were comfortable with the new work format; (ii) creation of a remote medical care channel and psychological support program; (iii) commitment not to dismiss any employee; (iv) expansion of employee engagement through daily communications; (v) sharing of home office tools and best practices and the creation of training programs for management of remote teams; and (vi) management of priorities within the squads.

For clients, actions were taken to ensure continuing relations and access to products and services in a safe and remote manner. Given the scenario, BMG changed its service protocols at a time when clients are more likely to use remote channels. For physical channels, prioritization of operating with closed doors and remote sales, BMG anticipated the launch of apps for franchisees and correspondents.

Due to the already existing governance and management structure, a rapid response and adaptation to the current scenario was possible.



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28 Risk management

1. Risk and Capital Management Structure and Sensitivity Analysis

The BMG Conglomerate believes risk management is essential for maximizing capital use efficiency and for choosing business opportunities, as well as ensuring the preservation of process integrity and independence. To this end, the BMG Conglomerate has developed, based on best risk management practices, policies, systems and internal controls for the mitigation and control of possible losses arising from exposure to the risks to which its activities are exposed, with a set of processes and routines appropriate to its operational modalities.

In this context, Banco BMG manages its risks - capital, liquidity, market, credit and operational - with specific actions for each, as summarized below. The other Pillar II risks, such as image, strategy and socio-environmental risks, also are monitored by the Risk and Compliance Department, reporting to the Risk and Capital Management Committee and with the following structure:

The document detailing the structure and guidelines established in risk management, together with the Pilar 3 Report, can be viewed on the website (<http://www.bancobmg.com.br/ri/>), in the Corporate Governance, Risk Management section.

1.1 Capital Management

Banco BMG opted to create a centralized capital management framework for the Financial Conglomerate, appointing a director responsible for the full structure.

The Capital Management Committee is primarily responsible for promoting discussions about capital management.

The Committee is led by the Planning, Risk, IR and Digital Channels Department in order to present the current Basel Ratio to the Board of Directors and other executive officers, along with the projections for the next three years.

Among the Committee's main activities are:

- Promote discussions and decisions on issues related to policies, procedures, methodologies and processes related to managing capital and the Capital Plan as set forth in this Policy paper;
- Validate the Capital Management Policy and the Organization's Capital Plan and submit them to the Executive Board and Board of Directors;
- Submit the committee's deliberations affecting Policy and the Capital Plan to the Executive Board and the Board of Directors;
- Monitor the effectiveness of the capital management process within the Organization, including the possible impacts on capital, deriving from the risks associated with non-financial companies that are part of the consolidated economic-financial group;
- Report to the Board of Directors the significant changes in the financial projections and future capital requirements, as well as possible significant changes in relation to the strategies adopted, the amount of capital to be allocated and the effects of stress tests within the Organization;
- To regularly report all the activities of the Committee to the Board of Directors.

The Risk Superintendency (SURIC) is the unit responsible for managing the BMG financial conglomerate's capital as well as the assessment of potential impacts on the capital arising from risks associated with non-financial companies that are part of the consolidated economic financial group.

Quantitative data regarding regulatory capital requirements as well as compliance with the capital requirements provided for in the regulations in force can be seen in "Note 3 - Capital requirements and limits of fixed assets."



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1.2 Credit Risk

Banco BMG's operating strategy is focused on the Retail segment, offering efficient credit solutions for different client profiles.

As a result, the main credit products are: Payroll Loan Credit Card, BMG Em Conta (direct debit personal loans) and BMG Empresas (Companies). The Bank furthermore keeps open the possibility of developing other products that show growth and profitability potential.

The credit policies specific to each product are established based on internal and external factors, taking into account the economic environment and the risk appetite profile of the institution.

Among the most notable internal factors are: portfolio quality, margins, rates of return, the company's goals and targets; external factors: variation of the client's' capacity to pay due to an economic slowdown, inflation, unemployment, crises, etc.

The credit award process is based on an assessment of the risk x return of the operation, establishing limits to clients according to their degree of exposure to risk and verification of the reported registration data. As part of the assessment, credit bureaus may be consulted to assist in the decision and risk classification of the client.

The monitoring of credit policies is conducted through regular performance reports that, presenting variations (improved or worsening performance), will indicate a possible need for review, adapting to the new dynamics.

1.3 Market Risk

The shareholders and directors of the BMG Conglomerate are cognizant that the effective management of this risk, coupled with an effective control based on best practices and operational tools, ensures that the institution is adequately capitalized and secure, and is aware of its advantages and disadvantages in terms of returns and risks.

It also considers that all the hierarchical levels of the institution have roles and responsibilities in relation to the management of market risk in its activities, for the effectiveness of controls.

The management area uses practices and technologies for daily measurements and monitoring of defined limits, sensitivity and stress to fluctuations in foreign exchange exposure, interest rates, stock and commodity prices, even forecasting the risks inherent in new activities and products, adapting the necessary controls and procedures.

The BMG Prudencial Conglomerate is conservative regarding exposure to market risk, establishing limits for positioning in certain markets and products, and limiting losses resulting from fluctuations in market values, with daily monitoring of these limits carried out by an area independent of that of the position manager.

The Market Risk management area monitors compliance with limits and distributes management reports about the control of the positions, as well as reports and regular presentations, to senior management.

In addition to verification of compliance with the established limits, the results of the measurements involving normal and stress situations and the running of compliance tests are disclosed through the Monthly Market Risk Letter to the full Executive Board and the Assets and Liabilities Committee.

1.4 Liquidity Risk

Liquidity risk management aims to keep structured control systems in line with the institution's operating profiles. They are periodically reassessed to allow ongoing monitoring of positions taken in all financial and capital market operations, to highlight and mitigate the liquidity risk arising from its activities.



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Liquidity risk is defined as the occurrence of imbalances between tradable assets and liabilities - "mismatches" between payments and receipts - which may affect the institution's payment capacity, taking into consideration the different currencies and settlement terms of their rights and obligations.

The BMG Conglomerate is concerned about liquidity risk management, delegating the monitoring mission to suitably qualified professionals with the necessary knowledge for effective control and meeting the requirements of regulatory bodies, in consonance with the principles established by the Basel accord.

Liquidity risk management shall ensure that risks affecting the achievement of the institution's strategies and objectives are continuously assessed. Internal controls should be reviewed to appropriately cover new or previously uncontrolled risks.

1.5 Operating Risk

The BMG Conglomerate believes operational risk management is essential to maximize the efficient use of capital and choice of business opportunities, thereby ensuring the adequate understanding of the risks associated with its business activities, so that no event may adversely interfere with identifying and dealing with the objectives to be achieved.

To this end, the response to risk comprises avoidance, accepting, mitigating, sharing or transferring the risk within the established parameters and evaluation of the cost/benefit ratio.

It also takes into account that the responsibility for risk management should be exercised by all employees, regardless of their hierarchical level, who must express concerns when they identify control breakdowns or violations of the rules defined by the BMG Conglomerate.

The strategy is characterized by the monitoring of all known and potential risks of the institution and service providers, aiming at the implementation of appropriate controls, considering the cost / benefit of each item evaluated, according to the risk classification.

All risk events that lead to an effective operating loss must be controlled to facilitate identification of typical occurrences and accompanying documentation, both for senior management's administration purposes as well the provision of information to the supervisory authorities.

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1.6 Sensitivity Analysis

In compliance with CVM Normative Instruction 475, Banco BMG carried out a sensitivity analysis for relevant market risk factors.

Financial instruments are segregated in the trading and banking (non-trading) portfolios, such as in the management of the market risk exposure, in accordance with the best market practices and with the classification criteria of operations and capital management of the BACEN Basel III new standardized method. The banking portfolio consists of commercial and structural operations arising from the Group's various lines of business and possible hedges. Therefore, the entire Group portfolio to be analyzed for market risk is classified as banking.

The summary table below shows the effects of changes in prices in the projected scenarios and does not necessarily reflect the current position, due to the dynamism of the market and the Group's activities.

Stress tests provide an indication of the potential volume of losses that could arise from extreme market situations. For the non-trading portfolio, stress tests are performed by the Risk area.

Risk Factors	Definition	Scenario		
		Scenario 1	2	Scenario 3
Foreign currency	Exposures subject to exchange variation	(261)	(654)	(1,307)
Interest rate in reais	Exposures subject to pre-fixed interest rate changes	(12,270)	(30,675)	(61,351)
Foreign exchange coupon	Exposures subject to variation of coupon rates in foreign currency	4,511	11,277	22,553
IPCA/IGPM	Exposures subject to price index coupon rate variation	15,740	39,351	78,701
Total		7,720	19,299	38,596

The Group's financial instruments are classified as Banking Portfolio. They consist of credit operations, instruments for raising funds to finance the loan portfolio, securities classified as Available for Sale and derivative financial instruments intended to hedge other operations classified in this portfolio (assets or liabilities).

The identified risk factors:

Interest curve – loss due to price variations due to changes in the fixed interest rate in reais;
Foreign exchange coupon – loss due to changes in price due to changes in the domestic interest rate for operations indexed to the exchange rate variation;
Exchange – loss arising from changes in price due to changes in any currency.

Assumptions for risk factors

Scenario	Interest curve (pre) and Currency Coupon Curve	Foreign Exchange
1	Parallel offset + 100 basis points	Increase of 10%
2	Parallel offset + 250 basis points	Increase of 25%
3	Parallel offset + 500 basis points	Increase of 50%



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- Scenario 1 represents a parallel shock of 100 basis points (+1%) on interest and exchange coupon curves plus a 10% shock on exchange rates.
- Scenario 2 represents a parallel shock of 250 basis points (+2.5%) on interest and exchange coupon curves plus a 25% shock on the exchange rates.
- Scenario 3 represents a parallel shock of 500 basis points (+5%) on interest and exchange coupon curves plus a 50% shock on the exchange rates.

* * *

Marco Antonio Antunes
(Chief Executive Officer)

Paulo Augusto de Andrade
(Chairman and Specialist Member of the Audit Committee)

Damiana Abreu da Silva
CRC - 1SP251315/O-1
(Accountant in Charge)



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STATEMENT OF THE DIRECTORS ABOUT THE FINANCIAL STATEMENTS

In compliance with the provisions of art. 25, item VI of the Securities and Exchange Commission Instruction No. 480, of December 7, 2009, Banco BMG S.A.'s Directors hereby declare that, according to their cognizance of the matter, they reviewed, discussed and agreed with the Bank's Financial Statements for the quarter ended March 31, 2020.

CHIEF EXECUTIVE OFFICER AND INVESTOR RELATIONS OFFICER

In compliance with the provisions of art. 25, item V of the Securities and Exchange Commission Instruction 480/09, the directors of the Bank BMG S.A., HEREBY DECLARE that they have reviewed, discussed and agreed with the interim financial statements referring to the quarter ended March 31, 2020 disclosed on this date, as well as that they had reviewed, discussed and agreed with the opinions expressed in the report of the independent auditors PricewaterhouseCoopers - Auditores Independentes, for the quarter ended March 31, 2020.

São Paulo, May 07, 2020
Executive Officers
Marco Antonio Antunes
Flávio Pentagna Guimarães Neto