

**Rating Action: Moody's rates BMG's subordinated notes Ba3**

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**Global Credit Research - 29 Jul 2010**

New York, July 29, 2010 -- Moody's Investors Service assigned a Ba3 long-term foreign currency debt rating to the US\$250 million subordinated notes issued by Banco BMG S.A. (BMG). The notes are due August 2020, and are eligible for Tier 2 capital treatment upon regulatory approval. The outlook on the rating is stable.

The rating agency noted that the subordination of the notes was taken into consideration by applying a one notch differential to BMG's Ba2 global local currency deposit rating as per Moody's notching convention.

The principal methodologies used in rating Banco BMG were Moody's "Bank Financial Strength Ratings: Global Methodology" and "Incorporation of Joint-Default Analysis into Moody's Bank Ratings: A Refined Methodology", published in February and March 2007 and available on [www.moodys.com](http://www.moodys.com) in the Rating Methodologies sub-directory under the Research & Ratings tab. Other methodologies and factors that may have been considered in the process of rating this issuer can also be found in the Rating Methodologies sub-directory on Moody's website.

Banco BMG is headquartered in Belo Horizonte, Brazil, and had total consolidated assets of R\$10.77 billion (US\$6 billion) and equity of R\$2.2 billion (US\$1.2 billion) as of June 30, 2010.

The last rating action on Banco BMG was on November 5, 2009, when Moody's rated the bank's existing US\$300 million Tier II subordinated notes due in 2019.

The following rating was assigned to the US\$ 250 million subordinated notes due 2020:

Ba3 long-term foreign currency subordinated debt rating, stable outlook

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