
**ANNUAL
REPORT**

SUDAMERIS

2019



Our Mission

“We are a Bank that integrating capabilities of our collaborators and directors in order to render products and services contributing to the sustainable develop-ment of our clients”

Our Vision

“To be a multiple Bank, of persons and companies, focused on the comprehensive relationship with our clients”

Corporate Values

- Commitment
- Professionalism
- Team work
- Social Responsibility



SUDAMERIS 1960

CONTENTS

Board of Directors	8
Executive Staff	9
Call to Ordinary General Shareholders Meeting	10
<hr/>	
Report	
Paraguay: Economic Activity	13
Global Overview	38
Regional Overview	48
News and Launchings	53
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Balance Sheet	
Presentation Of Results General Manager	65
Financial Statements	75
Independent Auditors' Report	II
Notes to the Financial Statements as of December 31, 2019 and 2018	VIII
Report from the Syndic	XLIX
Indicators	L
Branches	LX

OUR BOARD OF DIRECTORS



CONOR McENROY
President
Ex Swiss Bank Corporation
ABN AMRO



SEBASTIEN LAHAIE
Vice-President
CEO Abbeyfield Group,
Ex ABN AMRO and HSBC



GARRET KENNEDY
Director
Financial Director,
Abbeyfield Group.
32 years of experience
Ex AIB Bank plc Ireland and
United Kingdom



ROLAND HOLST
Director
Masters degree in Economy,
PHD in Public Policies
Member of Board of Directors, Bladex
Ex Titular Member of the Board of
Directors, Banco Central del Paraguay
Ex Head, Fixed Income Research,
State Street Global Markets



LISARDO PELÁEZ
Director
Ex Deputy Director General
Banco Santander



NANNO KLEITERP
Director
40 years experience, Development
Finance
President of Green Fund
President, EDFI
Ex CEO FMO



RAFAEL LOPEZ FRACCHIA
Director
Ex Country Managing Partner at
Consultant firms:
Arthur Andersen Paraguay, and
Ernst & Young Paraguay



JORGE ROJAS
Syndic
External Auditor
30 years of experience, former
Partner, Coopers & Lybrand
Ernst & Young

EXECUTIVE STAFF

JOSÉ JERÓNIMO NASSER ORTIGOZA General Manager

JOSÉ LUIS MÓDICA ALSINA Head, Operations, Administration and IT

RAMÓN MARCELO ESCOBAR JIMÉNEZ Manager, Financial Control

CARLOS OSVALDO CANESSA VIEDMA Manager, Corporate Banking

EDUARDO RODOLFO MORÁN Manager, Personal Banking and SMS

MARTHA ELIZABETH ROCHA YALUK Manager, Human resources

FRANCISCO ALBERTO OLIVERA MULLIN Manager, Treasury

OMAR ABDEL FERNÁNDEZ SOSA Risks Manager, Corporate banking

PATRICIA ROSA PACHECO CÓRDOVA Risks Manager, Personal Banking and SMS

ROBERTO NICOLÁS RAMÍREZ BARBOZA Manager, Internal Audit

JUAN MANUEL CAMERON FRUTOS Manager, Compliance

NATALIA CAROLINA DUARTE HOUDIN Manager, Legal Advisory

GLORIA MARÍA GONZÁLEZ ARRIOLA Manager, Operational Risks

CALL TO ORDINARY SHAREHOLDERS MEETING

Ordinary General Shareholders Meeting.

Asunción, April 03, 2020

In accordance with what is prescribed in Articles 9 and 10 of the Corporate Bylaws, the Shareholders of SUDAMERIS BANK SOCIEDAD ANÓNIMA EMISORA DE CAPITAL ABIERTO, are called to the Ordinary General Shareholders Meeting that will take place on Friday, April 28, 2020, at the hour 10.30, single call, at the headquarters of the Bank, located on Independencia Nacional St., corner with Cerro Corá Street, of the city of Asunción, in order to consider the following **Agenda:**

1.

Consideration of the Board of Directors' Annual Report, General Balance Sheet, Profit and Losses Account, Report from the Syndic, Proposal on the distribution of Earnings, and Remunerations of the Board of Directors and of the principal and substitute Syndics, corresponding to the fiscal year closed as of December 31, 2019;
2.

Establishing of the number of Directors, election of the President, Vice president and other members of the Board of Directors; and of the principal and substitute Syndics, for the fiscal year corresponding to 2020, and their remunerations;
3.

Designation of two shareholders to sign the minutes of the Meeting.

Note:

In order to attend at the Meetings, Shareholders must deposit at the offices of the Bank, with an anticipation of at least three working days to the date set for the meeting to take place, their shares, nominative or bank certificates accrediting their holdings. The Bank will deliver the necessary receipts that will serve for admission to the meetings.

REPORT TO THE ORDINARY GENERAL SHAREHOLDERS MEETING

Asunción, April 28, 2020

In accordance with the legal and statutory norms governing our activity, we present for your consideration the Inventory, General Balance Sheet, Profit and Losses Account, Report from the Syndic, and this Report, corresponding to the period closed as of December 31, 2019.

As it is customary in this Report, we present a quantitative and qualitative review of the most relevant aspects of the Paraguayan economy during year 2019.

We present the initiatives that the Bank has developed during the period facing the Community.

Finally, we exhibit the results and outstanding aspects of operations at our Entity.

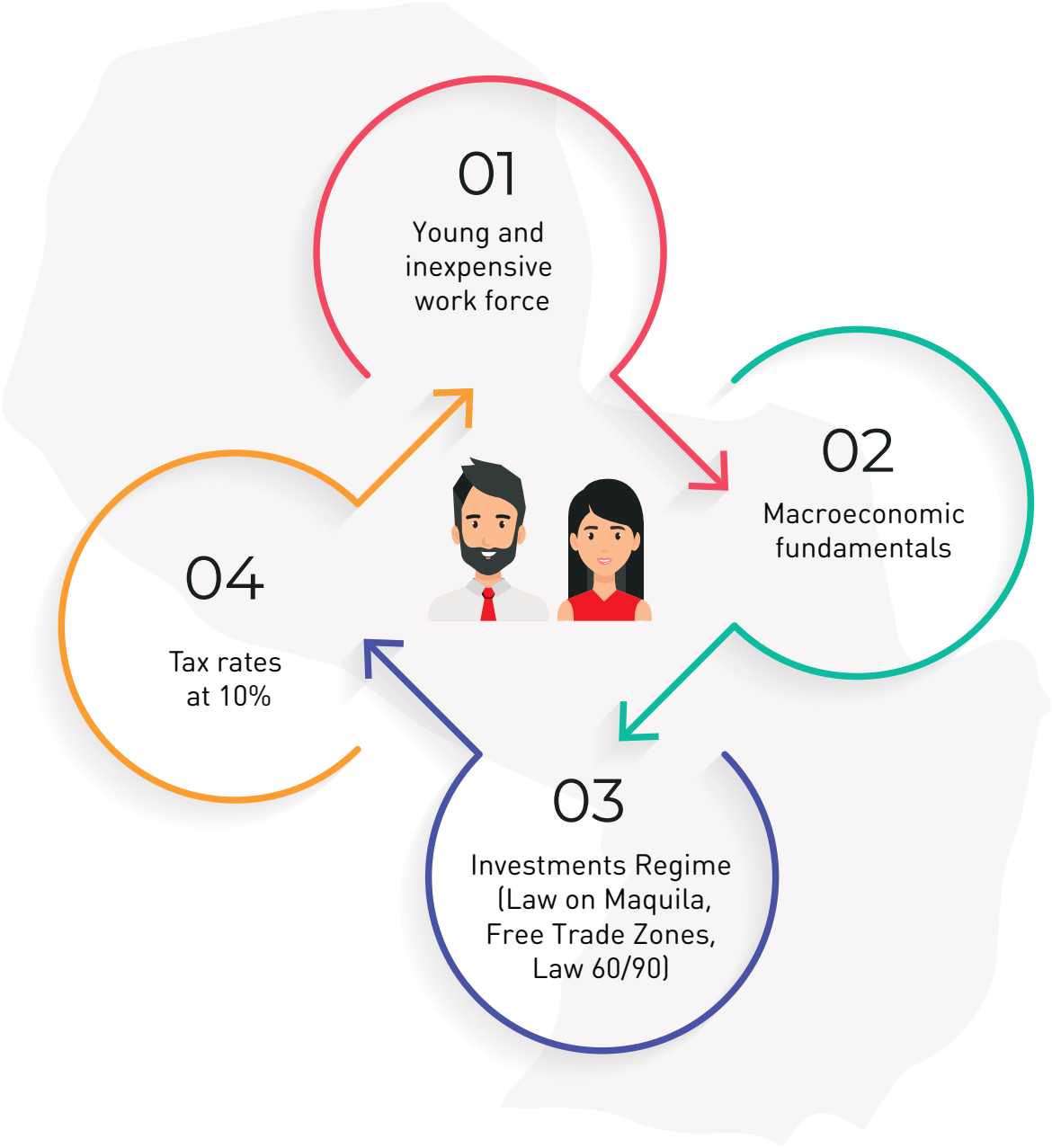
**The President of the Board
of Directors.**



PARAGUAY

ECONOMIC OUTLOOK
ECONOMIC ACTIVITY

WHAT IS ATTRACTIVE ABOUT PARAGUAY



ECONOMIC ACTIVITY IN PARAGUAY

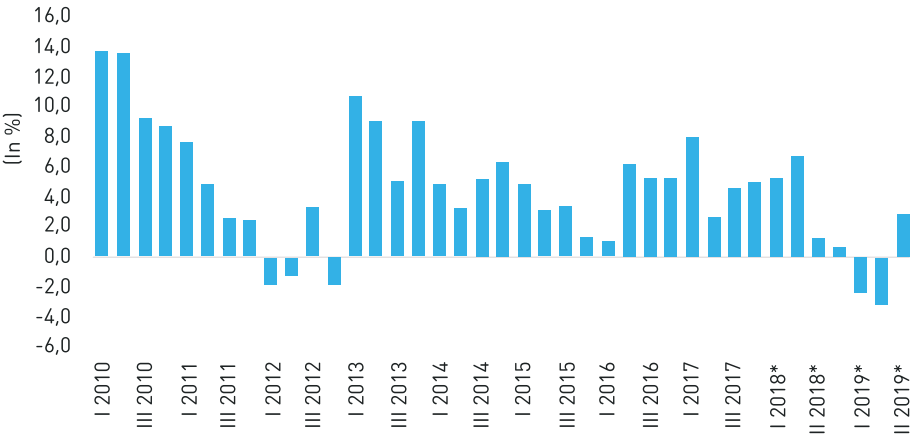
The Paraguayan economy characterized itself at the international level as one of the strongest economies in the last few years, showing sustained increase for six consecutive years, from 2013 to 2018, and with an average growth rate of 4.2%.

The growth outlook for year 2019 has changed. According to data from the Banco Central del Paraguay (BCP), the country's production presented consecutive decreases during the first and second half of the year, of -2,5% and -3,2%, for each quarter. During the third quarter, GDP reached inter annual growth of 2,8%, and thence it is quite possible the GDP for 2019 will close at around 0%.

The 2019 results are explained in the adverse climatic conditions during the first semester of the year, principally the draught at the beginning of the year, and the excessive rains during the second quarter: these had a negative impact on the production in agriculture, cattle ranching, electricity and water, and on industry. On another hand, and considering the weight of border trading for the local economy, the external situation in Argentina and Brazil were also not favorable for our GDP. On the side of demand of goods and services, the sectors most impacted were exports, and investments.

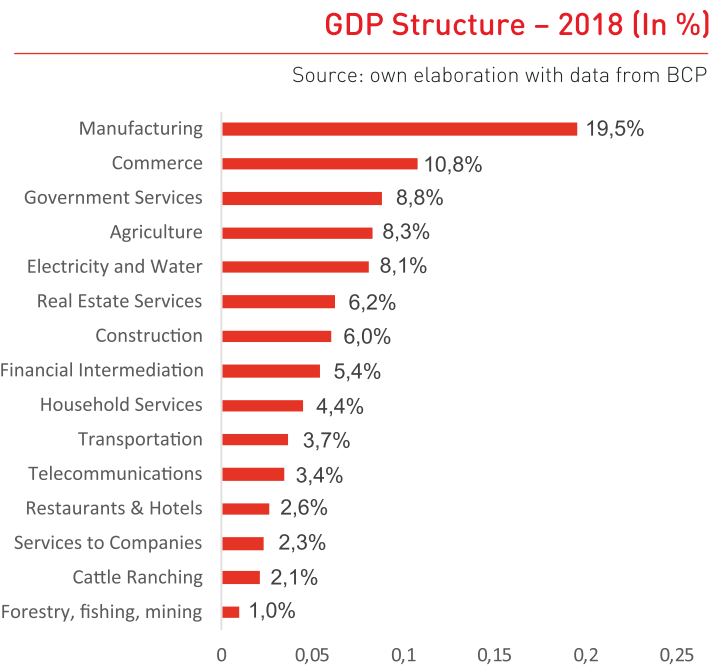
Quarterly evolution of GDP

Source: data from Banco Central del Paraguay (BCP)
(*) Provisional data



In terms of sectors, GDP during the third quarter showed a decrease in production in Agriculture (-10,3%), electricity and water (-9,8%), manufacturing (-2,5%). On the side of demand, exports were negative with (-2,2%), Investments (-8,1%) and Consumption, which recorded a growth of 1,6%.

In what refers to the whole of 2019, BCP estimates for the primary sector a decrease of -4,7%, and for the secondary sector -2,4%, while the third sector expects growth of around 3,3%.



Branch office
Encarnación



AGRICULTURE

The 2019 agricultural campaign was affected by climatic conditions.

According to information from CAPECO, the soybean production was of 7,8 million tons below the 10,2 million tons of 2018, with a yield of 2.216 Kg/ha., albeit the area planted was of 3.544.245, above the 3.400.000 has of 2018

With regards to the production of Wheat, the same reached 1,2 million tons below the volumes of 2018, with a yield of 2.800 Kg/has in an area planted of 430.00 has.

Closing of 2018/2019 season

Source: Ministry o Agriculture and Cattle Ranching (MAG)

CROPS	SURFACE HAS.	PRODUCTION TONS.	YIELD KG/HA
Soy (*)	3.565.000	8.520.350	2.390
Corn (*)	1.085.000	5.576.900	5.140
Cotton	18.000	27.000	1.500
Manioc	188.000	3.384.000	18.000
Wheat	485.000	1.358.000	2.800
Beans	72.800	65.250	900
Sugar cane	103.000	5.819.500	56.500
Peanuts	25.000	21.250	850
Sunflower	28.000	39.200	1.400
Rice, with irrigation	162.000	1.069.200	6.600
Tobacco	3.500	7.175	2.050
Sesame	40.000	24.000	600
Tártago	5.320	6.065	1.140
Canola	40.000	60.000	1.500
Stevia	3.100	3.720	1.200
Yerba mate	25.200	126.000	5.000
Total production in Tons		26.107.610	

Preliminary estimates, subject to changes.
Agricultural season runs from July 1, 2019 to June 30, 2020.
(*) Includes Soybeans at Zafra y Zafriña (Harvest and second harvest)

On the side of Corn, the same achieved record production, reaching 5,0 million tons, with a yield of 5.672 Kgs/ha in an area planted of 430.00 has.

The products with the outmost importance in the country are Soybeans, Corn, and Wheat. Paraguay also had production in Sugar cane, rice, sesame, and manioc.

Performance of the principal Agricultural items

Source: PwC, with data from the Paraguayan Chamber of Cereal and Oil seeds Exporters (CAPECO)

SOYBEANS

	2016/17	2017/18	2018/19	Var. %
Tons	10.336.144	10.262.575	7.854.600	23,5%
Hectáres	3.388.709	3.400.000	3.544.245	4,2%
Redim. Kg/Ha.	3.050	3.018	2.216	-26,6%

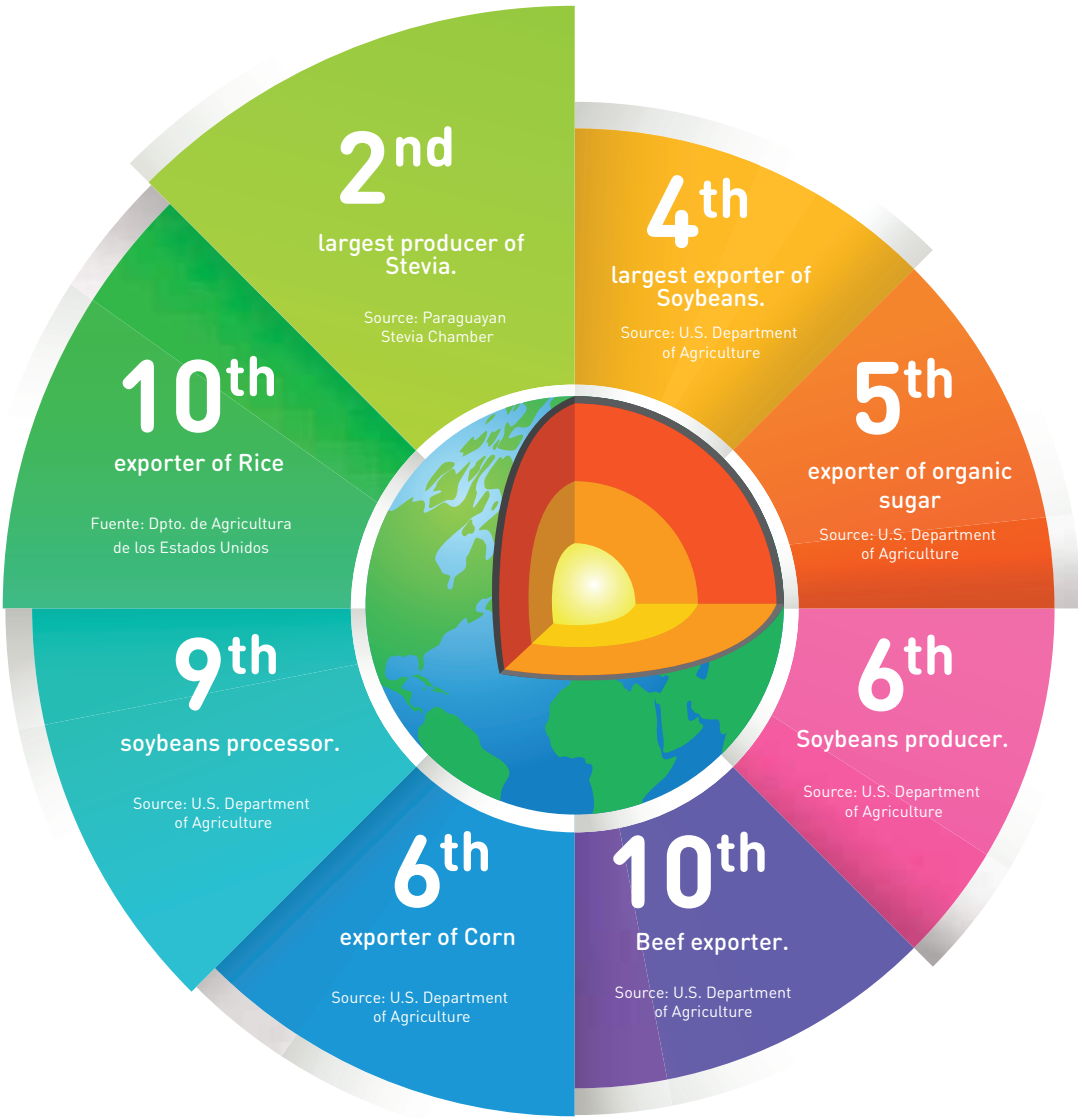
CORN

	2016/17	2017/18	2018/19	Var. %
Tons	4.125.000	4.600.000	5.019.586	9,1%
Hectáres	750.000	925.948	884.963	-4,4%
Redim. Kg/Ha.	5.500	4.968	5.672	14,2%

WHEAT

	2016/17	2017/18	2018/19	Var. %
Tons	700.000	1.261.000	1.204.000	-4,5%
Hectáres	428.648	485.000	430.000	-11,3%
Redim. Kg/Ha.	1,633	2.600	2.800	7,7%

Paraguay outstands globally in areas such as Soybeans, Corn, and Sugar cane, Sesame, Stevia, among others.



CATTLE RANCHING

Cattle ranching presented negative figures for the second consecutive year in 2019.

According to the BCP estimates, the decrease was of -0,5%, while that of 2018 had been of -3,2%. Cattle is grown principally for exports of beef, which were consequently affected in terms of volumes exported.

In terms of sectors, the production of cattle is concentrated in the departments of Presidente Hayes and Boquerón, followed by Alto Paraguay, San Pedro and Concepción.

(*) Includes Buffalos

Data as per First Vaccination period (against Foot & Mouth Disease), 2019.
Source: DIGESETC - SENACSA

2019

Holders of Cattle, and Bovine population registered by department, year 2019

Department	Holders	Establishments	Bovine population (*)
Description			
Concepción	14.069	12.126	1.104.572
San Pedro	25.021	20.276	1.277.697
Cordillera	4.144	3.465	218.558
Guairá	1.165	3.591	140.328
Caaguazú	12.508	10.391	555.459
Caazapá	8.434	6.905	308.731
Itapúa	11.608	10.455	411.326
Misiones	8.242	5.632	454.330
Paraguarí	9.530	7.487	442.721
Alto Paraná	3.749	3.654	193.597
Central	1.613	1.430	51.063
Ñeembucú	11.898	6.909	535.828
Amambay	2.240	1.623	923.581
Canindeyú	7.562	6.267	667.754
Oriental Region	124.783	100.211	7.285.545
Pte. Hayes	7.435	4.067	2.456.265
Alto Paraguay	2.290	1.167	1.783.454
Boquerón	3.993	2.884	2.276.729
Occidental Region	13.718	8.118	6.516.448
Total	138.501	108.329	13.801.993

Source: Banco Central del Paraguay (BCP)

Slaughtering

Year	Number of animals
2019	1.791.079
2018	1.896.937
Var. %	-5,6%

Source: Banco Central del Paraguay (BCP)

Beef exports

Year	Thousands of USD	Tons
2009	578.980	191.609
2010	919.411	225.494
2011	751.212	154.384
2012	795.570	196.937
2013	1.059.193	257.758
2014	1.369.856	310.789
2015	1.180.638	303.481
2016	1.156.056	313.342
2017	1.215.033	306.498
2018	1.179.564	300.610
2019	1.093.261	291.014
Variation %	-7,3%	-3,2%
Variation in numbers	-86.303	-9.596

OTHER SECTORS

In spite of the fact that the global performance of the Economy was not as good as that of previous years, some sectors were able to show growth according to the estimates of the BCP, albeit with lesser dynamisms compared with previous years.

Construction, Transportation, Telecommunications, the financial sector, restaurants and hotels, household services, services to companies, presented growth. The Services sector has achieved growth of 3,3% , below that of previous years: in 2018 it was growing at a rate of 5,0% and in 2017 at 5,3%.

In the secondary sector, part of the Industry depends on the Agricultural production, and in this sense, the production of derivates of soybeans also presented decrease in millings, soybean oils, flours, etc.

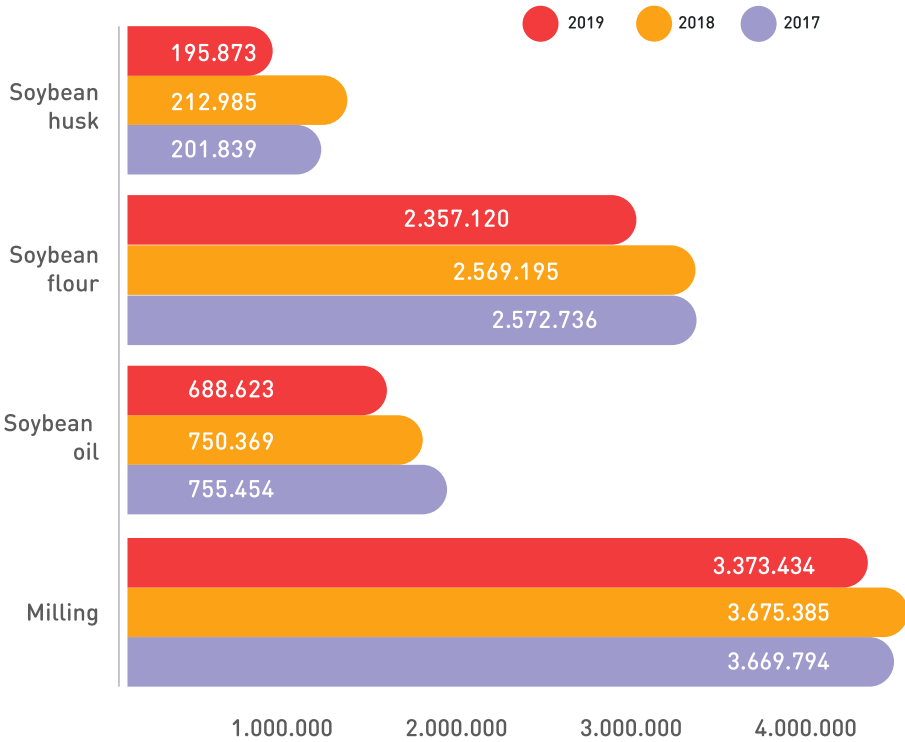
Source: Economic Studies, Statistics depart, Real sector,
(*) Preliminary figures subject to review
(**) Projection

Evolution of Gross Domestic Product
By area of Economic activity
Variation in %

Economic sector	2016	2017	2018	2019*	2020**
Agriculture	2,9	7,9	2,2	-6,2	5,0
Cattle ranching	5,1	2,9	-3,2	-0,5	1,2
Forestry, fishing, mining	2,7	-1,7	1,1	-0,7	0,0
Primary sector	3,3	6,0	1,1	-4,7	3,8
Manufacturing	4,6	6,2	2,4	0,9	4,6
Construction	8,7	3,5	0,3	0,5	3,7
Electricity and Water	10,3	-2,5	1,9	-8,0	2,5
Secondary Sector	6,8	3,5	1,9	-2,4	4,0
Commerce	1,9	10,6	7,4	-2,3	3,1
Transportation	4,7	7,8	1,4	0,7	4,0
Telecommunications	0,6	5,5	5,1	5,9	4,0
Financial intermediation	4,1	0,4	3,9	5,5	5,0
Real Estate Services	6,2	4,7	3,3	3,0	3,5
Services to companies	6,8	3,8	3,0	3,5	4,1
Restaurants and Hotels	4,5	6,8	8,0	6,0	6,0
Household services	3,5	5,6	7,3	7,5	6,1
Government services	-0,9	1,6	4,3	6,5	4,0
Services Sector	2,8	5,3	5,0	3,3	4,2
Gross Value Added	4,3	4,7	3,4	0,3	4,1
Taxes on Products	4,5	8,1	3,3	-0,5	4,0
GDP at Consumer prices	4,3	5,0	3,4	0,2	4,1

Production of Soybean derivatives, in tons

Source: Paraguayan Chamber of Oil seed and Cereal Processors



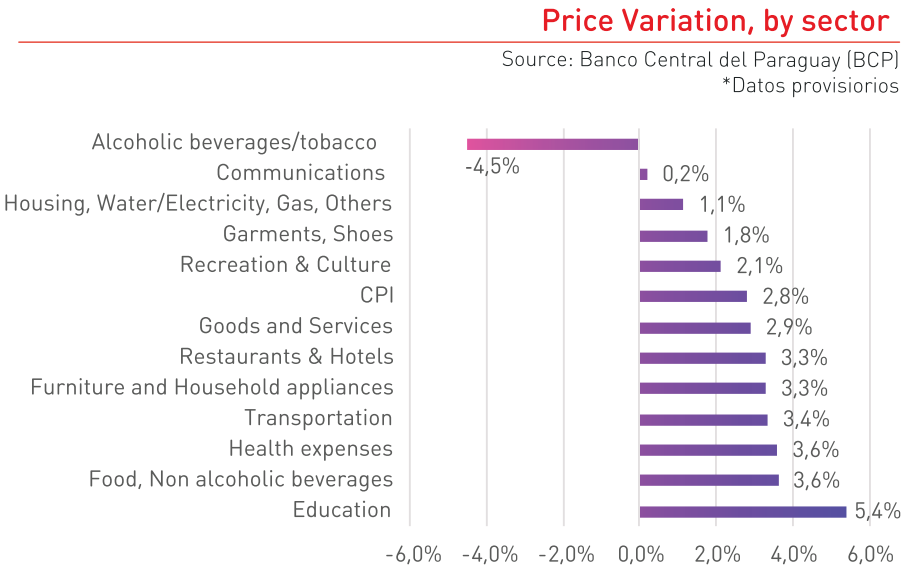
Branch office
España



PRICES

Variation of Prices, measured by the Consumer Prices Index (IPC), was of 2,8%; Inflation was below the level of 3,2% presented in 2018. It is worth mentioning that the BCP works with Inflation targets of 4% (+/-2%).

Part of the lower dynamics in prices was caused by the lower internal demand. In terms of sectors, there outstand increases presented in Education, Foods, Non Alcoholic beverages, and Health Expenses.



Branch office
Villa Morra



THE FOREIGN EXCHANGE RATE

Foreign exchange rate. The exchange rate begun 2019 in the retail market at an average of 5.984 Gs. / US\$, above the one recorded in the month of December, 2018.

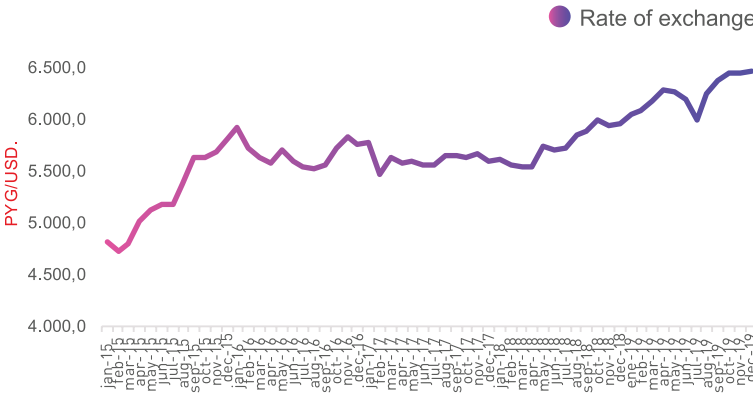
After that, February experienced rates averaging 6.000 Gs./US\$. With the smaller soybeans crop, the income of foreign exchange was lower than that of the same period of the previous year, with an impact in the prices of the U.S Currency, and the U.S. dollar on average reached values of 6.099 Gs./US\$ in June. By the end of the year, the average appreciation was of 6,8%.

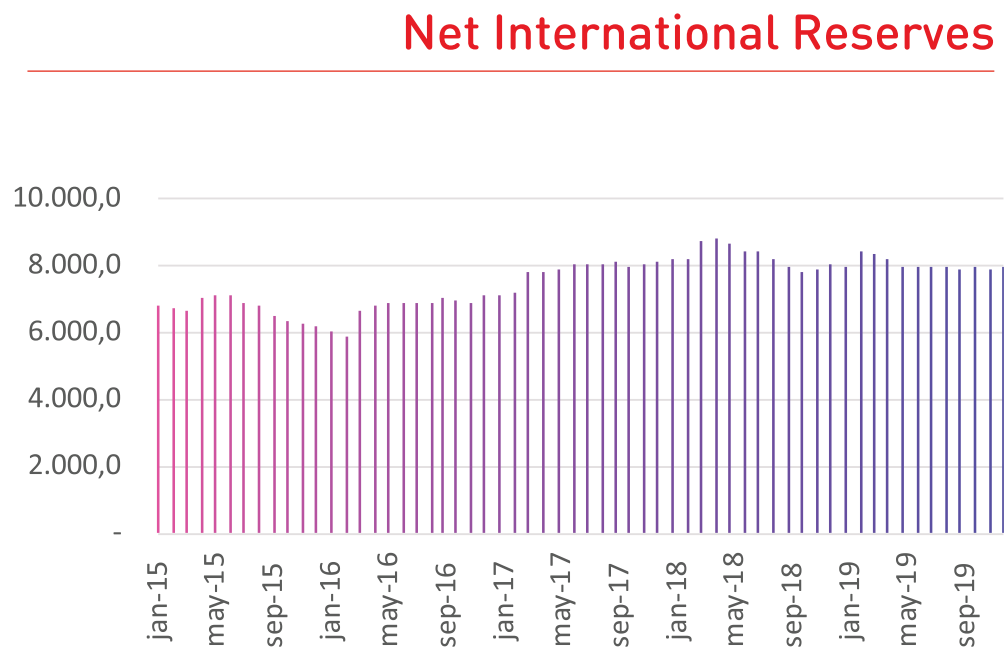
The price of the U.S. currency was affected by lower income under the concept of exports, not just of soybeans, but also of the principal export items, which experienced lower incomes. On the other side, the lower dynamics of the economy also signified pressure on the demand of U.S. dollars for imports.

Net International Reserves (RIN). Historically, the Net International Reserves (RIN) have reached US\$ 8.840 million, providing Paraguay with a solid external position. With these reserves, the capability of the BCP to reduce volatilities in the foreign exchange rates in case of external shocks is augmented. By December of 2019, the RIN reached US\$ 7.996 million.

Evolution of the U.S. Dollar

Source: Banco Central del Paraguay (BCP)





Branch office
Santa Rita





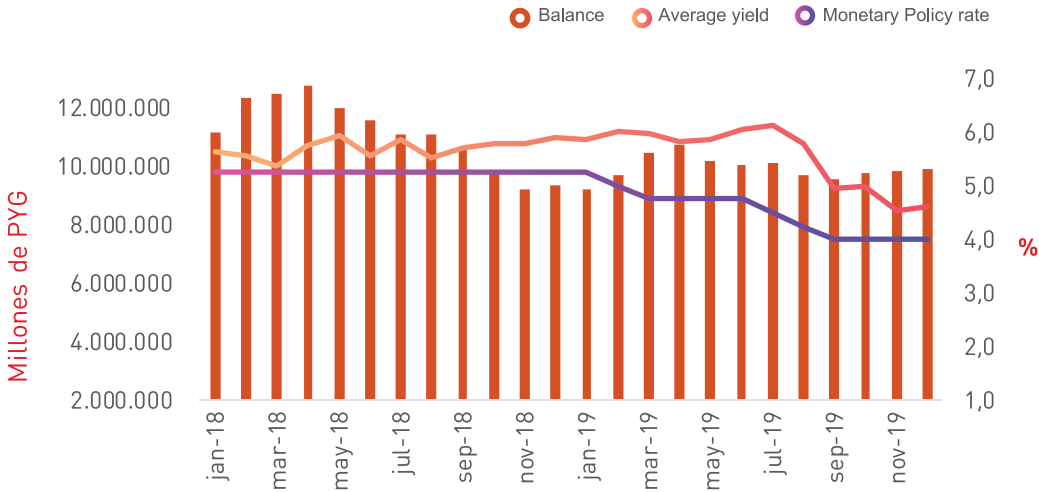
MONETARY

In terms of Monetary Regulation Drafts, the balance as of December was of about Gs.10 trillion, above the balance as of December of 2018, when it was of about Gs. 9,3 trillion.

The increase is explained in the dynamics of credit, as the institutions opt to place their funds at the BCP in spite of the average yields. With regards to monetary policy, the same closed December at 4,0%, presenting a downwards trend during 2019, with 3 modifications thorough the year.

Monetary Regulation Instruments

Source: Banco Central del Paraguay



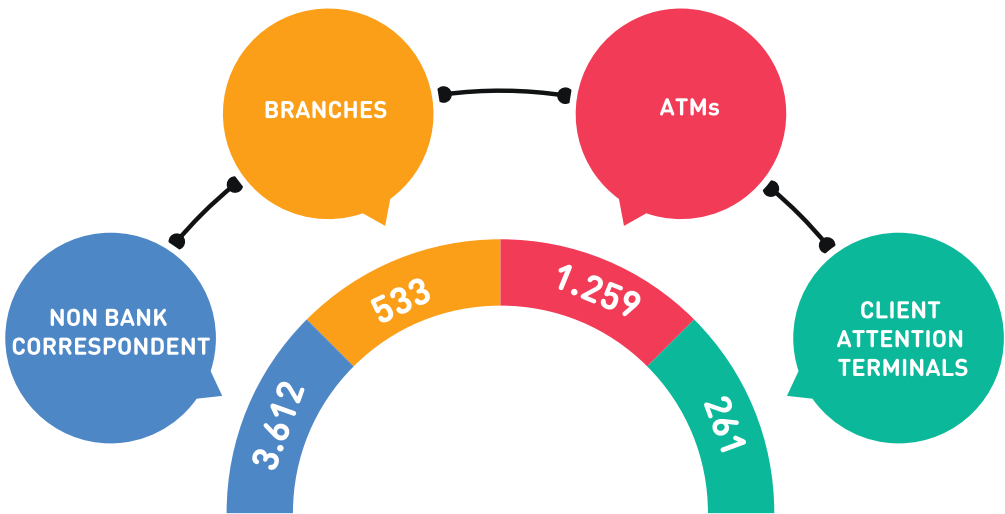
BANKS

As of December, 2019 the banking system was comprised of 16 banks, of which three entities were direct foreign branches, and four entities were banks with a majority of foreign ownership, nine banks were owned locally, and there was one state owned bank.

The total of deposits at banks as of December of 2019 was of approximately Gs. 90,7 trillion, while credits to the private sector reached the amount of Gs. 88 trillion. Overdue loans reached an average of 2,85%, where the levels of overdue loans in Consumption were of 4,77%, and in Commerce, lower than 3,53% the two were the highest ones.

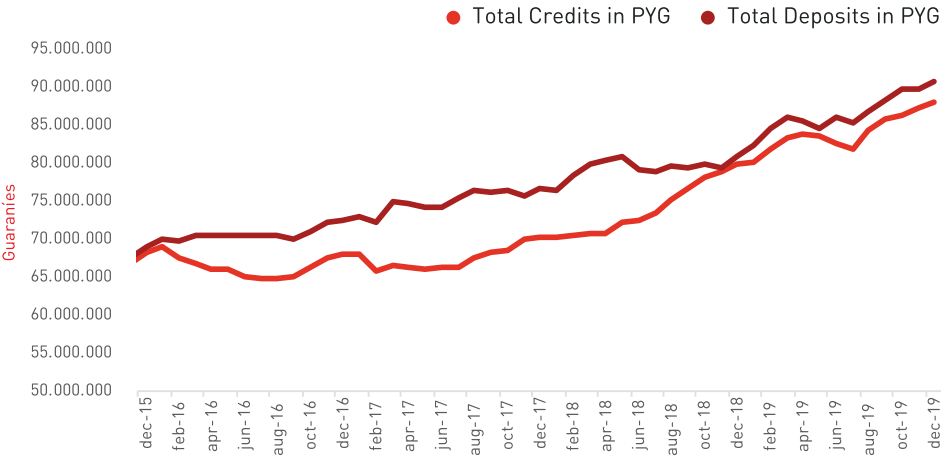
Private Banks (*)

(*) Includes bank access data from BNF
Source: Banco Central del Paraguay



Credits and Deposits in the Banking System

Source: Banco Central del Paraguay



Branch office
España



FOREIGN TRADE

Exports totaled around USD12.300 million as of December 2019, below by -9,8% when compared with USD 13,7 million under the concept in 2018

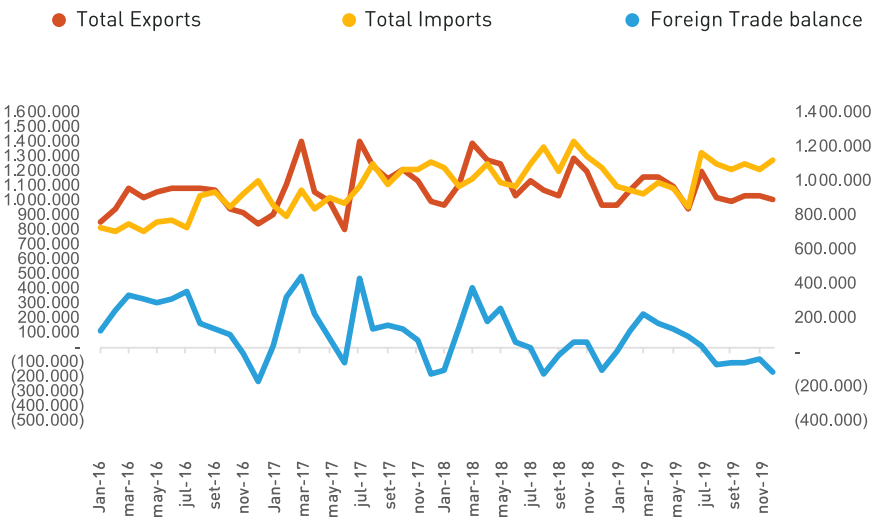
Imports totaled USD 12,2 million , a figure also below the USD 12,9 million of 2018. With these data, the result of the foreign trade was positive, with USD 812,9 million.

A classification of exports by products observes that soybeans, soy oil, soy flour, beef, sugar and electricity, presented decreases in comparison with exports during 2018, while exports related with the maquila regime presented increase, such as the case of plastics, clothes, and textiles, among others.

On the side of imports, consumer goods decreased by -10,1%, imports of intermediate goods decreased by -10,6% and finally, imports of capital goods grew by 3,8%.

Foreign Trade Balance, in thousands of USD

Source: Banco Central del Paraguay



THE FISCAL SECTOR

With regards to Public Finances, the continued recovery of economic activity is reflected in the increase of tax revenues, which by December 2019 grew 14,1% with respect to 2018.

The principal source of revenues of the Central Administration are tax revenues, which grew by 9,9% versus 2018. In the last few years, fiscal revenues is not sufficient to pay for expenses (both current expenses, and capital expenses) and in this manner, in 2019 the fiscal deficit increased, reached -2,8%, according to preliminary data published. 2019 was an exception regarding the Law on Fiscal Responsibility, and the public deficit needed to be authorized.

Ranking agency	Calificación	Perspective	Latest review
Standard & Poor's	BB	Estable	13-jun-19
Moody's	Ba1	Estable	13-jun-19
Fitch	BB+	Estable	5-dic-19

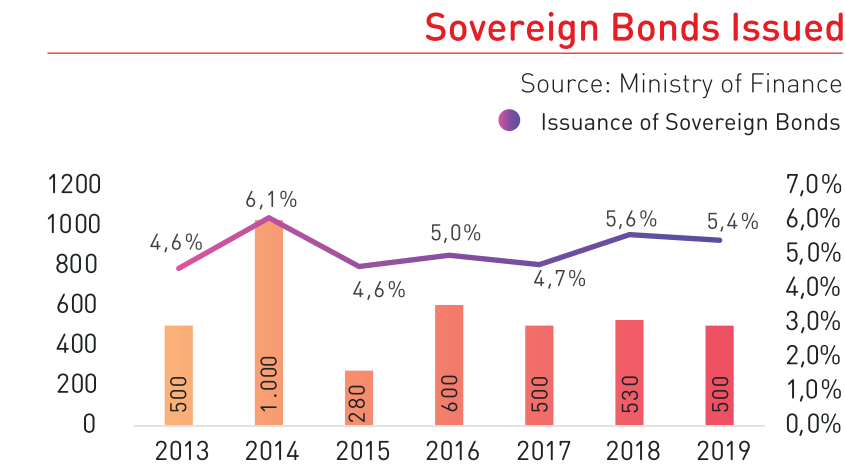
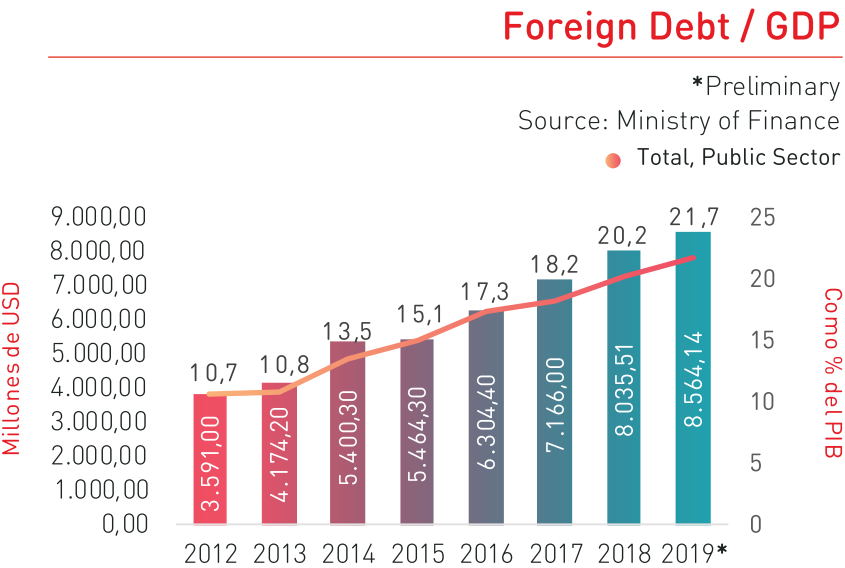
Branch office
Villa Morra



PUBLIC DEBT

The preliminary level of indebtedness of the Paraguayan economy was of 21,7% , where foreign indebtedness bears the most weight.

Paraguay is very close to reaching a rating of Investment grade, and it has historically achieved excellent rates in different issuances.



PERSPECTIVES OF THE PARAGUAYAN ECONOMY IN 2020:



At the global and regional levels, better results are expected compared with those reached during 2019

- o Principally for Brazil with its respective impact on the local economy.
- o Argentina would not yet achieve results that may help, principally in terms of local commerce.



The climatic conditions are optimal so far, and some specialized entities are even talking about record production in soybeans.

- o Very much related with the agricultural production, is the industrial sector, depending on the raw material of agricultural origin.
- o Favorable climatic conditions will also favor the construction sector.
- o With this outlook, we would expect positive results in terms of GDP, and the BCP estimates growth of 4,1%.



In terms of inflation, it is expected that the same will end within the targets of the BCP, (4%+/-2%).



In terms of foreign exchange rates, having a record production of soybeans, in spite of international prices trending downwards, it is expected that the income of foreign exchange above the volumes of the previous year during the first half, and then the demand for US Dollars will in-crease during the second half of the year, when importers begin preparations for year end.



The Fiscal Reform that became into effect this year continues to represent an incentive for foreign investment

and adding to this the young and inexpensive work force and the economic fundaments, make Paraguay a good destination for investments.

Attention
Elite Branch
Villa Morra





THE GLOBAL
OUTLOOK

THE WORLD’S
ECONOMY

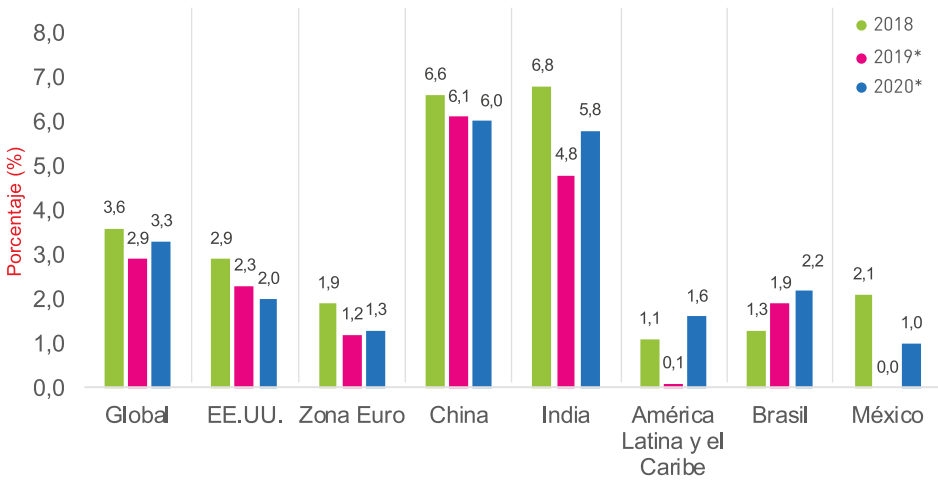
The world’s economy showed signs of deceleration during 2019; the principal international organizations reviewed their estimates for Global GDP downward, and the International Monetary Fund forecasted growth of 2,9%, below the figure of 3,6% for 2018. Among the principal factors affecting the performance of the economies, there outstand the trade tensions between U.S.

And China, affecting the supply chains, the production, trade and investment levels globally as customs barriers were imposed. Manufacturing in the principal developed and emerging economies suffered, given the uncertainty about the negotiations that took place thorough the year, and internal structural problems in each economy or region, which experienced levels below those of previous years. Some signals about partial agreements appeared by the end of 2019, bringing release to the markets. Geo political tensions and idiosyncratic issues in each country pushed the global performance downwards. The economies in the E.U., The Euro zone, and China, which are the engines for global growth, have suffered from such issues, making the monetary authorities decide to relax financial conditions by means of a lowering of rates,

seeking to stimulate credit and consumption, taking into consideration that inflation rates were below the targets set, and this allowed for a certain margin of maneuver.

Global Economic Growth

Source: International Monetary Fund
* Estimates



U.S.A.

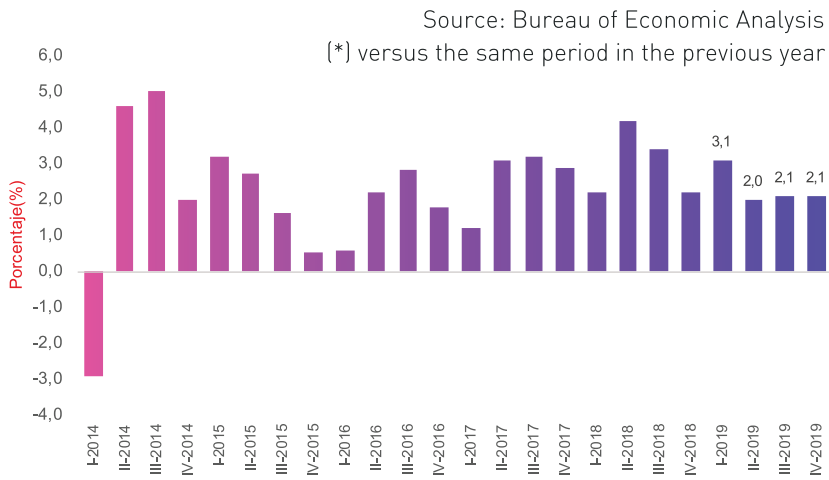
Economic activity in the U.S. reached 2,1% in the last quarter, closing 2019 with a growth rate of 2,3% according to data from the Bureau of Economic Analysis (BEA) ,lower than the 2,9% registered in 2018.

A stable growth rate was observed, albeit below the figures as of the beginning of the year, and this showed the difficulties suffered by certain sectors in the U.S. economy, affected among other factors, by the trade tensions with China and the uncertainty generated by negotiations that were showing little progress, and geo political tensions.

In this context, Consumption (which represents 70% of the U.S. economy) grew by 2,6%, Private Investment grew by 1,8%, Government expenses by 2,3%, and in the international trade sector, imports grew by 1% and Exports were unchanged (0,0%): All of these figures were below the ones of 2018.

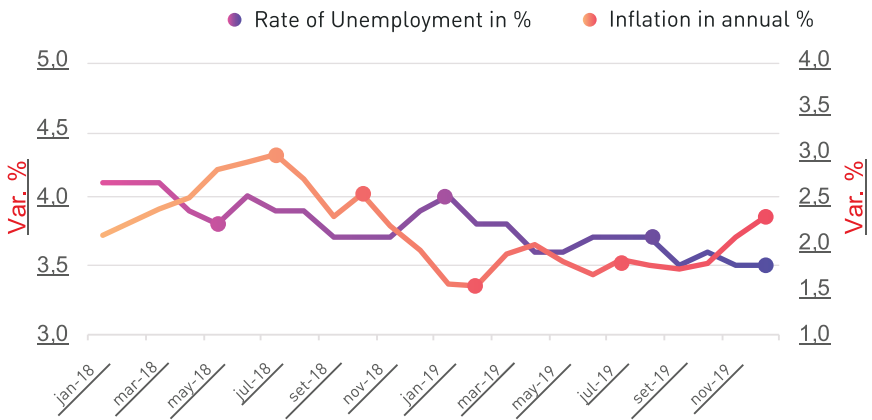
In the last quarters, a deceleration was observed in the principal sectors, being Consumption, Exports, and Imports, the ones that were affected the most. Unemployment closed 2019 at a rate of 3,5%, the lowest level in 50 years according to data from the Bureau of Labor Statistics: in December, 145.000 new jobs were created, closing the year at 2,1 million jobs created, or below the figure recorded in 2018.

Evolution of Quarterly GDP in the U.S. (*)



Inflation & /Unemployment in the U.S

Source: Bureau of Statistics of Labor



The Federal Reserve decided to cut its reference rates in three opportunities during 2019, to a range of 1,50% and 1,75% , this, as a measure in front of the deceleration observed and the moderate growth of the economy. Inflation was stable and with space to reach the target of 2%, which was slightly exceeded, closing the year at 2,3%.

With regards to the Dollar, the U.S. currency strengthened as a decrease in global risks was observed, principally regarding the trade war and stronger confidence in the U.S. economy.

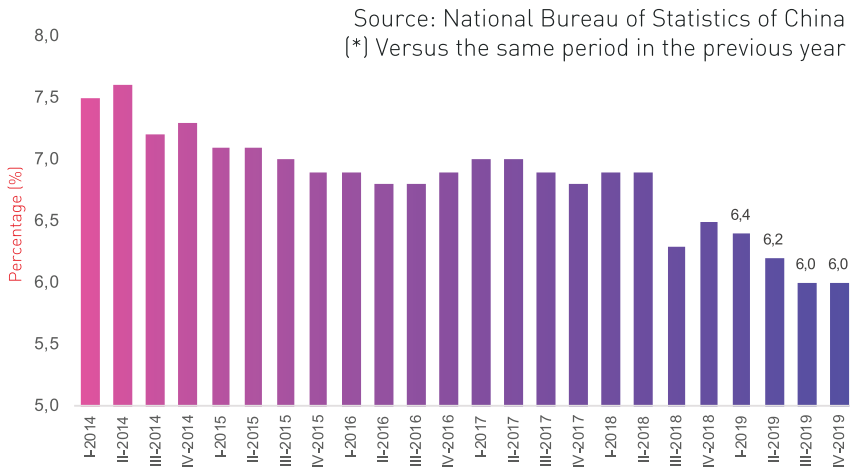
Economic activity in the U.S. reached 2,1% in the last quarter, closing 2019 with a growth rate of 2,3% according to data from the Bureau of Economic Analysis (BEA) ,lower than the 2,9% registered in 2018.

CHINA

Economic growth in China slowed down in the last quarters: the fourth quarter closed with an increase of 6%, and growth for the whole of 2019 was of 6,1%, according to data from the National Bureau of Statistics of China.

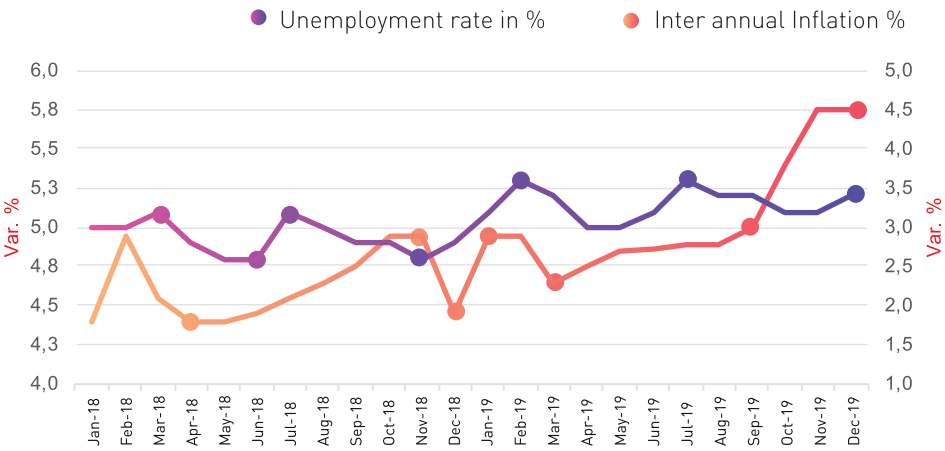
The figures remain within the expectations of the Chinese government. Economic activity was shaken by the commercial tensions emerging with the U.S. since the second quarter of 2019, but partial agreements by the closing of the year brought certain release to the Chinese economic agents, and globally, as well. In order to face the deceleration, the Asian authorities took a series of measures among which there were lowering rates and injections of liquidity, to stimulate consumption and reinforce certain sectors.

Quarterly Evolution of GDP in China (*)



Inflation and Unemployment – China

Fuente: National Bureau of Statistics of China



Urban Unemployment reached 5,2%, above the percentage recorded in 2018. On another side, retail sales were growing at a lesser rhythm versus previous months, and the Consumption sector grew at a rate of 8%, below the increase of 9% in 2018. Inflation reached 4,5% by the closing of 2019.

In this context, the Primary sector grew by 3,1%, the Secondary sector by 5,7%, and the Third sector by 6,9%.

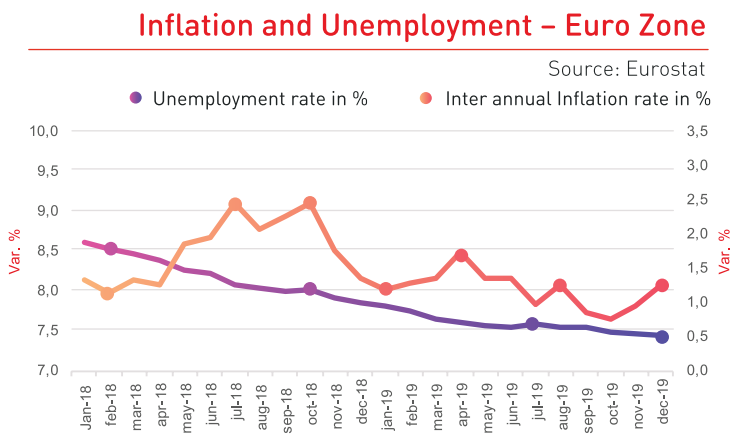
Economic activity was shaken by the commercial tensions emerging with the U.S.

EUROPE

Regarding the Euro Zone, the slowdown of the economic activity was a constant: during the fourth quarter, GDP grew by 0,1% versus the previous quarter, and closed 2019 at 1,2%; the principal economies in the zone were showing a deceleration similar to the one at the global level, thus activity contracted in France and Italy, and was stagnant in Germany.

The effects of geo political tensions around Brexit and the future of relations between the EU and the United Kingdom, as well as the trade war, generated uncertainty in the countries within the community. Industrial production fell by -2,1%, principally due to decrease in the same sector in the three main economies: Germany, France, and Italy. This, in front a weak external demand, which meant for weak economic growth for the community as a whole.

Unemployment fell to 7,4%, a figure that is below the one recorded in 2018, although it remains a high levels in comparison with other developed economies.

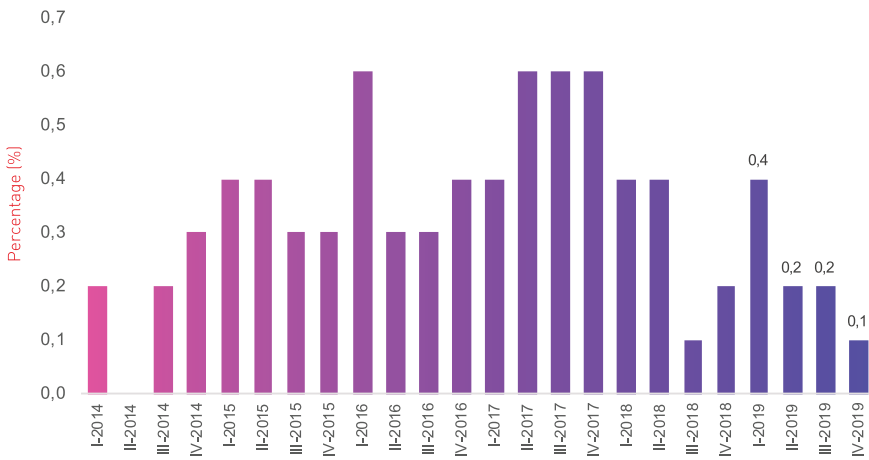


The European Central Bank maintained its expansion polity, and flexed the same even more as from the second semester, in response to the deceleration in economic activity,

The European Central Bank maintained its expansion polity, and flexed the same even more as from the second semester, in response to the deceleration in economic activity.

Evolution of the Quarterly GDP – Euro Zone

Source: Eurostat



Center of attention
Plaza Jesuitica





The Head
Office



THE REGIONAL
OUTLOOK

ARGENTINA

Economic activity remains being negative, according to data from the National Statistics and Census Bureau - Instituto Nacional de Estadísticas y Censos (Indec): during the third quarter of 2019, GDP contracted by -1,7% versus the same period of the previous year, reaching -2,3%, and the Monthly Economic Activity estimate registered -1,9% in November. The IMF estimates for 2019 indicated a decrease of -3,1%.

During the third quarter, a decrease was observed in global offer and demand: -4,4%. Also according to the Indec data, the largest decrease was observed in Manufacturing (-4,8%), retail commerce and repairs, (-5%) and financial intermediation (-8,5%) and Construction (-6,9%) being the sectors with the largest incidence.

Contraction in the economic sectors deepened in the last few quarters, balanced somehow by Agriculture, which recorded positive figures. The U.S. Dollar closed 2019 with a variation of 58,9% versus 2018, forcing the Central Bank to the application of foreign exchange controls that deepened as the year end became closer, and allowed for the reappearance of a parallel market due to the higher demand.

Inflation also worsened, and closed 2019 with an increase of 53,8%; the measures taken by the Central Bank, such as the consecutive increases in the rates of reference, did not contain the increase in the level of prices, which took authorities to exert stricter control in the prices of products

Evolution of Quarterly GDP – Argentina

Source: National Statistics and Census Bureau



BRAZIL

Economic activity in Brazil shows positive signals: during the third quarter of 2019, GDP grew by 1,2%, higher than in previous periods, and accruing moderate growth of 1%.

In an analysis of sectors, the third quarter of 2019 versus the same period of 2018, showed growth of 2,0% in Agriculture, while Industry did not record any progress (0,0%), and within the same, Construction accrues growth of 0,4%, while decreases are experienced in Extractive Industry (-0,9%), and in Transformation Industry (-0,5%), while the Services sector grew by 1,1%.

Private Consumption was one of the pillars of the growth in GDP, with 1,7%. Another sector registering growth was the Gross Capital formation, by 3%, and Foreign Trade, measured by Exports and Imports, rowing at a more moderate rhythm of 1,3% and 2,4% respectively.

Branch
Office Spain

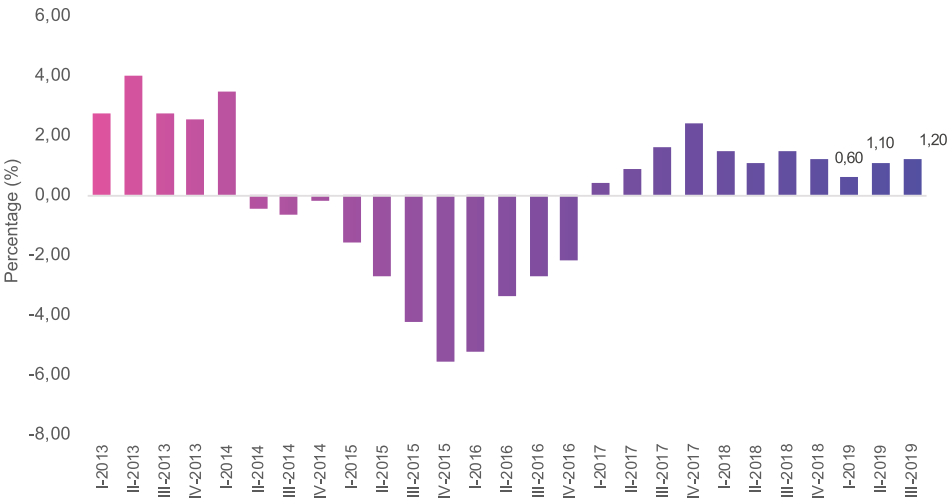


The measures taken by the new Government that begun at the beginning of 2019, included a reform in the Previsions system, and Privatizations to cut costs and decrease the Public Deficit, which were received positively by the markets. Within this context, the Central Bank reduced the rates of reference consecutively, closing 2019 at 4,5%.

The measure served as stimulus for Consumption, which grew, and economic activity in general, as Inflation remained moderate and below the target as established, closing 2019 at 4,31%. On another hand, the foreign exchange rate remained with an upwards trend, the result of trade tensions, aversion to risk and global uncertainty, which forced the intervention of the Central Bank. The Real was depreciating by -3,7% versus the closing of 2018.

Evolution of quarterly GDP – Brazil

Source: Brazilian Institute for Geography and Statistics (IBGE)





NEWS AND
LAUNCHINGS

SUDAMERIS | LEASING

Undoubtedly, one of the main aspects of 2019 was the launching of Sudameris Leasing, the first Leasing Company in Paraguay.

The corporation is comprised of eight most important dealers in the country, such as: Automaq, Cóndor, Diesa, Garden, Kurosu, Rieder, Tape Ruvichá and Toyotoshi. Through the company, entities and persons in general may have access through leasing, to products such as automobiles, trucks, agricultural or road machinery. The assets are acquired by Sudameris Leasing, and will be delivered to clients during the period contracted for their use, against payment of a monthly fee.

Upon the end of the term stipulated in the contract, the client may acquire the vehicle for a previously set price, or return the same to the leasing company. Besides tax and financial advantages, the leasing also grants administrative facilities, since it is Sudameris Leasing the entity that undertakes the purchase and associated details, positioning itself as the best alternative for the purchase and renewal of vehicles and machinery.

Launching of Sudameris Leasing





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The first leasing company in Paraguay

BRANCH AT MOLAS LÓPEZ AVENUE

During 2019, we proudly inaugurated the new branch located on Molas López Ave, and Julio Correa, in Asunción

A space prepared to render visitors with a great experience, and the best service.

The site has private parking space, a 24 hour lobby, a meeting room, and all facilities for personalized attention exceeding the expectations of all of our clients.

Branch at Molas
López Street



BENEFITS PROGRAM

The benefits platform for our credit card clients has consolidated as the amplest and most competitive in the market.

The offer has become a referral in the banking industry in Paraguay. Its differentiated features, based on the multiplicity of items and frequencies, contribute great value for clients who every day gain benefits in the usual and special consumption.

There are some clear examples, such as alliances developed together with Biggie, and Farmacenter, two of the country’s most important retail stores, affecting all of our clients in a very positive manner.


All items, All stores
All days of the week. Thorough the whole country .

Reimbursement in purchases of our customers



NEW WEB PAGE

2019 marked the launching of our new Web page

 sudameris.com.py

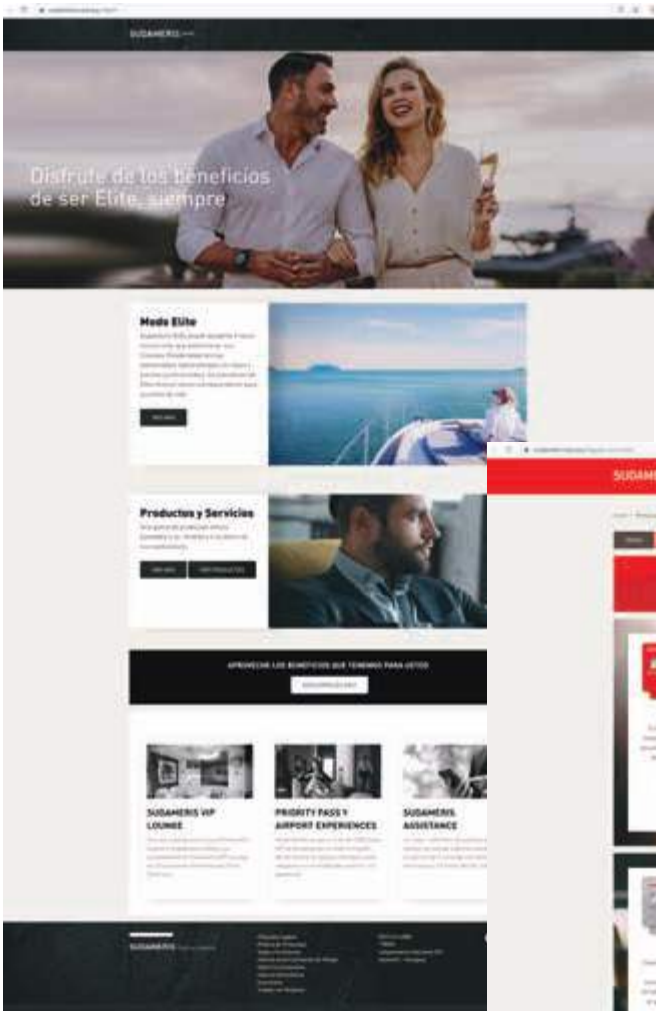
The new digital platform has a renewed design and user experience especially thought so that each one visit by our clients is in line with their expectations.

New functions, and a better distribution of information, constitute the most important aspects of this new digital support in communications with the Bank.

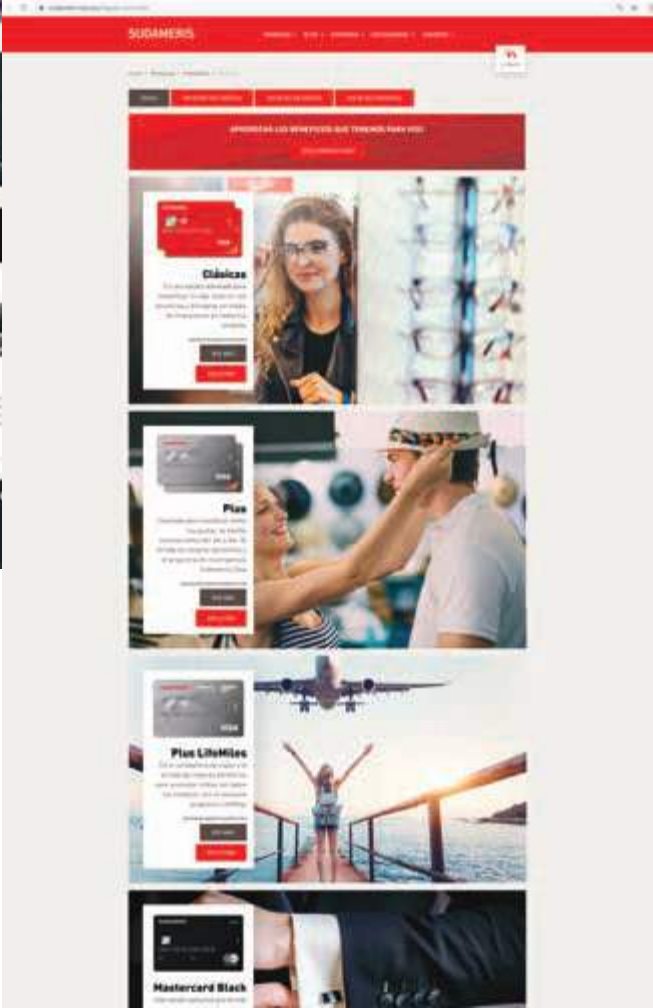
Responsive Web



Interface Elite



Interface Products





PRESENTATION
OF RESULTS
GENERAL MANAGER

DEAR SHAREHOLDERS

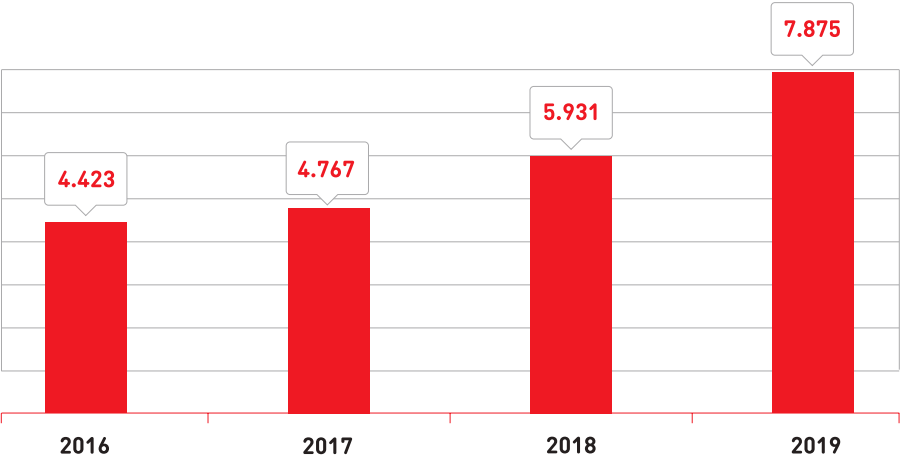
As all of you know, 2019 was a difficult year for the economy, and the country in general. Nonetheless, we may proudly state that for Sudameris, it was a very productive year, both in terms of growth, and process optimization, and in terms of good performance and results.

With regards to the scenario, we may mention that, after a series of good years, we had one that was not that good, above all because of the climate, which affected us with draughts and fires during the first half of the year, and with floods and river overflows during the second half, a fact that harmed both agriculture and cattle ranching. This had a repercussion in the growth of GDP, of just 0.2%, the lowest in the last six years, additionally affecting internal commerce, which was forced to reduce prices in order to remain alive within the crisis, and which closed the year with an inflation of only 2.8%.

In the specific case of Sudameris, we noticed solid growth in our assets and liabilities portfolios, with good attention to aspects such as efficiency, and earnings. In the case of the Commerce portfolio, we could observe growth of 33% versus 2018, a rate that is very much above the growth of the system, of only 11% in 2019.

Commercial portfolio

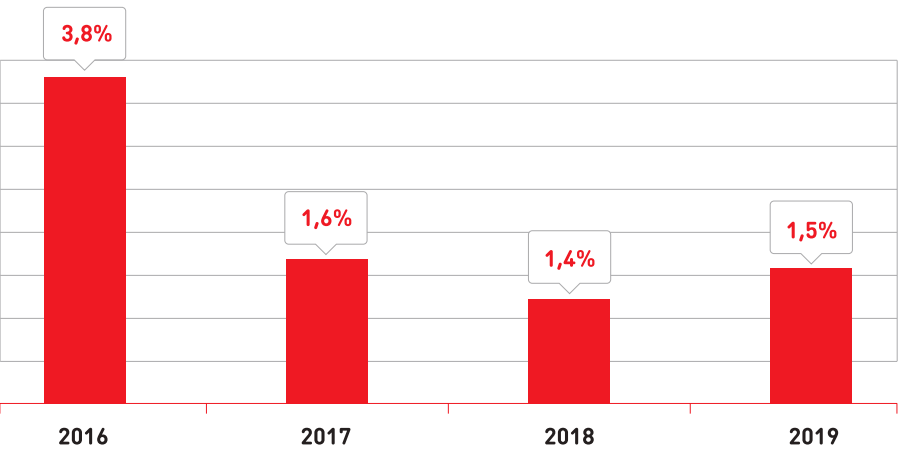
(In billions of Guaranes)



As was already mentioned, the growth in the commercial portfolio occurred while we took good care of other aspects, such as the levels of payments in arrears:

in spite of important growth in the placements portfolio that we experienced during the year, the level of loans in arrears remained at a level that was practically similar to that of the two previous years (1.5%), and well below that of the banking system, which closed 2019 with payments in arrears at a rate of 2.4%.

Loans in arrears of payment

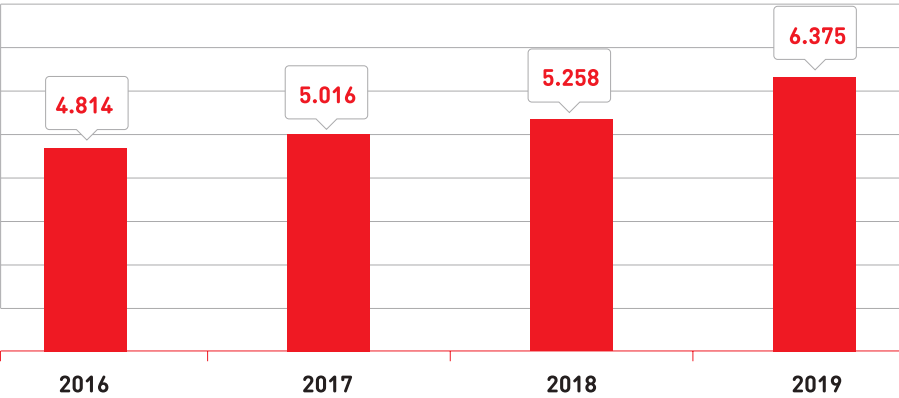


Our Liabilities portfolio, or funds received from depositors, also experienced relevant growth of 21% in 2019, well above the growth of deposits in the banking system, of 12%.

In this manner, Sudameris remains firm in the fifth place in the banking system, in terms of the size of portfolios, both in assets and liabilities.

Deposits

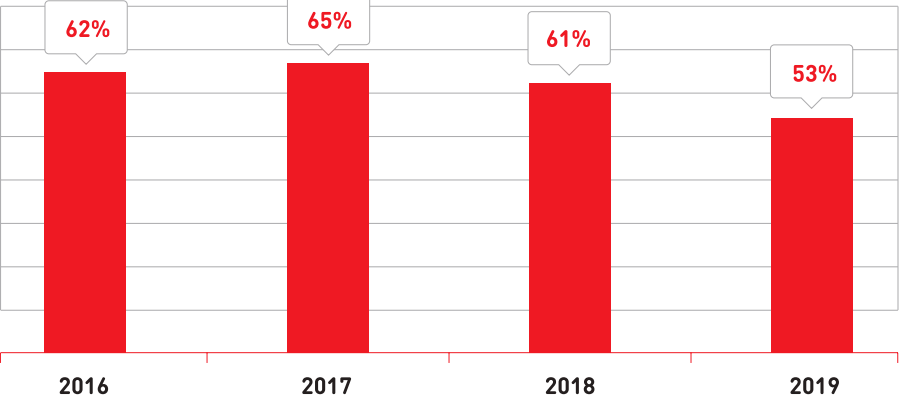
(In billions of Guaraníes)



In terms of operational efficiency, we were able to take one more step towards the strategic goal, and considerably reduced the index thanks to the work performed both

in terms of larger income generation, and the containing of expense, thus aiming to continue improving the index in the following years.

Operational Efficiency

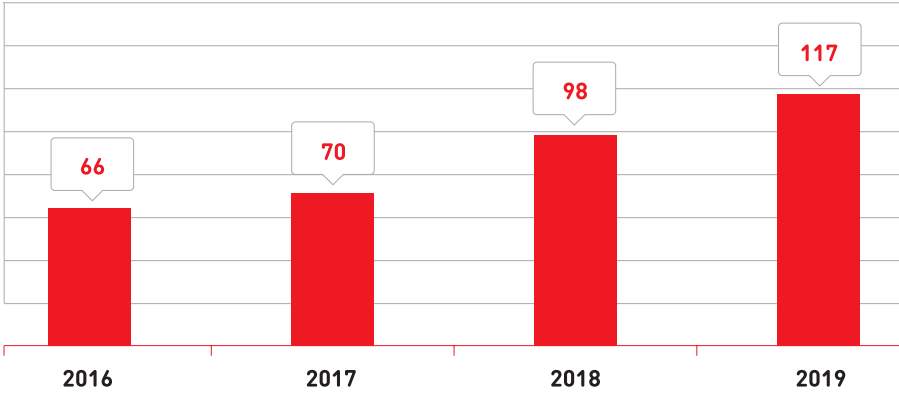


Finally, total earnings for the fiscal year, and the indicator of earnings over equity, are indicators that show the result of

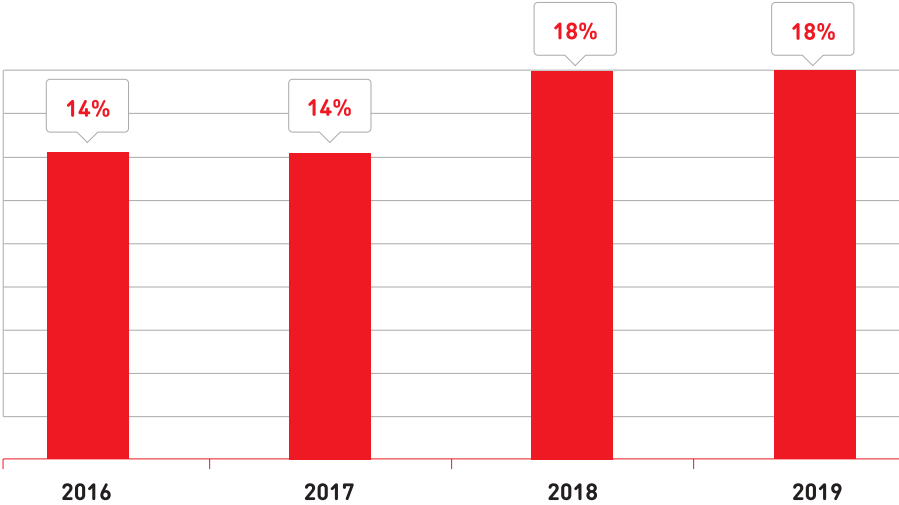
healthy growth the bank had in 2019 thanks to the work it is undertaking and which is oriented to replication in the next fiscal years.

Fiscal year Earnings

(In billions of Guaraníes)



Earnings over Equity



RELEVANT FACTS WHAT WERE GIVEN DURING 2019

And which are about the bank’s commitment with its clients and collaborators, and the consolidation we are achieving in following our strategic planning.



Issuance of Subordinated Bonds, for an amount of USD 40 million.

These issuances took place in two instances of USD 20 million each, the first one at the beginning, and the other one, at the end of 2019, and they allowed us to balance the bank’s growth in 2019, and even in 2020, in accordance with the growth in our budget. It is worth to clarify that the issuances were all placed in the domestic market, at record rates and opportunities, thus demonstrating existing trust in Sudameris.



Increase in the shareholder participation by FMO

(Netherlands Development Finance Company), a development agency of the Government of the Netherlands, from 7.5% to 15% in our bank’s shareholding, which constitutes one more recognition, at the international level, on the performance and work done at Sudameris.



SUDAMERIS LEASING

One other sign of confidence in the local market was the opening of SUDAMERIS LEASING S.A.L.F., a new corporation integrated by Sudameris (51%) and eighth other important vehicle and machinery import and dealership companies. The new company becomes the first Financial Leasing company in Paraguay, providing a new financing option for the acquisition of vehicles and machinery, both for persons, and for companies.



Risks Ratings firm, Feller Rate

In October, we were glad to receive information from our Risks Ratings firm, Feller Rate, mentioning that our rating changed from AA- with a (stable) trend, to AA- with a (strong) trend, the result of our ongoing improvements in our performance and efficiency indexes, while maintaining a growth rhythm above the average in the system, and with good quality of assets, with sufficient coverage of previsions, and a demonstration of efficient use of capital.



Opening of the new Molas López branch

We saw the opportunity to enable one more branch to our network of branches, located at the corner of Avenida Molas López and Julio Correa, very close to the new corporate axis of the city. This branch also has the characteristic of being aimed at Elite segment customers, becoming an important tool for business development with that segment according to the bank’s strategy.



Business alliances

In line with the opening of the new Molas López branch, and in accordance with our strategic plans for growth in the Elite and Persons segments, in 2019 we continued with the alliance with Avianca airlines and the whole network of Star Alliance, by means of the Life Miles credit cards, which had begun in the previous fiscal year. Now, we added new alliances, representing important benefits for our clients.

One of such alliances is the one achieved with the Biggie Express mini markets, with great acceptance and growth in our market, with a network of 70 sites and in process to reach 120 sites.

One other important alliance was executed with the Farmacenter drugstores network, with an important reach in our market with over 100 pharmacies thorough the country.



Benefits

Besides alliances with specific brands, the bank implemented for its clients a series of unprecedented benefits consisting in discounts and interest-free payments in installments for all purchases made with Sudameris credit cards at all dealers, of any brand, in the following items:



Bars



Restaurants



Coffee shops



Movie theaters



Gourmet stores



Barber shops, beauty parlors, Spas



Travel Agencies



Jewelry stores



Clothing stores



Gas service stations



Vehicle work shops



Household stores (furniture, decoration)



Activities

Paddy’s Day

In terms of activities performed by the bank, we may mention the Paddy’s Day (Saint Patrick’s Day), a traditional Irish holiday when our bank, in homage to its roots, organizes every year, inviting clients, employees and everyone interested to participate, and share a happy evening in following Irish customs and traditions, such as clothing, music, foods, and beverages.

Museum Evening

The bank also supported other activities with a rich cultural content, such as the “Museum Evening”, and different ballet performances presented during the year.

Integration

We must also mention that the bank organized other integration and friendship activities with the families of collaborators of Sudameris, such as the celebration of:

Labor day,

Sports Olympics

The New year party

Christmas with the family

We may finally summarize that during 2019, and in spite of the context, and thanks to the hard work, commitment and dedication of all the people comprising the bank we were able to close a great year, of growth and consolidation, and achieving all goals and a good basis to face the challenges of 2020.



STATE FINANCIAL

DECEMBER 31, 2019 AND 2018



Independent Auditors ´ Opinion

February 27, 2020.

To the President and Directors of
Sudameris Bank S.A.E.C.A.
Asuncion, Paraguay

We have examined the enclosed financial statements of **Sudameris Bank S.A.E.C.A.** (the Entity), which include the Patrimonial Situation Statements as of December 31, 2019 and 2018, the corresponding Results, Equity Evolution and Cash Flows statements for the fiscal years closed as of such dates, and a summary of significant policies and other explanatory notes.

Management ´s Responsibility regarding the financial statements

Management is responsible for the preparation and adequate presentation of the mentioned financial statements in accordance with the accounting policies, valuation and risk classification criteria and the norms for presentation issued by the Banco Central del Paraguay. This responsibility includes the design, implementation and maintenance of relevant internal controls related to the preparation and adequate presentation of the financial statements so that the same are free from material error due to fraud or error, the selection and application of appropriate accounting policies and the performance of reasonable accounting estimates in accordance with the circumstances.

Responsibility of the Auditor

Our responsibility consists in expressing an opinion regarding the mentioned financial statements based on our audit.

Scope

We performed our audit in accordance with auditing norms issued by the Council of Public Accountants of Paraguay, and with what is required by the manual of norms and regulations regarding independent audits prescribed by the Superintendence of Banks, Banco Central del Paraguay. Such norms require that we comply with ethical requirements and plan and execute the audit with the object of achieving reasonable assurance that the financial statements are free from material errors.



An audit comprises the performance of procedures in order to obtain audit evidence regarding the amounts and exhibits in the financial statements. The procedures selected depend on the auditor ´s judgment, including the assessment of risks of material errors in the financial statements due to fraud or error. In the performance of such risks assessments, the auditor considers the relevant internal controls related to the preparation and adequate presentation of the entity ´s financial statements in order to design audit procedures that are appropriate under the circumstances, but not with the purpose of expressing an opinion regarding the effectiveness of the entity ´s internal control.

An audit also includes the assessment regarding the adjustment of accounting policies applied and the reasonability of the accounting estimates made by the entity ´s management, as well as the evaluation regarding the general presentation of the financial statements. We consider that the audit evidence we have gathered is sufficient and appropriate to fundament our audit opinion.

Opinion

In our opinion, the enclosed financial statements reasonably present, in all important aspects, the patrimonial and financial situation of the entity as of December 31, 2019 and 2019, the results of its operations, the variations in Equity and the cash flows for the fiscal years closed as of such date, in accordance with the accounting norms, valuation and risk classification criteria and the norms for presentation issued by the Banco Central del Paraguay.



STATEMENT OF FINANCIAL POSITION AS OF DECEMBER 31, 2019 AND 2018

Presented comparatively with the previous fiscal year

(Expressed in Guaraníes)

ASSETS	NOTE	31/12/2019	31/12/2018
AVAILABLE FUNDS		1.280.576.878.204	1.013.063.676.865
Cash in hand		259.546.049.582	189.535.574.385
Central Bank of Paraguay	c.17	874.417.158.032	703.464.657.883
Other Financial Institutions		145.884.344.606	119.403.048.957
Debtors for accrued financial products		737.325.984	668.395.640
Allowances	c.6	[8.000.000]	[8.000.000]
PUBLIC AND PRIVATE SECURITIES	c.3	282.918.222.792	296.434.871.917
CURRENT CREDITS, FINANCIAL INTERMEDIATION FINANCIAL SECTOR	c.5.1	207.068.499.266	118.812.168.934
Other financial institutions	c.15.1 - c.5.2 - c.14	91.479.324.288	72.594.400.338
Operations pending settlement		115.042.184.661	45.188.450.050
Debtors for accrued financial products	c.5.1	546.990.317	1.030.625.382
Allowances	c.6 - c.5.1	-	[1.306.836]
CURRENT CREDITS, FINANCIAL INTERMEDIATION NON FINANCIAL SECTOR	c.5.2	7.614.564.537.296	5.739.668.650.318
	c.5.2- c.14	7.471.545.101.561	5.601.660.642.885
Loans – private sector	c.5.2- c.14	80.887.685.649	80.309.688.554
Loans – public sector		320.308.194	-
Operations pending settlement	c.5.2	[481.477.469]	[75.212.471]
Debtors for accrued financial products	c.5.2	117.775.749.889	90.362.212.823
Allowances	c.6 - c.5.2	[55.482.830.528]	[32.588.681.473]
OTHER CREDITS	c.5.5	70.846.548.475	86.023.592.249
CREDITS OVERDUE, FINANCIAL INTERMEDIATION FINANCIAL AND NON FINANCIAL SECTOR	c.5.3	60.136.859.837	32.200.414.072
Loans	c.15.1	117.115.969.551	80.964.098.690
Unrealized valuation earnings		[1.086.105.051]	[690.264.160]
Debtors for accrued financial products		4.652.183.523	2.646.673.525
Allowances	c.6	[60.545.188.186]	[50.720.093.983]
INVESTMENTS	c.7	295.490.455.525	277.222.922.278
Assets acquired in credit recovery		214.878.900.182	183.854.835.098
Private debt securities – rights and shares		92.477.227.415	92.526.115.240
Investments in other entities	b.4	16.815.000.000	13.245.000.000
Income from Investments, Private Sector		458.756.246	1.414.813.208
Allowances	c.6	[29.139.428.318]	[13.817.841.268]
PROPERTY, PLANT AND EQUIPMENT (PPE)	c.8	64.239.308.602	62.516.436.913
DEFERRED CHARGES	c.9	4.303.666.888	3.032.111.563
TOTAL ASSETS		9.880.144.976.885	7.628.974.845.109

The accompanying Notes A to I are an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION AS OF DECEMBER 31, 2019 AND 2018

Presented comparatively with the previous fiscal year

(Expressed in Guaraníes)

LIABILITIES	NOTE	31/12/2019	31/12/2018
OBLIGATIONS, FINANCIAL INTERMEDIATION, FINANCIAL SECTOR	c.13	2.655.058.519.413	1.837.232.640.537
Other financial institutions	c.14	563.620.148.224	484.688.874.134
Loans from financial organizations and entities	c.14	1.896.819.972.636	1.217.263.257.031
Operations pending settlement		115.092.292.460	47.118.941.923
Correspondents for deferred documentary credits	c.14	61.403.688.106	74.058.361.671
Creditors for accrued financial charges		18.122.417.987	14.103.205.778
OBLIGATIONS, FINANCIAL INTERMEDIATION, NON FINANCIAL SECTOR	c.13	6.367.523.811.937	5.068.891.740.087
Deposits – private sector	c.14	5.002.158.633.625	4.362.754.150.685
Deposits – public sector	c.14	924.819.434.463	526.083.114.275
Obligations, debentures and bonds issued outstanding	c.10	409.188.400.000	155.877.466.667
Operations pending settlement		473.255.779	205.408.908
Other obligations, financial intermediation	c.14	1.016.153.992	1.003.028.942
Creditors for accrued financial charges		29.867.934.078	22.968.570.610
OTHER OBLIGATIONS		69.766.894.466	53.338.318.599
Fiscal creditors		5.417.881.458	5.367.054.423
Corporate creditors		862.382.003	838.622.043
Dividends payable		935.366.688	1.290.654.658
Other obligations, sundry		62.551.264.317	45.841.987.475
PROVISIONS AND ALLOWANCES		24.173.187.367	25.056.997.614
TOTAL LIABILITIES		9.116.522.413.183	6.984.519.696.837
SHAREHOLDERS' EQUITY	D		
Paid in capital	b.5	438.749.092.000	327.000.000.000
Irrevocable advances for capital increases		463	32.207.255.000
Adjustments to equity		45.456.869.136	43.726.172.766
Mandatory appropriation to legal reserve		162.771.699.455	143.084.426.339
Statutory Reserve		928.588	928.588
Current year:		116.643.974.060	98.436.365.579
- Less: appropriation to legal reserve		23.328.794.812	19.687.273.116
- Net earnings available for distribution		93.315.179.248	78.749.092.463
TOTAL SHAREHOLDERS' EQUITY		763.622.563.702	644.455.148.272
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		9.880.144.976.885	7.628.974.845.109

CONTINGENCY AND MEMORANDUM ACCOUNTS	NOTE	31/12/2019	31/12/2018
Contingency accounts	E	1.105.054.341.130	738.257.667.709
Memorandum accounts	I	57.315.312.388.788	46.571.557.866.720

STATEMENT OF FINANCIAL POSITION AS OF DECEMBER 31, 2019 AND 2018
Presented comparatively with the previous fiscal year

(Expressed in Guaraníes)

	NOTE	31/12/2019	31/12/2018 (*)
FINANCIAL INCOME FROM:			
		678.877.460.388	523.396.838.781
Current credits outstanding, financial intermediation – financial sector		41.333.155.640	40.279.847.435
Current credits outstanding, financial intermediation – non financial sector		609.505.421.376	459.104.335.760
Overdue financial credits		10.307.557.535	8.873.788.500
Valuation of financial assets and liabilities in foreign currency – net	f.2	11.301.594.726	10.641.273.751
Public and Private debt securities revenues and net quotation gains		6.429.731.111	4.497.593.335
FINANCIAL LOSSES FROM:			
		(329.164.337.487)	(246.322.522.881)
Obligations – financial sector		(100.690.663.064)	(67.358.156.713)
Obligations – non financial sector		(228.473.674.423)	(178.964.366.168)
Por valuación de activos y pasivos financieros en moneda extranjera – neto	f.2	-	-
FINANCIAL INCOME BEFORE ALLOWANCES			
		349.713.122.901	277.074.315.900
NET ALLOWANCES PROVIDED			
		(87.619.824.865)	(42.123.411.050)
Allowances provided -gross	c.6	(376.587.237.520)	(315.166.094.759)
Allowances reversals	c.6	288.967.412.655	273.042.683.709
FINANCIAL INCOME AFTER ALLOWANCES			
		262.093.298.036	234.950.904.850
NET INCOME FROM SERVICES RENDERED			
		57.368.711.010	45.932.072.399
Revenue from services		67.304.719.234	50.395.856.059
Services costs and expenses		(9.936.008.224)	(4.463.783.660)
GROSS OPERATING INCOME			
		319.462.009.046	280.882.977.249
OTHER OPERATING INCOME			
		123.419.896.420	51.465.297.274
Gains on other credits		20.519.729.400	18.344.761.647
Gains on foreign exchange and arbitrage operations		98.101.789.312	32.481.089.805
Gains on sundry assets		4.798.377.708	619.428.597
Valuation gains of other assets and liabilities in foreign currency – net	f.2	-	20.017.225
OTHER OPERATING COST AND EXPENSES			
		(326.933.262.941)	(240.917.182.801)
Payroll and social security contributions		(97.128.703.798)	(96.148.317.147)
General expenses		(117.198.907.546)	(100.686.598.046)
Depreciation of PPE	c.8	(6.469.665.871)	(5.864.531.478)
Amortization of deferred charges	c.9	(423.811.860)	(471.198.698)
Valuation gains of other assets and liabilities in foreign currency – net	f.2	(1.909.996.766)	-
Others	f.3	(103.802.177.100)	(37.746.537.432)
NET INCOME OF OPERATIONS			
		115.948.642.525	91.431.091.722
EXTRAORDINARY RESULTS			
		13.038.394.038	17.944.187.447
Gains		19.219.588.536	34.306.504.584
Losses		(6.181.194.498)	(16.362.317.137)
PRIOR PERIOD ADJUSTMENTS			
	d.4	(1.064.809.150)	622.518.159
Earnings		1.361.438.311	1.059.801.907
Losses		(2.426.247.461)	(437.283.748)
NET INCOME BEFORE INCOME TAX			
		127.922.227.413	109.997.797.328
INCOME TAX PROVIDED			
	f.4	(11.278.253.353)	(11.561.431.749)
NET INCOME AFTER INCOME TAX		116.643.974.060	98.436.365.579
EARNING PER SHARE		d.6	266
			301

The accompanying Notes A to I are an integral part of these financial statements.
(*) Certain figures have been reclassified for comparative purposes.

STATEMENT OF CHANGES IN EQUITY AS OF DECEMBER 31, 2019 AND 2018
Presented comparatively with the previous fiscal year
(Expressed in Guaraníes)

Concept	Paid in Capital	Irrevocable advances for capital increase	Adjustments to Equity	Legal Reserve	Statutory Reserve	Prior retained earnings	Current year's earnings	Total
Balances as of January 1, 2018	327.000.000.000	-	41.926.297.829	129.049.362.544	928.588	-	70.175.318.977	568.151.907.938
Plus (minus)								
Transfer of earnings from previous fiscal year	-	-	-	-	-	70.175.318.977	(70.175.318.977)	-
Net increase of PPE Revaluation Reserve (c.8)	-	-	1.799.874.937	-	-	-	-	1.799.874.937
Appropriation to Legal Reserve	-	-	-	14.035.063.795	-	(14.035.063.795)	-	-
Irrevocable advances for capital increase (b)	-	32.207.255.000	-	-	-	(25.640.255.182)	-	6.566.999.818
Dividends Distribution (a)	-	-	-	-	-	(30.500.000.000)	-	(30.500.000.000)
Current year's earnings	-	-	-	-	-	-	98.436.365.579	98.436.365.579
Balances as of December 31, 2018	327.000.000.000	32.207.255.000	43.726.172.766	143.084.426.339	928.588	-	98.436.365.579	644.455.148.272
Plus (minus)								
Transfer of earnings from previous fiscal year	-	-	-	-	-	98.436.365.579	(98.436.365.579)	-
Net increase of PPE Revaluation Reserve (c.8)	-	-	1.730.696.370	-	-	-	-	1.730.696.370
Appropriation to Legal Reserve	-	-	-	19.687.273.116	-	(19.687.273.116)	-	-
I Irrevocable advances for capital increase (b)	32.207.254.537	(32.207.254.537)	-	-	-	-	-	-
Dividends Distribution (c)	78.749.092.463	-	-	-	-	(78.749.092.463)	-	792.745.000
Current year's earnings	792.745.000	-	-	-	-	-	116.643.974.060	116.643.974.060
Balances as of December 31, 2019	438.749.092.000	463	45.456.869.136	162.771.699.455	928.588	-	116.643.974.060	763.622.563.702

The accompanying Notes A to I form integral part of these financial statements

(a) Approved by Ordinary Shareholders Meeting dated April 27, 2018 (Minute No. 94)
(b) Approved by Extraordinary Shareholders Meeting dated November 22, 2018 (Minute No. 97)
(c) Approved by Ordinary Shareholdders Meeting dated April 8, 2019 (Minute No. 100)

CASHFLOW STATEMENT AS OF DECEMBER 31, 2019 AND 2018
Presented comparatively with the previous fiscal year
(Expressed in Guaraníes)

	NOTE	31/12/2019	31/12/2018
I. OPERATING ACTIVITIES			
Financial products collected		609.331.714.573	465.244.316.517
Income from public and private securities		31.192.817.573	26.889.992.247
Financial charges paid		(318.245.761.810)	(242.749.876.963)
Results from other services		57.368.711.010	45.932.072.399
Net Income from foreign exchange and arbitrage operations		6.142.336.051	5.955.351.078
Other income		40.664.332.483	68.521.564.560
Payments to suppliers and employees		(236.613.319.768)	(246.795.359.288)
Increase in credits, financial intermediation		(1.627.436.465.671)	(872.722.438.180)
Net increase in other credits		23.731.945.275	(89.707.796.523)
Aumento neto de bienes adjudicados		(31.024.065.084)	6.186.042.273
Decrease (increase) in obligations, financial intermediation		1.102.822.123.639	(232.739.179.456)
Disminución (aumento) de obligaciones diversas y provisiones		3.222.812.506	(15.765.070.635)
Decrease (increase) in other obligations and provisions		(3.906.772.407)	1.836.997.156
Net cash flow (used for) provided by operating activities		(342.749.591.630)	(1.079.913.384.815)
II. INVESTMENT ACTIVITIES			
Acquisition of PPE	c.8	(6.461.841.190)	(6.824.245.830)
Increase in deferred charges, improvement to leased propert, stationery and supplies	c.9	(1.695.367.185)	(1.339.612.690)
Decrease in investments in public and private securities		9.444.674.911	135.910.005.144
Dividends collected from shares investments		5.234.801.472	4.702.754.480
Net cash flow provided by (used for) investments activities		6.522.268.008	132.448.901.104
III. FINANCING ACTIVITIES			
Increase in capital		792.745.000	6.566.999.818
Dividends paid (*)		(355.287.719)	(30.355.997.655)
Variation in obligations with financial entities		564.639.320.194	925.653.303.287
Net cash flow provided by financing activities		565.076.777.475	901.864.305.450
Net increase (decrease) in cash and equivalents		228.849.453.853	(45.600.178.261)
Gain (loss) resulting from variations in foreign exchange rates on cash		38.594.817.142	42.573.296.859
Cash and equivalents at opening of fiscal year		1.012.403.281.225	1.015.430.162.627
Cash and equivalent at closing of fiscal year		1.279.847.552.220	1.012.403.281.225
(A) Excludes intems not representing cash and equivalents			
- Deudores por productos financieros devengados		737.325.984	668.395.640
- Previsions		(8.000.000)	(8.000.000)
Total Cash with Previsions and accrued financial products		1.280.576.878.204	1.013.063.676.865

Accompanying notes A to I form integral part of these financial statements
(*) As of December 31, 2019 and 2018, there were balances with payment pendent recorded in account "Dividends payable"



NOTES TO THE FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019 AND 2018
(EXPRESSED IN GUARANIES)

A. CONSIDERATION BY THE SHAREHOLDERS MEETING

These financial statements of Sudameris Bank Corporación Sociedad Anónima Emisora de Capital Abierto (hereinafter indistinctly mentioned as “Sudameris Bank S.A.E.C.A.” or “the Entity”) as of December 31, 2019, will be considered by the next Ordinary Shareholders AGM to be held in year 2020, within the term as prescribed in Section 28 of the Corporate bylaws, in accordance with Section 1079 of the Paraguayan Civil Code.

The financial statements corresponding to fiscal year closed as of December 31, 2018 were approved by the Ordinary Shareholders AGM held on April 08, 2019.

B. BASIC INFORMATION REGARDING THE ENTITY

b.1 Legal Structure

Sudameris Bank is an Open Capital Share Corporation whose majority shareholder is Abbeyfield Financial Holdings, domiciled in Ireland. The entity was constituted on June 30, 1958, and its Legal entity status was recognized by Decree N.510 issued by the Executive Power on September 29, 1958, and registered at the Public Registry of Commerce under N. 197 on August 13, 1959.

On December 15, 2005, the Entity’s Extraordinary General Shareholders Meeting, approved the change in the Corporate name “Banco Sudameris Paraguay S.A.E.C.A.” to “Sudameris Bank S.A.E.C.A”, which was registered at the Public Registry of Commerce under N. 304 on March 14, 2006.

The entity develops all activities permitted to commercial banks, in accordance with the laws of Paraguay and the standards established by the Central Bank of Paraguay (hereinafter referred to as “the CBP”).

As of December 31, 2019, the Entity had 20 Client attention offices active within Paraguayan territory. (21 Client attention offices as of December 31, 2018).

b.2 Basis for the preparation of the financial statements

These financial statements have been prepared in accordance with the accounting standards, regulations and instructions issued by the Central Bank of Paraguay (CBP).

The financial statements have been prepared on the basis of historic cost, except for accounts in foreign currency and PPE, as explained in paragraphs c.1 and c.8 of Note C, and they do not fully recognize the effects of inflation on the Bank’s equity and financial position or on its results of operations, given that full monetary correction does not constitute a generally accepted accounting practice in Paraguay. According to the General Consumer Price Index (IPC) published by the CBP, inflation rate was of 2,80% in 2019 and 3,20%, in 2018.

(i) Estimates:

The preparation of these financial statements requires that the Entity’s Board of Directors and Management should undertake certain estimates and assumptions affecting the balances of assets and liabilities, the disclosure of contingencies, and the recognition of income, and expenses. Assets and liabilities are recognized in the financial statements when it is probable that future economic benefits will flow to, or from the entity, and that the different items have a cost or value that may be reliably measured. If in the future, such estimates and assumptions, which are based on the best criteria of the Board of Directors and Management as of the date of these financial statements, should change with respect to the current circumstances, the original estimates and assumptions will be adequately modified as of the date when such changes occur.

The principal estimates related with the financial statements refer to allowances on assets, doubtful credit risks, depreciation of PPE, amortization of deferred charges, and provisions to cover other contingencies.

(ii) Comparative information:

The financial statements as of December 31, 2019, and the supplementary information related, are presented comparatively with the corresponding statements and supplementary information of financial year ended December 31, 2018.

b.3 Branches abroad

As of December 31, 2019 and 2018, the Entity did not have branches abroad.

b.4 Participation in other corporations

As of December 31, 2019 and 2018, the entity holds participations in the share capital of Bancard S.A. and Sudameris Leasing S.A.

The share participation in Sudameris Leasing S.A. represents the initial capital commitment for the organization of this company. As of the date of issu-ance of these financial statements, the company's registration with CPB is in process.

Participations are valued at their cost of acquisition (see Note c.7). Data about the corporations is as follows:

As of December 31, 2019:

Corporation	Corporate Capital Guaraníes	Nominal Value Guaraníes	Accounting Registration	% participation
Bancard S.A.	135.450.000.000	9.675.000.000	9.675.000.000	7,14%
Sudameris Leasing S.A.	14.000.000.000	7.140.000.000	7.140.000.000	51%
Totals		16.815.000.000	16.815.000.000	

As of December 31, 2018:

Corporation	Corporate Capital Guaraníes	Nominal Value Guaraníes	Accounting Registration	% Participation
Bancard S.A.	135.450.000.000	9.675.000.000	9.675.000.000	7,14%
Sudameris Leasing S.A.	14.000.000.000	3.570.000.000	3.570.000.000	51%
Totals		13.245.000.000	13.245.000.000	

b.5 Composition of Capital and share features

The composition of the Paid in Capital by types of shares as of December 31, 2019 and 2018, was as follows:

Type of Shares	Number	Number of votes per share	Guaraníes
Common, nominative	438.749.092	1	438.749.092.000
Totals	438.749.092	-	438.749.092.000

Type of shares	Number	Number of votes per share	Guaraníes
Common, nominative – Class A	50.000	5	50.000.000
Common, nominative – Class B	326.950.000	1	326.950.000.000
Totals	327.000.000	-	327.000.000.000

As of December 31, 2019:

Shareholder	Participation %	Country
Abbeyfield Financial Holdings	78,11%	Ireland
Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V.	15,00%	Netherland
Minority	6,89%	Paraguay

The legal persons holding shares of our Entity have the following shareholding

Legal entities holding shares in our Bank entity:

Corporation: Abbeyfield Financial Holdings

Shareholder	Participation %	Country
Abbeyfield Group Ltd.	100 %	Great Britain

Corporation: Abbeyfield Group Ltd.

Shareholder	Participation %	Country
Abbeyfield Trust	100 %	Great Britain

Abbeyfield Trust, has Mr. Conor Mc Enroy as its majority beneficiary

As of December 31, 2018:

Shareholder	Participation %	Country
Abbeyfield Financial Holdings	86,83%	Ireland
Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V.	7,50%	Netherland
Minority shareholders	5,67%	Paraguay

Legal entities holding shares in our Bank entity:

Corporation: Abbeyfield Financial Holdings

Shareholder	Participation %	Country
Abbeyfield Group Ltd.	100 %	Great Britain

Corporation: Abbeyfield Group Ltd.

Shareholder	Participation %	Country
Abbeyfield Trust	100 %	Great Britain

Abbeyfield Trust, has Mr. Conor Mc Enroy as its majority beneficiary

b.6 Names of Board of Directors and Executive Staff

Board of Directors	
President	Sr. Conor McEnroy
Vice President	Sr. Sebastien Lahaie
Directors	Sr. Lisardo Peláez
	Sr. Nanno Kleiterp
	Sr. Garrett Kennedy
	Sr. Rafael López Fracchia
	Sr. Roland Holst
Syndic	Sr. Jorge Rojas
Executive Staff	
General Manager	Sr. José Jerónimo Nasser
Manager, Operations Division, Administration and IT	Sr. José Luis Módica.
Manager, Financial Control Division	Sr. Ramón Marcelo Escobar
Manager, Corporate Banking Division	Sr. Carlos Osvaldo Canessa
Manager, Personal banking and SME Division	Sr. Eduardo Rodolfo Moran
Manager, Human Resources Division	Sra. Martha Elizabeth Rocha
Manager, Treasury Division	Sr. Francisco Alberto Olivera
Manager, Corporate and Personal banking risks Division	Sr. Omar Adbel Fernández
Manager, Personal banking and SMS Risks division	Sra. Patricia Rosa Pacheco
Manager, Internal Audit Division	Sr. Roberto Nicolás Ramírez
Manager, Compliance Division	Sr. Juan Manuel Cameron
Manager, Legal Advisory Division	Sra. Natalia Carolina Duarte
Manager, Operational Risk Division	Sra. Gloria María González

C. INFORMATION REGARDING ASSETS AND LIABILITIES

c.1 Valuation of foreign currency and Position in Foreign Currency

Assets and liabilities in foreign currency are expressed in the Statement of financial position, at the rates of exchange in force as of the of each fiscal yearend, which were provided by the CBP Foreign Exchange Desk, International operations, and do not significantly differ from the rates of ex-change force in the free foreign exchange market:

Exchanges rates as of December 31, 2019 and 2018

Currencies	Exchange rate (Gs. per unit of foreign currency)	
	31/12/2019	31/12/2018
1 U.S. Dollar	6.453,14	5.960,54
1 Argentinean Peso	107,83	157,92
1 Euro	7.228,81	6.831,97
1 Real	1.597,67	1.539,55

Foreign exchange differences from fluctuations in the rates between date and settlement or year end valuation date are recognized in results, with the exceptions established in Note f.1.

The following is a summary of the Entity’s foreign currency position:

CONCEPT	December 31			
	2019		2018	
	Amount cross-rated to US\$	Equivalent in Gs.	Amount cross-rated to US\$	Equivalent in Gs.
Total Assets in foreign currency	840.705.131	5.425.187.909.061	703.680.773	4.194.317.398.989
Total Liabilities in foreign currency	(827.635.771)	(5.340.849.499.271)	(683.733.381)	(4.075.420.183.058)
Net assets position	13.069.360	84.338.409.790	19.947.392	118.897.215.931
Memorandum accounts Forward Purchases	8.813.541	56.875.013.969	2.000.000	11.921.080.000
Memorandum accounts Forward Sales	(16.504.000)	(106.502.622.560)	(19.850.000)	(118.316.719.000)
Net Forward position	(7.690.459)	(49.627.608.591)	(17.850.000)	(106.395.639.000)
Net foreign exchange coverage	5.378.901	34.710.801.199	2.097.392	12.501.576.931

As of December 31, 2019 and 2018, the foreign currency covered position did not exceed the position ceiling set by the CBP.

c.2 Cash and Cash equivalents

For the purposes of the Cash Flow Statement, cash and cash equivalents correspond to available cash, and deposits at the CBP and at other financial institutions.

c.3 Public and Private Securities

Public Securities in portfolio as of December 31, 2018 and 2017, not quoted at a stock exchange, which have been acquired at rates and prices offered in the market at purchase date, are valued at cost plus income accrued at at each yearend closing, which in no case exceeds their probable realization value.

Private securities acquired by the Entity correspond to monetary regulation bonds purchased from the public and private sectors, issued in guaranis and in U.S. Dollars. These are recorded at cost plus accrued income as of each yearend closing. According to the Plan and Manual of Accounts of the CBP’s Superintendence of Banks, short term private securities which are immediately realizable and held for no more than one year, are classified in the Caption “Public and Private Securities”, and those of a longer term in the “Investments” Caption.

Balances as of December 31, 2019

Description	Currency of Issuance	Amount in Currency of issuance	Amount in Guaraníes	
			Nominal Value	Book value
Public Securities				
Monetary regulation bonds (*)	Guaraníes	259.659.800.534	259.659.800.534	259.659.800.534
Interest accrued	Guaraníes	-	-	15.404.461.860
Savings Deposit Certificates	US Dollars	1.215.242,40	-	7.842.129.339
Interest accrued	US Dollars	1.833,38	-	11.831.059
Total			259.659.800.534	282.918.222.792

(*) As of December 31, 2019 Gs.190.000.000.000 correspond to Monetary regulation bonds which availability is restricted, held at the CBP, and guaranteeing operations at SIPAP.

Balances as of December 31, 2018

Description	Currency of Issuance	Amount in Currency of Issuance	Amount in Guaraníes	
			Nominal Value	Book value
Public Securities				
Monetary regulation bonds (*)	Guaraníes	278.602.231.400	278.602.231.400	278.602.231.400
Interest accrued	Guaraníes	-	-	17.827.848.242
Savings Deposit Certificates	US Dollars	768,81	-	4.582.524
Interest accrued	US Dollars	35,19	-	209.751
Total		Total	278.602.231.400	296.434.871.917

(*) As of December 31, 2018 Gs. 110.000.000.000 correspond to Monetary regulation bonds which availability is restricted, held at the CBP, and guaranteeing operations at SIPAP.

c.4 Assets and Liabilities with readjustment clause

As of December 31, 2019 and 2018 there were no assets or liabilities subject to Readjustment Clauses on Principal. However, loans amounting to Gs. 406.511.089.302 as of December 31, 2019 (Gs. 397.631.548.384 as of December 31, 2018), received from the Financial Development Agency (AFD) that are carried in the accounts Loans from financial entities, and Credits granted by the entity with AFD resources, have contractual readjustment clauses for their annual interest rates.

c.5 Credit Portfolio

Credit risk is controlled by the entity’s Board of Directors and Management, principally through the evaluation and analysis of individual transactions, considering certain clearly defined aspects in the entity’s credit policy, such as: demonstrated payment capability, indebtedness of the debtor, credit concentration in economic groups, individual limits for the granting of credit, evaluation of economic sectors, preferred guarantees, and working capital requirement levels consistent with related market risks.

The credit portfolio has been valued, classified and rated on the basis of the payment capacity and compliance of the debtors, or of a group of related companies, with respect to their total obligations, in accordance with the Entity's the internal policies for credit valuation, and with the requirements established in Resolution N.1, Minute N.60 issued by the CBP Board on September 28, 2007, to which effect:

- a)

Debtors were segmented in the following groups: **i)** large debtors; **ii)** mid-sized and small debtors; **iii)** micro credits and; **iv)** personal consumer o housing debtors;
- b)

Debtors have been classified in 6 risk categories, based on the evaluation and classification of the payment capability of a debtor or of a group of debtors comprised by related persons, with respect to their total obligations. A modification of Resolution N° 1/2007 requires that Category 1 be segregated in three sub categories for the purpose of providing allowances.
- c)

Interest accrued on credits outstanding classified in lower risk categories “1” and “2” have has been recognized as income.
Interest accrued on outstanding and/or overdue credits classified in category “2” and higher, which had been recognized as income until their default, have been totally provided for.
- d)

Interest accrued on credits outstanding and/or overdue, classified in categories “3”, “4”, “5” and “6”is maintained in suspense, and is recognized as income upon collection.
Installment credits are considered overdue upon reaching 61 days in arrears in any installment, and credits at fixed term, one day after maturity date. See Note f.1.
- e)

Valuation earnings generated by those credit operations in foreign currency that become overdue, or classified in categories “3”, “4”, “5” or “6”, are maintained in suspense and recognized as income upon their realization. See Note f.1.
- f)

Specific allowances have been provided to cover eventual losses that may derive from the non recovery of the credit portfolio according to the criteria and parameters set forth in the aforementioned Resolution N.1/2007, of the CBP Board with due regard to subsequent modifications and supplements.
- g)

Generic allowances have been constituted on the credit portfolio according to the criteria and parameters set forth in the aforementioned CBP Resolution 1.
Additional generic allowances have also been provided as defined by the Entity's Board of directors.
- h)

Uncollectible credits which are disaffected from Assets in the conditions established applicable CBP standards, are recorded and reported in memorandum accounts.

c.5.1 Current Credits, financial sector

These include placements at term and short term loans granted to financial institutions, both local and foreign, in foreign and national currency, which have been contracted at the rates and prices offered in the market at the time of placement.

Concept	December 31	
	2019	2018
Placements – local currency	7.463.775.222	261.109.512
Placements – foreign currency	84.015.549.066	72.333.290.826
Operations pending settlement (*)	115.042.184.661	45.188.450.050
Interest accrued	546.990.317	1.030.625.382
Allowances	-	(1.306.836)
Total	207.068.499.266	118.812.168.934

c.5.2 Current Credits non financial sector

Portfolio composition:

Concept	December 31	
	2019	2018
Fixed term loans, not readjustable	152.006.153.214	4.275.231.058.872
Amortizable loans, not readjustable	6.422.609.958.121	462.044.775.300
Checks purchased, domestic banks	15.336.498.194	7.766.296.143
Credits used in current accounts	112.519.452.014	106.775.653.784
Debtors for use of letters of credit	61.635.169.659	76.303.001.672
Debtors for use of credit cards	84.323.693.905	75.767.255.722
Loans through managed resources (*)	405.532.389.315	448.680.101.671
Discounted documents	211.831.398.175	143.594.582.266
Purchase of corporate portfolio	86.638.074.613	85.807.606.009
Operations pending settlement (**)	320.308.194	-
Unrealized valuation gains	(481.477.469)	(75.212.471)
Debtors for accrued financial products	117.775.749.889	90.362.212.823
(-) Allowances (Note c.6)	(55.482.830.528)	(32.588.681.473)
Total	7.614.564.537.296	5.739.668.650.318

(*)Represents loans granted with resources from organizations such as FMO, AFD, among others.
(**) Operations pending settlement including those effected with the financial sector are shown in the following chart:

Entity	December 31,	
	2019	2018
Currency Forward contracts - Financial Sector	115.042.184.661	45.188.450.050
Currency Forward contracts - Non financial Sector	-	-
Total	115.042.184.661	45.188.450.050

Currency forward operations are financial instruments contracted with clients from the financial and non financial sector, complying with the following conditions:

- (a)** their realization value fluctuates in response to changes in the level or price of an underlying asset;
- (b)** they do not require an initial investment, or only a lower investment than in contracts responding similarly, to changes in market variations;
- (c)** they are settled at a future date; contracts providing for future exchange of currencies at a previously agreed exchange rate (Currency “Forwards”) are initially recorded at their contractual value; later on, any change in the amount is recognized as results determined at their nominal value translated at initial spot prices, and all contracts in foreign currency are updated at the spot rate as of the closing date of the financial statements.

According to the standards for valuation of assets and credit risks established by the Superintendence of Banks, Banco Central del Paraguay, as of December 31, 2019 and 2018 the portfolio of current credits (Financial and Non financial sectors) at the entity is risk classified as follows:

Risk	Book balance before allowances (a)	Guarantees computable for allowances	Allowances (c.6)		Book balance after allowances (d)
			Minimum %	Provided for	
Year 2019	Gs.	Gs.	(b)	Gs.	Gs.
1.- Category 1	5.274.989.638.203	2.298.385.303.563	-	-	5.274.989.638.203
2.- Category 1a	1.788.024.906.376	1.004.530.204.325	0,5	696.786.979	1.787.328.119.397
3.- Category 1b	586.353.420.630	242.801.367.331	1,5	2.136.028.294	584.217.392.336
4.- Category 2	68.281.360.970	50.260.941.216	5	2.048.530.777	66.232.830.193
5.- Category 3	27.557.064.013	23.330.686.666	25	3.682.047.445	23.875.016.568
6.- Category 4	12.478.895.830	4.252.844.969	50	4.635.251.747	7.843.644.083
7.- Category 5	588.282.484	-	75	441.280.858	147.001.626
8.- Category 6	3.961.283.198	317.123	100	3.960.966.075	317.123
Generic previsions (c)	-	-	-	37.881.938.353	(37.881.938.353)
Unrealized Valuation Earnings	-	-	-	-	(481.477.469)
Total	7.762.234.851.704	3.623.561.665.193		55.482.830.528	7.706.270.543.707
Year 2018	Gs.	Gs.	(b)	Gs.	Gs.
1.- Category 1	4.401.622.005.941	2.269.310.071.679	-	-	4.401.622.005.941
2.- Category 1a	1.248.145.283.960	626.523.513.754	0,5	531.146.656	1.247.614.137.304
3.- Category 1b	177.951.145.432	41.198.985.251	1,5	1.029.977.458	176.921.167.974
4.- Category 2	12.376.603.392	1.072.600.325	5	589.556.431	11.787.046.961
5.- Category 3	589.061.246	-	25	149.725.844	439.335.402
6.- Category 4	4.587.445.952	2.588.854.864	50	1.391.178.105	3.196.267.847
7.- Category 5	594.035.934	-	75	445.653.745	148.382.189
8.- Category 6	91.988.125	2.506.009	100	89.482.116	2.506.009
Generic previsions (c)	-	-	-	28.363.267.954	(28.363.267.954)
Unrealized Valuation earnings	-	-	-	-	(75.212.471)
Total	5.845.957.569.982	2.940.696.531.882	-	32.589.988.309	5.813.292.369.202

- a)** Includes Principal and Interest, and excludes “Operations pending Settlement”
- b)** The allowance percentages and risk categories defined for the classification and provisions in the portfolio as of December 31, 2018 and 2017, are based on the criteria established for the purposes of the aforementioned Resolution N. 1/2007, of the CBP and its modifications. The percentages are applied on book balance less guarantees considering subsequent modifying CBP resolutions.
- c)** Includes generic allowances established by the entity according to the requirements of aforementioned CBP Resolution 1/2007. These generic allowances are provided on the total of the credit portfolio, net of Allowances recorded in account 14,000 “Credits outstanding, financial intermediation non financial sector” and account 16,000 “Credits overdue, financial intermediation”. Additionally generic allowances defined by the Entity’s Board of Directors as of December 31, 2019 and 2018.
- d)** The balance does not include operations pending settlement shown in Notes c.5.1 and c.5.2.

c.5.3 Credits Overdue, Financial and Non Financial sector

Risk Category	Book balance before allowances (a)	Guarantees computable for allowances	Allowances (c.6)		Book balance after allowances (d)
			Minimum %	Provided for	
Year 2019	Gs.	Gs.	(b)	Gs.	Gs.
1.- Category 1	-	-	-	-	-
2.- Category 1a	-	-	0,5	-	-
3.- Category 1b	9.557.237.816	22.910.980.990	1,5	97.768.837	9.459.468.979
4.- Category 2	5.731.565.908	29.887.618	5	204.136.958	5.527.428.950
5.- Category 3	36.970.752.322	-	25	7.561.814.294	29.408.938.028
6.- Category 4	8.121.840.793	8.769.490.841	50	4.091.419.930	4.030.420.863
7.- Category 5	17.260.972.270	-	75	13.233.755.044	4.027.217.226
8.- Category 6	44.125.783.965	-	100	35.356.293.123	8.769.490.842
Generic previsions				-	-
Earnings from Valuation suspended					(1.086.105.051)
Total	121.768.153.074	31.710.359.449		60.545.188.186	60.136.859.837

Year 2018	Gs.	Gs.	(b)	Gs.	Gs.
1.- Category 1	-	-	-	-	-
2.- Category 1a	-	-	0,5	-	-
3.- Category 1b	4.963.852.319	4.324.709.711	1,5	41.777.258	4.922.075.061
4.- Category 2	7.933.821.079	878.703.808	5	373.627.503	7.560.193.576
5.- Category 3	5.394.035.799	-	25	1.469.346.956	3.924.688.843
6.- Category 4	6.303.262.947	259.611.810	50	3.208.770.014	3.094.492.933
7.- Category 5	11.010.245.547	718.990.138	75	7.973.832.549	3.036.412.998
8.- Category 6	48.005.554.524	10.352.814.820	100	37.652.739.703	10.352.814.821
Generic previsions (c)	-	-	-	-	-
Earnings from Valuation suspended	-	-	-	-	(690.264.160)
Total	83.610.772.215	16.534.830.287		50.720.093.983	32.200.414.072

- (a) Includes principal and interest, and excludes “Unrealized Valuation earnings”.
- (b) The allowance percentages and risk categories defined for the classification and provisions in the credit portfolio as of December 31, 2018 and 2017, are based on the criteria established for the purposes of the afore mentioned Resolution N. 1/2007 of the CBP and its modifications. The percentages are applied on book balances less guarantees considering subsequent modifying CBP resolutions.

- (c) Includes generic allowances established by the Entity according to the requirements of the aforementioned CBP Resolution 1/2007. These generic allowances are provided on the total of the credit portfolio, net of allowances recorded in account 14,000 – “Credits outstanding, financial intermediation - non financial sector” and account 16,000 “Credits overdue, financial intermediation”. Additionally generic allowances defined by the Entity’s Board of directors are included as of December 31, 2019 and 2018.
- d) The balance does not include operations pending settlement shown in Notes c.5.1 and c.5.2.

c.5.4 Consolidated Current and Overdue Credits to the Financial and Non financial sectors

Risk	Book balance before Allowances (a)	Guarantees computable for Allowances	Allowances (c.6)		Book balance after Allowances (d)
			Minimum %	Provided for	
Year 2019	Gs.	Gs.	(b)	Gs.	Gs.
1.- Category 1	5.274.989.638.203	2.298.385.303.563	-	-	5.274.989.638.203
2.- Category 1a	1.788.024.906.376	1.004.530.204.325	0 5	696.786.979	1.787.328.119.397
3.- Category 1b	595.910.658.446	265.712.348.321	1,5	2.233.797.131	593.676.861.315
4.- Category 2	74.012.926.878	50.290.828.834	5	2.252.667.735	71.760.259.143
5.- Category 3	64.527.816.335	23.330.686.666	25	11.243.861.739	53.283.954.596
6.- Category 4	20.600.736.623	13.022.335.810	50	8.726.671.677	11.874.064.946
7.- Category 5	17.849.254.754	-	75	13.675.035.902	4.174.218.852
8.- Category 6	48.087.067.163	317.123	100	39.317.259.198	8.769.807.965
Generic previsions (c)	-	-	-	37.881.938.353	(37.881.938.353)
Earnings from Valuation suspended	-	-	-	-	(1.567.582.520)
Total	7.884.003.004.778	3.655.272.024.642	-	116.028.018.714	7.766.407.403.544

Year 2018	Gs.	Gs.	(b)	Gs.	Gs.
1.- Category 1	4.401.622.005.941	2.269.310.071.679	-	-	4.401.622.005.941
2.- Category 1a	1.248.145.283.960	626.523.513.754	0,5	531.146.656	1.247.614.137.304
3.- Category 1b	182.914.997.751	45.523.694.962	1,5	1.071.754.716	181.843.243.035
4.- Category 2	20.310.424.471	1.951.304.133	5	963.183.934	19.347.240.537
5.- Category 3	5.983.097.045	-	25	1.619.072.800	4.364.024.245
6.- Category 4	10.890.708.899	2.848.466.674	50	4.599.948.119	6.290.760.780
7.- Category 5	11.604.281.481	718.990.138	75	8.419.486.294	3.184.795.187
8.- Category 6	48.097.542.649	10.355.320.829	100	37.742.221.819	10.355.320.830
Generic previsions (c)	-	-	-	28.363.267.954	(28.363.267.954)
Earnings from Valuation suspended	-	-	-	-	(765.476.631)
Total	5.929.568.342.197	2.957.231.362.169	-	83.310.082.292	5.845.492.783.274

- (a)

Includes principal and interest and excludes “Operations pending settlement” and “Unrealized Valuation Gains.
- (b)

The percentages of allowance and risk categories defined for the classification and provisions in the credit portfolio as of December 31, 2018 and 2017, are based on the criteria established for this purpose in CBP Resolution N.1/2007 and its modifications.
- (c)

These generic allowances are provided on the total of the credit portfolio, net of allowances recorded in account 14,000 – “Credits outstanding, financial intermediation - non financial sector” and account 16,000 “Credits overdue, financial intermediation”. Additionally generic allowances defined by the Entity’s Board of directors are included as of December 31, 2019 and 2018.

c.5.5 Other credits

Composition:

Concept	December 31	
	2019	2018
Income tax advanced payment	10.093.032.840	5.532.746.316
Other	38.714.923.136	18.306.847.423
Tax credit available	-	37.483.227.569
Prepaid expenses	17.190.804.149	17.865.308.652
Recoverable expenses	5.810.406.589	5.521.445.645
VAT and VAT withholdings	72.678.876	1.776.613.545
Insurance indemnities claimed	55.865.067	70.918.918
Debtors for installment sale of assets net	1.843.309.248	2.746.316.345
Fiscal credit from Income tax	-	57.564.846
Income tax withholdings	-	219.720.103
Fiscal credit from previous l year	11.837.302	11.837.302
Advanced to personnel	-	152.140
Unrealized valuation gains	(135.188.260)	(50.637.725)
(-) Allowances(Note c.6)	(2.811.120.472)	(3.518.468.830)
Total	70.846.548.475	86.023.592.249

c.6 Allowances for Direct and Contingent risks

Allowances for doubtful loans and other assets are determined at the end of each fiscal year based on a portfolio review performed in order to determine the non recoverable portion of the same and consid-ering the criteria established for each type of credit risk in CBP Board Resolution N.1/2007.

As required by credit valuation standards established by the CBP Superintendence of Banks and in accordance with the Entity’s own criteria and policies, management periodically undertakes, reviews and analysis of the credit portfolio in order to adjust the allowance levels for loans of doubtful collection. All necessary allowances have been provided for to cover eventual losses on credits and contingent risks in accordance with the aforementioned standards and criteria. The movements in the allowance accounts recorded during the years closed on December 31, 2019 and 2018 were as follows:

As of December 31, 2019

Allowances on	Opening balance	Provided for during the year	Credit losses charged during the year	Allowance write-backs during year	FCy adjustment decreases	Opening b alance
Available funds	8.000.000	-	-	-	-	8.000.000
Current Credits - Financial sector	1.306.836	113.410.563	-	114.918.568	201.169	-
Current Credits - Non financial sector	32.588.681.473	233.701.339.219	1.418.576.249	209.986.465.602	597.851.687	55.482.830.528
Other credits	3.518.468.830	1.195.122.298	-	2.033.871.549	131.400.893	2.811.120.472
Credits overdue	50.720.093.983	93.273.343.766	15.731.035.404	69.971.276.531	2.254.062.372	60.545.188.186
Investments	13.817.841.268	16.422.585.945	1.017.101.448	367.311.604	283.414.157	29.139.428.318
Contingencies (*)	497.505.740	6.614.056.124	-	6.493.568.801	3.623.659	621.616.722
TOTAL	101.151.898.130	351.319.857.915	18.166.713.101	288.967.412.655	3.270.553.937	148.608.184.226

(*) The difference in the total of constitution of Allowances in the current year, of PYG 25.267.379.605.- corresponds to the balance of credits disaffected from assets as uncollectable which were registered in items 7430020008- Uncollectable Credits - PTMO/TC for the amount of PYG 24.308.625.279.- and 7430020108- Uncollectable Credits, Overdrafts, for amount of PYG 958.754.326.

As of December 31, 2018

Allowances on:	Opening balance	Provided for during the year	Credit losses charged during the year	Allowance write-backs during year	FCy adjustment decreases (increases)	Closing balances
Available funds	[2.000.000]	[6.000.000]	-	-	-	[8.000.000]
Current Credits - Financial sector	-	[109.562.570]	-	108.484.773	[229.039]	[1.306.836]
Current Credits - Non financial sector	[36.844.464.974]	[141.268.311.749]	-	147.091.546.785	[1.567.451.535]	[32.588.681.473]
Other credits	[3.274.541.547]	[1.694.791.052]	-	1.543.094.452	[92.230.683]	[3.518.468.830]
Credits overdue	[42.192.259.205]	[137.375.484.798]	28.880.051.293	65.156.585.831	34.811.012.896	[50.720.093.983]
Investments	[44.816.672.889]	[23.135.302.922]	5.793.253.416	48.330.994.907	9.886.220	[13.817.841.268]
Contingencies (*)	[1.148.917.350]	[11.576.641.668]	1.405.226.440	10.811.976.961	10.849.877	[497.505.740]
Total	[128.278.855.965]	[315.166.094.759]	36.078.531.149	273.042.683.709	33.171.837.736	[101.151.898.130]

(*) According to the Plan and Manual of Accounts of the Superintendence of Banks, these allowances are shown under Liabilities- Provisions and Allowances.

c.7 Investments

Investments represent the holding of fixed or variable income securities issued by the Private Sector and of assets not applied to the Entity's operations. They are valued, according to their nature applying the following criteria:

- a) Assets received in credit recovery: these assets are valued at the lower of the following three amounts: technical appraisal value, adjudication value, and balance of the debt immediately before adjudication date, in accordance with CBP rulings. Additionally, for assets exceeding the holding time limits established by the CBP there for allowances are provided for in Resolution N.1/2007. Should the holding period reach three years, the asset value is 100% provided for CBP Resolution N.1/2007.
- b) Variable income investments issued by the Private Sector: Permanent investments in other company minority participations, are valued at acquisition cost, but not in excess of their equity accounted for market value.

Composition of the entity's investments:

As of December 31, 2019

Concept	Book balance before Allowances	Allowances (Note c.6)	Book balance after allowances
Assets acquired in credit recovery	214.878.900.182	[26.065.210.827]	188.813.689.355
Investments in fixed income securities issued by the Private Sector	68.567.846.523	-	68.567.846.523
Fiduciary Rights	3.430.685.848	[3.066.292.491]	364.393.357
Investments in variable income securities issued by the Private Sector (Note b.4) (*)	16.815.000.000	-	16.815.000.000
Other investments	20.478.695.044	[7.925.000]	20.470.770.044
Income on investments in the Private Sector	458.756.246	-	458.756.246
TOTAL	324.629.883.843	[29.139.428.318]	295.490.455.525

(*) As of December 31, 2019 the Entity has delivered in pledge to Bancard S.A. share certificates of Bancard S.A. held in the Entity's portfolio amounting to Gs. 5.121.000.000. face value, as collateral for all obligations that may derive in favor of Bancard S.A. from credit card operations and for the balances resulting from operations in Automated Teller machines or Points of Sale of the Infonet network.

(*) Participation in Sudameris Leasing S.A. Refers to cash deposited for the Entity's corporate organization in process of registration with the CBP as of the date of issuance of these financial statements.

As of December 31, 2018

Concept	Book balance before Allowances	Allowances (Note c.6)	Book balance after allowances
Assets acquired in Credit Recovery	183.854.835.098	[4.445.026.155]	179.409.808.943
Investments in fixed income securities issued by the private sector	79.408.163.592	-	79.408.163.592
Fiduciary Rights	9.469.736.133	[9.364.890.113]	104.846.020
Variable income Investments issued by the private sector (Note b.4) (*)	13.245.000.000	-	13.245.000.000
Other Investments	3.648.215.519	[7.925.000]	3.640.290.519
Income on Investments in Private Sector	1.414.813.204	-	1.414.813.204
TOTAL	291.040.763.546	[13.817.841.268]	277.222.922.278

(*) As of December 31, 2018 the Entity has delivered in security to Bancard S.A. shares from Bancard S.A. that are the property of Sudameris Bank S.A.E.C.A., for a nominal amount of G/ 5.121.000.000. The shares given in lien guarantee all obligations that may derive in favor of Bancard S.A. from credit cards operations and balances resulting from transactions in ATMs or POS of the Infonet network.

(*) Participation in Sudameris Leasing S.A. refers to the deposit undertaking for the constitution of the corporation as of the date of issuance of these financial statements is in process of registration before the Banco Central del Paraguay.

c.8 Property, plant and equipment (PPE)

The original values of fixed assets and their accumulated depreciation at the beginning of the year are revalued up until December 31, 2019 and 2018, in accordance with Law N. 125/91 using the revaluation coefficients provided to this effect by the Under Secretary of State for Taxation. The counter value of the net revaluation increase in the assets is recorded in the “Adjustments to Equity” account.

The cost of improvements extending the useful life of assets or that increase their productive capability is recognized in the respective asset account. Assets under construction are valued at cost. Maintenance expenses are charged to income. Depreciation of PPE is calculated by the straight line method, as from the year following incorporation, applying annual rates established in the regulations of Law N° 125/91, which are sufficient to extinguish their value at the end of their estimated useful life. The residual value of the revalued assets as a whole does not exceed their recoverable value as of each yearend.

According to banking legislation, financial entities operating in Paraguay are forbidden to pledge their fixed assets in guarantee, except for those affected by liens in support of financial leasing operations and those provided to the CBP (Section 70 paragraph. b. of Law 861/96). Banking legislation sets a limit for PPE investments, at 50% the financial entity’s effective equity. The book balance of the entity’s PPE as of December 31, 2019 and 2018, is within the established limit.

The following is the composition of balances of fixed assets as of December 31, 2019 and 2018:

Concept	Original Value					
	Opening balance	Additions	Withdrawals	Reclassification and/or Adjustments	Revaluation	Closing balance
Owned						
Real estate – land	22.582.522.482	2.260.087.972	-	-	634.591.459	25.477.201.913
Real estate – buildings	38.748.823.003	1.041.480.799	-	-	879.221.646	40.669.525.448
Installations	24.575.591.262	1.479.310.298	(678.795.435)	-	304.138.920	25.680.245.045
Furniture & equipment	16.624.960.090	628.175.777	(151.811.378)	-	232.202.334	17.333.526.823
Computer equipment	27.909.303.039	1.760.030.673	(245.910.317)	-	275.904.558	29.699.327.953
Security boxes	278.620.912	-	-	-	6.539.761	285.160.673
Transportation elements	4.647.065.857	-	-	-	76.927.557	4.723.993.414
Building under construction	920.107.043	2.850.298.704	(3.545.958.601)	-	-	224.447.146
Total 2019	136.286.993.688	10.019.384.223	(4.622.475.731)	-	2.409.526.235	144.093.428.415
Total 2018	127.760.115.881	10.036.151.907	(5.805.344.831)	1.803.842.866	2.492.227.865	136.286.993.688

Concept	Depreciations					Net carrying value
	Opening balance	Provided for the year	Revaluation	Retirements	Closing balance	
Owned						
Real Estate - land	-	-	-	-	-	25.477.201.913
Real estate – buildings	16.656.469.057	804.178.371	258.404.405	-	17.719.051.833	22.950.473.615
Installations	18.189.706.890	1.590.908.045	124.887.974	(674.626.745)	19.230.876.164	6.449.368.881
Furniture &Equipment	13.261.669.298	964.220.786	137.708.160	(144.399.036)	14.219.199.208	3.114.327.615
Computer equipment	22.568.939.315	2.523.540.235	125.840.579	(245.906.917)	24.972.413.212	4.726.914.741
Security Boxes	184.475.264	23.925.915	3.894.185	-	212.295.364	72.865.309
Transportation Elements	2.909.296.951	562.892.519	28.094.562	-	3.500.284.032	1.223.709.382
Building under construction	-	-	-	-	-	224.447.146
Total 2019	73.770.556.775	6.469.665.871	678.829.865	(1.064.932.698)	79.854.119.813	64.239.308.602
Total 2018	68.003.268.257	5.864.531.478	692.430.720	(789.673.680)	73.770.556.775	62.516.436.913

c.9 Deferred charges composition:

The item is comprised as follows as of December 31, 2019 and 2018

As of December 31, 2019

Concept	Opening net balance	Additions	Reclassification and withdraw-als	Amortization	Closing net balance
Intangible Assets – system	-	-	-	-	-
Improvements and Installations in leased property (*)	1.377.752.720	1.634.493.946	-	(423.811.860)	2.588.434.806
Subtotal	1.377.752.720	1.634.493.946	-	(423.811.860)	2.588.434.806
Desk -I- Stationery and other	1.654.358.843	1.986.766.340	(1.925.893.101)	-	1.715.232.082
Subtotal	1.654.358.843	1.986.766.340	(1.925.893.101)	-	1.715.232.082
Total	3.032.111.563	3.621.260.286	(1.925.893.101)	(423.811.860)	4.303.666.888

As of December 31, 2018

Concept	Opening net balance	Additions	Reclassification and withdraw-als	Amortization	Closing net balance
Intangible assets – system	131.246.184	-	-	(131.246.184)	-
Improvements and Installations in leased property (*)	1.138.565.929	579.139.305	-	(339.952.514)	1.377.752.720
Subtotal	1.269.812.113	579.139.305	-	(471.198.698)	1.377.752.720
Desk -I- Stationery and other	893.885.458	2.198.419.182	(1.437.945.797)	-	1.654.358.843
Subtotal	893.885.458	2.198.419.182	(1.437.945.797)	-	1.654.358.843
Total	2.163.697.571	2.777.558.487	(1.437.945.797)	(471.198.698)	3.032.111.563

(*) The entity amortizes Improvements and installation on leased property on the straight line method, considering a useful life of 5 years.

c.10 Obligations, debentures and Bonds issued

The account “Obligations, financial intermediation - Non financial sector” of the statement of financial position includes subordinated bonds and loans obtained from non financial entities (IPS), the balances and details of which are the following:

a) Loans obtained from Non financial entities:

Entity	Currency	Loan amount (*)	Maturity	Balance as of 31/12/19	Balance as of 31/12/18
Instituto de Prevision Social (IPS)	Guaranies	44.000.000.000	16/2/2021	22.000.000.000	36.666.666.667
Total				22.000.000.000	36.666.666.667

(*) On December 22, 2015 the Social Security Institute granted a loan to Sudameris Bank S.A.E.C.A. ; the funds received went to the financing of small business and midsized companies. The loan is guaranteed by Interamerican Development Bank (“the BID).

b) Composition of Subordinated bonds

As of December 31, 2019

Authorizing CBP Resolution number	Currency of issuance	Amount of issuance (**)	Maturity	Balance as of 31/12/19
00285/2013	US\$	10.000.000	15/12/2020	64.531.400.000
00285/2013	US\$	10.000.000	15/06/2022	64.531.400.000
00001/2019	US\$	10.000.000	03/02/2026	64.531.400.000
00001/2019	US\$	10.000.000	02/09/2027	64.531.400.000
00127/2019	US\$	20.000.000	06/12/2029	129.062.800.000
Total	US\$	60.000.000		387.188.400.000
Total obligations (a) and bonds issued (b)				409.188.400.000

(**) The CBP has authorized the issuance of subordinated bonds in foreign currency up to an amount of US\$ 40.000.000, which have been fully issued by the Entity.

Subordinated bonds will be convertible into share certificates, as a matter of law, should it be necessary to reach the minimum capital thresholds required by the law, or to make good capital losses (Law 861/96). Subordinated bonds do not qualify for guarantee coverage as established in Law 2334/03.

As of December 31, 2018

Authorization by BCP, Resolution number	Currency of issuance	Amount of issuance (**)	Maturity	Balance as of 31/12/18
00285/2013	US\$	10.000.000	15/12/2020	59.605.400.000
00285/2013	US\$	10.000.000	15/6/2022	59.605.400.000
Total	US\$	20.000.000		119.210.800.000
Total obligaciones (a) y bonos emitidos (b)				155.877.466.667

(**) The CBP has authorized the issuance of subordinated bonds in foreign currency up to an amount of US\$ 20.000.000, which have been fully issued by the Entity.

Subordinated bonds will be convertible into share certificates, as a matter of law, should it be necessary to reach the minimum capital thresholds required by the law, or to make good capital losses (Law 861/96). Subordinated bonds do not qualify for guarantee coverage as established in Law 2334/03.

c.11 Limitation to the free availability of assets, or equity, and any other restriction to property rights.

The following limitations exist as of December 31, 2019 and 2018:

- a) Deposits at the BCP under the concept of mandatory deposits, as described in Note c.17;
- b) Restrictions to the distribution of earnings as described in Note d.5;
- c) Restriction to submit PPE assets in guarantee as explained in Note c.8;
- d) Regulatory restrictions to submit assets components in guarantee, securing Deposits from the public;
- e) In fiscal years 2019 and 2018, affecting Bankcard S.A. shares submitted as security to Bankcard S.A.

There are no other limitations to the free availability of assets or equity, or any other restriction to the property rights.

c.12 Guarantees granted with respect to Liabilities

As of December 31, 2019 and 2018, there are no guarantees granted by the entity with respect to its liabilities, with the exception of Obligations for financial intermediation with the Financial Development Agency (AFD) (see Note c.13). The corresponding contracts are and will be direct and unconditional obligations of the Entity, which are privileged credits with respect to any other obligations and liabilities (current or contingent), not guaranteed and not subordinated, created or assumed currently or in the future by the Entity. These loans, which guarantee the obligations with the AFD, correspond to operations under the concept of portfolio rediscount, approved within the contracts established among both parties.

c.13 Obligations, Financial Intermediation

Composition:

FINANCIAL SECTOR	31/12/2019 Gs.	31/12/2018 Gs.
Other financial institutions		
Deposits at sight	35.478.465.707	41.251.312.236
Central Bank of Paraguay- Contribution to the Guarantee Fund	7.705.883.190	6.236.992.190
Saving deposit - certificates	348.366.081.325	299.641.718.189
Call money received	142.718.840.000	119.210.800.000
Deposit in Current accounts, other financial institutions	29.350.878.002	18.348.051.519
Subtotal	563.620.148.224	484.688.874.134
Correspondents, deferred documentary credits	61.403.688.106	74.058.361.671
Subtotal	61.403.688.106	74.058.361.671
Operations pending settlement	115.092.292.460	47.118.941.923
Subtotal	115.092.292.460	47.118.941.923
Loans from financial organizations and entities		
Foreign Banks – correspondents	741.760.167	1.074.873.232
Financial Development Agency - AFD (Note C.4)	406.511.089.302	397.631.548.384
OFID	129.062.800.000	-
Banco Interamericano de Desarrollo - BID	129.062.799.871	49.671.166.587
Citibank NA	211.098.342.250	149.013.500.000
IFC	128.417.486.000	-
Bladex - Banco Latinoamericano de Comercio Exterior	193.594.200.000	119.210.800.000
International Finance Corporation - IFC	-	-
Huntington National Bank	61.083.920.046	53.620.868.828
OPIC	604.981.875.000	357.632.400.000
Commerzbank AG	32.265.700.000	89.408.100.000
Subtotal	1.896.819.972.636	1.217.263.257.031
Creditors, accrued financial charges	18.122.417.987	14.103.205.778
Subtotal	18.122.417.987	14.103.205.778
Total Financial Sector	2.655.058.519.413	1.837.232.640.537

NON FINANCIAL SECTOR	31/12/2019 Gs.	31/12/2018 Gs.
Deposits – Private Sector		
Deposits at sight in savings accounts	734.461.026.927	659.619.898.113
Deposits at sight in current accounts	1.133.968.349.595	977.289.351.956
Deposits at sight in combined accounts	849.204.803.609	756.437.776.247
Saving deposit- certificates	2.268.271.298.195	1.940.617.788.418
Deposits affected in guarantee	2.939.309.017	1.598.176.779
Creditors for documents pending clearing	13.313.846.282	27.191.159.172
Subtotal	5.002.158.633.625	4.362.754.150.685
Obligations with establishments adhered to the credit cards system	1.016.153.992	1.003.028.942
Subtotal	1.016.153.992	1.003.028.942
Operations pending settlement	473.255.779	205.408.908
Subtotal	473.255.779	205.408.908
Saving deposit- certificates	884.135.311.020	312.468.614.796
Deposits - Public Sector	40.684.123.443	213.614.499.479
Subtotal	924.819.434.463	526.083.114.275
Bonds issued and outstanding (Note c.10)	387.188.400.000	119.210.800.000
Loans from Non financial entities (Note c.10)	22.000.000.000	36.666.666.667
Subtotal	409.188.400.000	155.877.466.667
Creditors for accrued financial charges	29.867.934.078	22.968.570.610
Subtotal	29.867.934.078	22.968.570.610
Total Non Financial Sector	6.367.523.811.937	5.068.891.740.087

c.14 Distribution of credits and Obligations of Financial Intermediation according to maturity and liquidity risk management

As of December 31, 2019

Concept	Term remaining until maturity					
	Up to 30 days	From 31 to 180 days	From 181 days to 1 year	More than 1 year And up to 3 years	More than 3 years	TOTAL
Current Credits -Financial sector (*)	31.111.364.898	41.594.233.903	-	906.486.644	17.867.238.843	91.479.324.288
Current Credits Non financial sector (*)	394.042.729.716	1.739.413.500.983	698.097.309.156	1.427.762.297.136	3.293.116.950.219	7.552.432.787.210
Total Credits	425.154.094.614	1.781.007.734.886	698.097.309.156	1.428.668.783.780	3.310.984.189.062	7.643.912.111.498
Obligations, financial sector (**)	137.212.707.320	493.633.746.068	500.109.482.327	383.694.054.633	1.007.193.818.618	2.521.843.808.966
Obligations, non financial sector (**)	2.935.468.481.061	899.601.154.697	874.616.615.413	1.004.900.092.122	213.407.878.787	5.927.994.222.080
Total Obligations	3.072.681.188.381	1.393.234.900.765	1.374.726.097.740	1.388.594.146.755	1.220.601.697.405	8.449.838.031.046

(*) Not including interest, or operations pending settlement.
(**) Not including interest, or operations pending settlement, or obligations, securities issued.

As of December 31, 2018

Concept	Term remaining to Maturity					
	Up to 30 days	From 31 to 180 days	From 181 days to 1 year	More than 1 year And up to 3 years	More than 3 years	TOTAL
Credits Outstanding- Financial Sector (*)	4.768.432.000	46.338.221.638	12.993.977.200	-	8.493.769.500	72.594.400.338
Credits Outstanding- Non Financial Sector (*)	455.050.613.296	1.296.696.152.389	576.331.726.841	872.893.471.071	2.480.998.367.842	5.681.970.331.439
Total Credits Outstanding	459.819.045.296	1.343.034.374.027	589.325.704.041	872.893.471.071	2.489.492.137.342	5.754.564.731.777
Obligations, Financial Sector (**)	214.296.865.462	430.042.782.295	172.135.820.181	199.549.431.363	759.985.593.535	1.776.010.492.836
Obligations, Non Financial Sector (**)	2.590.458.638.567	606.416.658.833	679.254.729.320	893.251.422.311	120.458.844.871	4.889.840.293.902
Total Obligations	2.804.755.504.029	1.036.459.441.128	851.390.549.501	1.092.800.853.674	880.444.438.406	6.665.850.786.738

(*) Not including interest, or operations pending settlement.

(**) Not including interest, or operations pending settlement, or obligations, securities issued.

Liquidity Risk Management:

Liquidity risk is the risk that an entity may find itself in difficulties to comply with obligations associated with financial liabilities that are settled by delivering cash or other financial assets. The Entity’s Board and Management control liquidity fundamentally by matching the maturities of its assets and liabilities, according to strategies for short, middle and long term defined and monitored permanently both for assets as for liabilities.

Additionally, the entity has defined contingency plans for cases of transitory liquidity needs. The liquidity position is monitored, and stress tests take place regularly under a variety of scenarios encompassing both normal market conditions, as well as more severe ones.

All policies and procedures regarding liquidity are subject to the review and approval of the Assets and Liabilities Committee.

c.15 Concentration of the Loans and Deposits portfolio

c.15.1 Credit portfolio, financial intermediation, Financial and Non Financial Sector

Number of clients	Amount and % of loans portfolio, Financial Sector				Amount and % of loans portfolio, Non financial Sector			
	Outstanding	%	Overdue	%	Outstanding	%	Overdue	%
	Gs.(*)		Gs.(*)		Gs.(*)		Gs.(*)	
As of December 31, 2019								
10 largest debtors	91.479.324.288	100%	3.019.700.723	100%	1.505.264.088.774	20%	62.784.143.914	55%
50 largest debtors	-	0%	-	0%	2.708.149.621.126	36%	33.540.275.809	29%
100 largest debtors	-	0%	-	0%	1.668.734.400.473	22%	6.144.833.506	5%
Others	-	0%	-	0%	1.670.284.676.837	22%	11.627.015.599	10%
Total Loans	91.479.324.288	100%	3.019.700.723	100%	7.552.432.787.210	100%	114.096.268.828	100%
As of December 31, 2018								
10 largest debtors	72.594.400.338	100%	2.789.192.075	100%	1.188.006.861.882	21%	34.478.058.889	44%
50 largest debtors	-	0%	-	0%	1.889.013.873.777	33%	20.565.047.619	26%
100 largest debtors	-	0%	-	0%	869.786.199.018	15%	6.576.634.702	8%
Others	-	0%	-	0%	1.735.163.396.762	31%	16.555.165.405	22%
Total Loans	72.594.400.338	100%	2.789.192.075	100%	5.681.970.331.439	100%	78.174.906.615	100%

(*) The chart reflects the 10 largest Debtors, the subsequent 50 largest Debtors and on. Amounts considered in the chart include balances of principal before allowances and Unrealized Valuation earnings. “Debtors of Accrued financial products” not included.

c.15.2 Deposits portfolio at term and at sight,
by sector

Number of clients	Amount and % of deposits portfolio			
	Financial Sector Gs.	%	Non financial Sector Gs.	%
As of December 31, 2019				
10 largest depositors	411.135.466.068	73%	1.505.357.781.949	25%
50 subsequent largest depositors	147.210.837.548	26%	943.160.391.738	16%
100 subsequent largest depositors	5.273.844.608	1%	692.183.961.579	12%
Other subsequent depositors	-	0%	2.786.275.932.822	47%
Total deposits portfolio	563.620.148.224	100%	5.926.978.068.088	100%
As of December 31, 2018				
10 largest depositors	348.331.755.674	72%	1.125.522.536.282	23%
50 subsequent largest depositors	131.267.030.571	27%	766.251.390.932	16%
100 subsequent largest depositors	5.090.087.889	1%	569.507.642.036	12%
Other subsequent depositors	-	0%	2.427.555.695.710	50%
Total deposits portfolio	484.688.874.134	100%	4.888.837.264.960	100%

c.15.3 Concentration by country
and by currency

Concept	Credits, Financial Sector Gs.([*])	%	Credits, Non financial Sector Gs.([*])	%	Deposits, Financial Sector Gs.(**)	%	Deposits, Non financial Sector Gs.(***)	%
As of December 31, 2019								
Residents	49.812.602.753	54%	7.444.859.431.581	99%	563.620.148.224	100%	5.837.950.958.357	98%
Non residents	41.666.721.535	46%	107.573.355.629	1%	-	0%	89.027.109.731	2%
Total	91.479.324.288	100%	7.552.432.787.210	100%	563.620.148.224	100%	5.926.978.068.088	100%
Local currency	7.463.775.222	8%	3.226.074.769.479	43%	438.579.320.095	78%	2.817.006.312.799	48%
Foreign currency	84.015.549.066	92%	4.326.358.017.731	57%	125.040.828.129	22%	3.109.971.755.289	52%
Total	91.479.324.288	100%	7.552.432.787.210	100%	563.620.148.224	100%	5.926.978.068.088	100%
As of December 31, 2018								
Residents	72.594.400.338	100%	5.551.822.735.526	98%	484.688.874.134	100%	4.833.257.518.331	99%
Non residents	-	0%	130.147.595.913	2%	-	0%	55.579.746.629	1%
Total	72.594.400.338	100%	5.681.970.331.439	100%	484.688.874.134	100%	4.888.837.264.960	100%
Local currency	261.109.512	0%	2.313.476.631.926	41%	302.644.176.774	62%	2.164.357.668.687	44%
Foreign currency	72.333.290.826	100%	3.368.493.699.513	59%	182.044.697.360	38%	2.724.479.596.273	56%
Total	72.594.400.338	100%	5.681.970.331.439	100%	484.688.874.134	100%	4.888.837.264.960	100%

[*] The balance includes Principal. It does not include “Operations pending settlement”, “Debtors for accrued financial products, Allowances provided and “Unrealized Valuation gains.

[**] Balances do not include “Interest accrued”, balances of “Loans from financial entities”, “Loans and from other entities and interest accruals”, “Operations pending settlement” or “Correspondents”.

[***] Not including “Operations pending settlement”, “Obligations and bonds issued and outstanding”, “Other obligations for financial intermediation”, or balances of interest accrued”.

c.15.4 Credit portfolio distributed
by economic sector

Economic Sector	Thousand Gs.	%
2018 (in thousands of Gs.)		
Agriculture	1.084.869.897	13,98
Cattle ranching	1.305.160.387	16,82
Industrial	1.820.145.949	23,45
Exports	1.991.108	0,03
Construction	156.756.289	2,02
Commerce	1.516.494.308	19,54
Consumer	493.097.721	6,35
Services	1.291.033.098	16,63
Financial	91.479.324	1,18
Total (*)	7.761.028.081	100,00
2018 (in thousands of Gs.)		
Agriculture	1.053.983.875	18,06
Cattle ranching	934.147.332	16,01
Industrial	1.392.892.814	23,87
Exports	5.725.077	0,10
Construction	212.112.952	3,63
Commerce	757.016.721	12,97
Consumer	435.843.456	7,47
Services	1.043.806.603	17,89
Total (*)	5.835.528.830	100,00

[*] Includes balances in the captions “Credits financial intermediation – Financial and non financial sector” and “Credits overdue -financial and non financial intermediation. Not included: Unrealized valuation gains, and Operations pending settlement, Debtors for Accrued financial product and allowances.

c.16 Credits and Contingencies with related persons and companies

Item	December 31,	
	2019 Gs.	2018 Gs.
Assets		
Current Credits outstanding, financial intermediation, non financial sector (*)	41.986.831.098	35.201.734.392
Other Credits	258.127.257	624.466.339
Investments in Securities	16.815.000.000	9.675.000.000
Total Assets	59.059.958.355	45.501.200.731
Liabilities		
Obligations for Financial Intermediation- non financial sector (**)	19.531.030.441	19.355.168.607
Other obligations	681.918.803	3.448.828.481
Total Liabilities	20.212.949.244	22.803.997.088
Contingency Accounts		
Lines for Credit cards (*)	14.269.871.919	1.995.532.294
Total Contingency accounts	14.269.871.919	1.995.532.294

(*) Corresponds to a single loan for USD. 5,416,064.82 granted to Abbeyfield Financial Holdings maturing within a term of five years; the source of repayment will be the dividends payable from earnings generated by the bank in the next five years.

Also included, are Loans through credit cards and balances of lines for credit cards for Directors, and Executive Staff of the Entity. Interest is collected under market conditions, and is included in chapter “Financial Income” in the Statement of income.

(**) Corresponding to balances in savings accounts, current accounts and Certificates of savings deposits held by Directors and Executive Staff. Interest paid within market conditions is included in the “Financial Losses” caption of the Statement of income.

c.17 Deposits at the CBP

Composition:

Types	31 de diciembre de	
	2019 Gs.	2018 Gs.
Mandatory deposit - guaranies	236.083.020.770	217.829.893.072
Mandatory deposit - foreign currency	502.429.829.979	381.651.844.706
Special mandatory deposit - Resolution 1/131	1.016.755.826	1.294.790.417
Mandatory deposit – foreign currency – early redemption	9.144.823.939	6.701.932.589
Deposits in U.S. Dollars	50.355.492	7.018.427.479
Deposits from monetary operations	125.692.372.026	88.967.769.620
Total	874.417.158.032	703.464.657.883

Financial entities must maintain mandatory deposits in relation to their Deposits in local and foreign currency in the proportion established in CBP resolutions. The availability of Mandatory deposits is restricted.

The minimum requirements for mandatory deposits that financial intermediation firms must maintain, in their proportion and composition, are calculated by the CBP monthly, on the basis of data contained in daily reports regarding Deposits in local and foreign currency to be filed by financial entities. They also must file a monthly schedule detailing the Entity’s Legal mandatory deposit position on the first day after the closing of each month. This schedule contains the daily balances of Mandatory deposits in the preceding month, both in local and in foreign currency, and is a sworn statement.

Mandatory Reserve deposit – local currency

In accordance with what is prescribed in Resolution of the Board of Directors, CBP No. 30, Minutes No. 44 dated September 28, 2012, banks must maintain mandatory reserve deposits based on their deposits in national currency in the following proportion:

Description	Sight	From 2 days to 360 days	More than 360 days
Current account	18%	-	-
Savings deposits	18%	-	-
Savings deposits at term	-	18%	0%
Certificate of savings deposit	-	18%	0%

Mandatory Reserve deposit – Foreign currency

In accordance with what is prescribed in Resolution of the Board of Directors, CBP No. 14, Minutes No. 42 dates June 11, 2019 (which suspends the force of Resolution 31, Minutes no. 44 dated September 28, 2012), as from the date of force of the same, banks must maintain mandatory reserve deposits based on their deposits in foreign currency in the following proportion:

Description	Sight (*)	From 2 days to 360 days (*)	From 361 days to 540 days	From 541 days to 1080 days	More than 1080 days
Current account	24%	-	-	-	-
Savings deposits	24%	-	-	-	-
Savings deposit at term	-	24%	16,5%	0%	0%
Certificate of savings deposit	-	24%	16,5%	0%	0%

(*) Mandatory reserve deposit on deposits at sight and from 2 to 360 days may be used up to a maximum percentage of 2% of deposits in each mandatory reserve deposit period.

c.18 Other facts warranting disclosure due to their significance.

There are no other relevant facts warranting disclosure.

D. SHAREHOLDERS' EQUITY

d.1 Effective Equity

The limits and restrictions for the operations of financial entities are determined on the basis of their effective equity

The entity´s effective equity as of December 31, 2019 and 2018 amounted to Gs. 983.510.305.624 and Gs. 689.241.792.543 respectively. Resolution NO. 1, Minute No. 44 dated July 21, 2011 modified the form of determination of effective equity, establishing Principal Capital, and Supplementary Capital Circular letter SB.SG N° 1199/2015 dated October 14, 2015, proceeds to update the Statement for Calculation of Relation between Effective Equity and Risk Weighted Assets and Contingencies, and the Entity in full compliance with what is prescribed therein.

This amount of effective equity, used for the determination of certain limits and operational restrictions imposed on financial entities operating in Paraguay by the CBP's Banking Superintendence, may never fall below 10% of risk weighted assets and contingencies carried by the financial entities (solvency margin ratio). The CBP may increase the ratio up to 12% (twelve percent). As of December 31, 2019 the entity maintains this relation at 15,41% (13,28% as of December 31, 2018).

d.2 Minimum Capital

According to Article 11 of Law No. 861/96, financial entities must update their Capital each on year on the basis of the Consumer Price Index calculated by the CBP. The updated valor of the Minimum Capital for fiscal years 2019 and 2018 is of Gs. 53.720 million and y Gs. 52.257 million, respectively

As of December 31, 2019 the entity shows Paid in Capital at Gs. 438.749.092.000, which is higher than the minimum capital for banks required by CBP standards.

d.3 Adjustments to Equity

This corresponds to the counter value of PPE revaluation. In accordance with legal standards the revaluation reserve may be capitalized, but it may not be distributed to Shareholders as earnings or dividends

d.4 Adjustments retained earnings or accumulated results of prior years

The CBP Plan and Manual of accounts establish that adjustments to previous years’ results are to be recorded within the statement of income of the current l year without affecting the entity’s prior net equity accounts.

d.5 Restriction to the Distribution of Earnings

- a) Legal Reserve: according to Section 27 of Law 861/96, financial entities must carry a reserve that is no less than the equivalent of one hundred percent (100%) of their paid in capital, which will be constituted by annual appropriation of not less than twenty percent (20%) of the net earnings of each financial year to this reserve.

Section 28 of the afore mentioned law establishes that the resources of the Legal Reserve will be automatically applied to cover the losses recorded in any financial year. In the following years, the total of earnings must be appropriated to the Legal Reserve until reaching its minimum level (100% of paid in capital) or the highest amount reached in its annual appropriation process The amount of the legal reserve may be increased at any time with shareholders’ contributions in cash.

- b) Distribution of earnings: According to Law N° 861/96 “General law on banks and other credit entities”, the banks authorized to operate, either national or foreign, may distribute their earnings upon approval of their respective audited annual financial statements by the Superintendence of Banks, provided such approval occurs within the term of one hundred twenty days following the financial yearend after which earnings may be freely distributed.

- c) According to tax legislation in force, the distribution of earnings in cash effective as from fiscal year 2005, is subject to a tax of 5% borne by the Entity, and a withholding income tax, of 15% in the case of shareholders domiciled abroad.

d.6 Earnings per Share

The Entity calculates the net earnings per share based on the net earnings of the financial year, divided by the number of shares outstanding.

Concept	31/12/2019	31/12/2018
Net earnings of the financial year	116.643.974.060	98.436.365.579
Nominative shares, Class "A" and "B"	438.749.092	327.000.000
Net earnings per common and diluted share	266	301

E. INFORMATION ON CONTINGENCY ACCOUNTS

Composition:

Concept	31/12/2019 Gs.	31/12/2018 Gs.
Beneficiaries of credits granted in current account	115.669.929.123	96.541.853.135
Guaranty bonds granted	630.595.565.434	470.066.271.870
Documentary credits negotiated	197.107.962.657	42.506.812.903
Credits usable via credit-cards	161.680.883.916	129.142.729.801
Total	1.105.054.341.130	738.257.667.709

Within the balance of Guaranty bonds, there is the guaranty granted amounting to US\$ 53.341.248,75 in favor of the Yacyretá Binational Entity for the account and by order of the Eriday-UTE Consortium. This amount exceeded the lending ceiling established by Law 861/96 and required the authorization of the CBP Board of Directors, granted through Resolution N.13, Minute 225 dated November 20, 1997.

There are no other lines of credit that individually exceed 10% of total assets

F.INFORMATION REGARDING RESULTS

f.1 Recognition of profits and losses:

The Entity applied the accrual principle to the effect of recognizing income and expenditures, or costs incurred, with the following exceptions referred to revenues recognized as profits on the cash basis (upon their collection), as established by CBP Resolution N. 1/2007, Minute. N. 60:

- a) Financial products, Commission income and collection expense recoveries accrued and outstanding from Debtors for credits overdue or classified in risk categories above “Category 2”, which are recognized as income on the cash basis. See Note c.5.
- b) Foreign exchange differences from valuation of credit operations in foreign currency overdue or classified in risk categories above “Category 2”, which are recognized as income on the cash basis. See Note c.5.
- c) Unrealized gains and valuation gains on balances in foreign currency arising from installment sales of assets which are recognized as income upon collection of the credits. See Note c.5.
- d) Income from adjustment to market values of investments in fixed or variable income securities quoted in a secondary securities market, which are recognized as income upon realization. See Note c.7.
- e) Certain commissions for financial and credit services rendered, which are recognized as earnings upon collection.

f.2 Foreign currency exchange differences

The foreign exchange differences corresponding to assets and liabilities carried in foreign currency are shown net in the Statement of income line “Valuation of financial assets and liabilities in foreign currency-net”, detailed as follows:

Concept	31/12/2019	31/12/2018
Gains from valuation of financial assets and liabilities in foreign currency	2.714.725.265.619	1.429.179.196.536
Losses from valuation of financial assets and liabilities in foreign currency	(2.703.423.670.893)	(1.418.537.922.785)
Net foreign exchange gains on financial assets and liabilities in foreign currency	11.301.594.726	10.641.273.751
Gains from valuation of other assets and liabilities in foreign currency	11.528.420.759	10.336.632.628
Losses from valuation of other assets and liabilities in foreign currency	(13.438.417.525)	(10.316.615.403)
Net foreign exchange gains from valuation of other assets and liabilities in foreign currency	(1.909.996.766)	20.017.225
Net foreign exchange gains on total assets and liabilities in foreign currency	9.391.597.960	10.661.290.976

As described in item b) of Note f.1 above, the foreign exchange differences corresponding to credits carried in foreign currency, both current and overdue, classified in Categories “3”, “4”, “5” and “6”, are recognized as income on the cash basis.

f.3 Other operational losses - Others

Composition:

Concept	31/12/2019	31/12/2018
Charity and related participations	1.089.029.741	1.208.675.050
Other losses	8.055.146	7.012.610
Losses on foreign exchange and arbitrage operations	21.257.965.170	7.631.916.422
Value added Tax – cost	2.610.641.512	1.660.173.025
Losses from Forward contracts	70.701.488.091	21.075.437.475
Taxes, rates and contributions	8.134.997.440	6.163.322.850
Total	103.802.177.100	37.746.537.432

f.4 Income tax

Current:

The Income tax charge provided for the year is based on pretax accounting Net income as adjusted by the items that tax law and its regulations include or exclude upon determining net taxable income subject to the 10% tax rate.

In accordance with Law 125/91, modified by Law 2421/04, the distribution of earnings in cash is taxed at the rate of 5%.

The income tax charge provided for financial year ended December 31, 2019 amounts to Gs.11.278.253.353 (Gs.11.561.431.749) as of December 31, 2018).

Deferred:

The accounting recognition of deferred income taxation is not foreseen in the accounting standards issued by the CBP. The Entity determines Income tax applying the current rate on the tax-adjusted income without considering the effect of temporary differences between accounting income, and tax adjusted income.

As of December 31, 2019 and 2018, the Entity’s Board of directors estimates that the effect of deferred assets/liabilities generated by the entity is not significant for the financial statements considered as a whole.su conjunto.

f.5 Fiduciary activities

The entity does not have a Fiduciary Department in order to perform as a Trustee Bank.

f.6 Contributions to the Guarantee Fund – (“FGD”)

Law N° 2.334 dated December 12, 2003, which among other matters creates a new regime for the legal guarantee of Deposits in the national financial system, with the objective of partial protection of the savings from the public held at private financial entities authorized to operate by the CBP, up to the equivalent of 75 minimum salaries per depositor, effective as from third quarter 2004. Financial entities contribute quarterly to the mandatory Deposit Guarantee Fund created by the law and managed by the CBP, 0.12% of the average quarterly balances of their deposits portfolio in local l and foreign currency. The amount contributed by the Entity to the Deposit Guarantee Fund which constitutes a non recoverable expense, amounts to Gs. 28.696.136.731 in year 2019 and Gs. 24.499.082.848 in year 2018 and is included in the General Expenses caption of the Statement of Income.

G. FACTS OCCURRING AFTER THE 2019 YEAR’S CLOSING DATE

Between December 31, 2019 and the date of presentation of these interim financial statements, no significant facts of a financial or other character have occurred that may affect the patrimonial or financial structure or the results of the Entity as of December 31, 2019.

H. EFFECTS OF INFLATION

No comprehensive procedures have been applied for adjustment for inflation with the exception of the partial adjustment mentioned in Note c.8 to these financial statements.

I. MEMORANDUM ACCOUNTS

The balance is comprised as follows:

Groups	31/12/2019 Gs.	31/12/2018 Gs.
Guarantees received		
Real property qualifying guarantees	7.720.296.213.807	6.501.081.179.428
Signature guarantees	896.516.406.164	728.947.225.171
Securities and Deposits Management		
Securities under custody deposit	980.782.132.505	996.891.050.613
Securities under management	330.940.375.504	274.502.816.371
Securities in Guarantee	2.893.190.593.162	1.902.507.964.017
Foreign businesses and Collections		
Import Collections	1.245.133.364	3.305.500.785
Securities for collection on account of third parties	3.258.835.700	3.010.072.700
Securities remitted for collection	6.453.140.000	5.960.540.000
Correspondents, collections remitted	11.898.949.493	5.257.078.499
Credits opened by correspondents	16.606.917.024	4.162.826.175
Other memorandum accounts		
Others	20.301.938.748.076	16.646.092.587.933
Mandates and Commissions	-	34.390.649.655
Insurance Policies contracted	2.377.187.240.537	2.034.459.136.506
Capital Underwriters	11.250.907.537	-
Uncollectible Debtors	46.665.254.794	46.085.486.987
Foreign exchange position – [Note c.1.]	84.338.405.821	118.897.215.931
FWD contracts	163.377.636.530	130.237.799.000
Sale and Assignment of Portfolio, non financial sector	131.295.640.715	106.753.906.599
Consortia	21.338.069.858.055	17.029.014.830.350
Total Memorandum accounts	57.315.312.388.788	46.571.557.866.720

Accompanying Notes A to I for integral part of these financial statements.

Jorge Enrique Rojas Rojas
Bachelor, Accounting and Administrative Sciences
Aca Caraya 546 c/Leandro Prieto
Telephones 205722, 204308
Asuncion – Paraguay

Report from the Syndic

Mr.
Conor McEnroy
President, Board of Directors
Sudameris Bank S.A.E.C.A.

1. In compliance with legal and statutory prescriptions, and with the specific requirements of Resolution No. 763/04 of the National Securities Commission and of paragraph b) of Article 1124, Paraguayan Civil Code, I have proceeded to the verification of the books of **Sudameris Bank S.A.E.C.A.** as well as of the Report, the Patrimonial Situation Statement as of December 31, 2019 and the corresponding Results Statements and Cash Flow Statements corresponding to the fiscal year closed as of such date. The documents have been prepared by the Bank’s Management for presentation to the Shareholders Meeting and to the corresponding supervision bodies.

2. Based on my work, I have not found significant situations to comment, and thus I recommend the Share holders, the President, and the members of the Board of Directors, the approval of such accounting statements and the Report corresponding to fiscal year closed as of December 31, 2019.

Asuncion, Paraguay, February 26, 2020.


Jorge E. Rojas R.
Syndic



ECONOMIC ENVIRONMENT

Indicators

1. EVOLUTION OF GROSS DOMESTIC PRODUCT

By branch of economic activity – variatin in %

ECONOMIC SECTOR	2014	2015	2016	2017	2018	2019*
Agricullture	2,0	0,1	2,9	7,9	2,2	-6,2
Cattle ranching	12,6	-2,0	5,1	2,9	-3,2	-0,5
Forestry, fishing, and mining	4,8	-0,2	2,7	-1,7	1,1	-0,7
PRIMARY SECTOR	4,2	-0,4	3,3	6,0	1,1	-4,7
Manufacturing	7,0	5,2	4,6	6,2	2,4	-0,9
Construction	11,0	2,0	8,7	3,5	0,3	0,5
Electricity and Water	-6,2	2,3	10,3	-2,5	1,9	-8,0
SECONDARY SECTOR	4,0	3,9	6,8	3,5	1,9	-2,4
Commerce	8,0	-1,1	1,9	10,6	7,4	-2,3
Transportatin	5,4	4,8	4,7	7,8	1,4	0,7
Telecommunications	2,7	3,8	0,6	5,5	5,1	5,9
Financial intermediation	4,7	6,6	4,1	0,5	3,9	5,5
Real Estate Services	0,7	3,0	6,2	4,7	3,3	3,0
Services to Companies	3,0	3,3	6,8	3,8	3,0	3,5
Restaurants and Hotels	4,1	3,8	4,5	6,8	8,0	6,0
Household services	4,4	4,8	3,5	5,6	7,3	7,5
Government Services	5,0	7,0	-0,9	1,6	4,3	6,5
THIRD SECTOR	4,7	3,7	2,8	5,3	5,0	3,3
GROSS VALUE ADDED	4,4	3,2	4,3	4,7	3,4	0,3
Taxes on Products	11,2	1,4	4,5	8,1	3,3	-0,5
GDP AT BUYER PRICES	4,9	3,1	4,3	5,0	3,4	0,2

Source: BCP – Economic Studies, Department of Statistics, real sector
(*) Preliminary figures, subject to revision.

2. GROSS DOMESTIC PRODUCT AT BUYER PRICES

By economic sector
In million US Dolalrs (basis: current Guaranies)

Economic sector	2014	2015	2016	2017	2018	2019*
Agricullture	8,6	8,3	8,2	8,4	8,3	7,8
Cattle ranching	2,4	2,3	2,3	2,2	2,1	2,1
Forestry, fishing, and mining	1,1	1,0	1,0	1,0	0,9	0,9
PRIMARY SECTOR	12,0	11,6	11,5	11,6	11,4	10,8
Manufacturing	18,8	19,2	19,3	19,5	19,3	19,1
Construction	6,1	6,0	6,3	6,2	6,0	6,0
Electricity and Water	8,5	8,4	8,9	8,2	8,1	7,5
SECONDARY SECTOR	33,4	33,6	34,4	33,9	33,4	32,6
Commerce	10,6	10,1	9,9	10,4	10,8	10,6
Transportatin	3,7	3,7	3,8	3,9	3,8	3,8
Telecommunications	3,4	3,5	3,3	3,4	3,4	3,6
Financial intermediation	5,4	5,5	5,5	5,3	5,3	5,6
Real Estate Services	6,1	6,1	6,2	6,2	6,2	6,4
Services to Companies	2,3	2,3	2,3	2,3	2,3	2,4
Restaurants and Hotels	2,4	2,4	2,4	2,5	2,6	2,7
Household services	4,2	4,3	4,2	4,3	4,4	4,7
Government Services	9,0	9,4	8,9	8,6	8,7	9,3
THIRD SECTOR	47,1	47,4	46,7	46,8	47,6	49,1
GROSS VALUE ADDED	92,5	92,6	92,6	92,4	92,4	92,4
Taxes on Products	7,5	7,4	7,4	7,6	7,6	7,6
GDP AT BUYER PRICES	100,0	100,0	100,0	100,0	100,0	100,0

Source: BCP – Economic Studies, Department of Statistics, real sector

3. GROSS DOMESTIC PRODUCT AT BUYER PRICES

By economic sector
In million US Dolalrs (basis: current Guaranies)

Economic sector	2013	2014	2015	2016	2017	2018	2019
farming	3.675	3.320	2.106	2.734	2.746	2.628	2.420
Cattle raising	817	924	730	831	1.033	984	859
Forest exploitation, fishing and mining	392	420	336	368	385	364	332
PRIMARY SECTOR	4.884	4.664	3.171	3.934	4.165	3.976	3.611
Manufacture	6.646	7.305	6.302	6.764	7.625	7.347	6.852
Building	2.049	2.368	1.966	2.250	2.457	2.316	2.214
Electricity and water	3.246	3.281	2.849	3.105	3.265	3.201	3.021
SECONDARY SECTOR	11.941	12.954	11.117	12.119	13.347	12.864	12.087
Commerce	3.745	4.102	3.353	3.594	4.269	4.349	3.914
Transport	1.325	1.432	1.264	1.368	1.472	1.407	1.358
Telecommunication	1.267	1.339	1.108	1.147	1.252	1.249	1.108
Financial intermediation	1.809	2.081	1.873	2.039	2.161	2.239	2.166
Real estate services	2.255	2.382	2.121	2.366	2.580	2.546	2.473
Services to companies	807	878	770	851	994	971	961
Restaurants and hotels	896	933	823	871	953	916	934
Household services	1.550	1.629	1.397	1.498	1.760	1.891	1.926
Government services	3.372	3.511	3.038	3.120	3.331	3.484	3.524
SERVICE SECTOR	17.025	18.286	15.746	16.852	18.771	19.052	18.365
GROSS VALUE ADDED	33.850	35.904	30.034	32.905	36.283	35.891	34.063
Product taxes	2.511	2.921	2.381	2.547	2.924	2.946	2.770
GDP AT BUYER PRICES	36.361	38.825	32.415	35.452	39.208	38.837	36.833

Source: BCP – Economic Studies, Department of Statistics, real sector

4. CONSUMER PRICE INDEX

Year	2014	2015	2016	2017	2018	2019
January	1,4%	0,6%	2,6%	0,6%	0,8%	0,0%
Febuary	0,7%	0,5%	0,5%	0,9%	0,3%	0,6%
March	0,5%	-0,1%	-0,5%	0,0%	0,0%	0,1%
April	0,4%	-0,1%	-0,3%	0,5%	0,0%	0,3%
May	0,3%	1,5%	0,5%	0,3%	0,1%	0,8%
June	-0,1%	-0,9%	0,3%	-0,2%	0,7%	-0,2%
July	-0,3%	0,8%	-1,0%	0,1%	-0,3%	-0,1%
August	-0,4%	-0,1%	0,2%	0,3%	0,2%	-0,1%
September	0,0%	-0,1%	0,2%	0,3%	0,4%	0,3%
October	0,2%	-0,3%	-0,2%	0,5%	0,6%	0,4%
November	0,7%	0,4%	1,0%	0,7%	0,7%	0,2%
December	0,7%	0,9%	0,6%	0,5%	-0,3%	0,6%
Acumulado del año	4,2%	3,1%	3,9%	4,5%	3,2%	2,8%

Mobile inflation (last 12 months)

Year	2014	2015	2016	2017	2018	2019
January	3,9%	3,4%	5,2%	1,9%	4,7%	2,4%
Febuary	5,4%	3,2%	5,1%	2,3%	4,1%	2,7%
March	6,1%	2,6%	4,7%	2,8%	4,1%	2,8%
April	6,4%	2,0%	4,5%	3,6%	3,6%	3,1%
May	7,0%	3,3%	3,5%	3,4%	3,5%	3,8%
June	6,4%	2,5%	4,7%	2,9%	4,4%	2,8%
July	5,5%	3,6%	2,9%	4,0%	4,0%	3,1%
August	4,4%	3,9%	3,2%	4,0%	3,9%	2,8%
September	4,1%	3,7%	3,5%	4,2%	4,0%	2,6%
October	3,5%	3,2%	3,6%	4,9%	4,1%	2,4%
November	3,5%	2,9%	4,2%	4,6%	4,0%	1,9%
December	4,2%	3,1%	3,9%	4,5%	3,2%	2,8%

Fuente: B.C.P. - Estudios Económicos - Departamento de Estadísitcas del Sector Real.

5. NOMINAL FOREIGN EXCHANGE RATE FOR CURRENCIES OF REFERENCE

Data in Guaranies

Year	Peso	Real	USD	Euro
2014	541	1.739	4.629	5.634
2015	447	1.456	5.807	6.337
2016	367	1.769	5.767	6.034
2017	299	1.692	5.590	6.680
2018	158	1.540	5.961	6.832
2019	108	1.598	6.453	7.229

Source: Bloomberg, Nominal foreign exchange rate.

6. BALANCE OF PAYMENTS

(In millins of Dollars)

Account	2013	2014*	2015*	2016*	2017*	2018*
I. Current account	621,3	-50,7	-144,9	1305,4	1214,5	-80,2
II. Capital and Financial account	263,4	1666,0	-603,8	54,8	436,2	986,7
III. Errors, Ommissions	151,0	-484,3	189,1	-402,7	-773,7	-1089,5
IV. Reserve Assets	-1035,7	-1131,1	559,6	-957,4	-877,0	183,0

(*) preliminary figures

Source: BCP – Economic Studies – Department of Statistics, External Serctor

7. EXTERNAL PUBLIC DEBT

In millions of Dollars

Year	Balance
2014	3.680
2015	3.993
2016	4.823
2017*	5.592
2018*	6.403
2019*	7.148

(*) peliminary figursw

Source: BCP, Economic Studies, Department of Statistics, External sector

8. CURRENT ACCONT BALANCE

In millions of Dolalrs

Year	Total
2014*	-51
2015*	-145
2016*	1.305
2017*	1.214
2018*	-80

(*) peliminary figursw

Source: BCP, Economic Studies, Department of Statistics, External sector

9. NET INTERNATIONAL RESERVES

In millions of Dollars

Year	Balance
2013	5.871
2014	6.891
2015	6.200
2016	7.144
2017	8.146
2018	8.010
2019	7.996

(*) figures subject to revisions

Source: BCP, Economic Studies, Department of Statistics, External sector

10. EXPORTS, BY PRINCIPAL PRODUCTS

In millions of Dollars, FOB

Year	Cotton fibers	Soybean grains	Soy oil	Soybean flour	Cereals	Beef	Leadher	Woods	Sugar	Electricity	Plastics	Auto parts: wires	Textiles & manufacturing	Others	Total
2013	25	2.509	468	923	776	1.059	155	83	75	2.245	85	28	57	967	9.456
2014	6	2.305	481	1.107	615	1.370	196	77	79	2.144	110	93	81	973	9.636
2015	5	1.594	445	905	727	1.181	151	74	68	2.036	90	114	80	858	8.328
2016	5	1.819	466	852	684	1.156	120	68	77	2.131	86	149	86	802	8.501
2017	4	2.132	477	730	499	1.215	115	69	61	2.105	98	229	116	830	8.680
2018*	5	2.205	469	944	526	1.180	86	72	60	2.103	106	262	130	888	9.036
2019*	5	1.576	389	689	710	1.093	60	61	48	1.879	108	270	131	943	7.962

(*) Preliminary figures supplied by the Customs tax Organization System - Sistema de Ordenamiento Fiscal Impositivo Aduanero (SOFIA), General Customs Authority - Dirección Nacional de Aduanas and Certificates of Origin issued by Ministry of Industry and Commerce.

Source: B.C.P.- Economic Studies - External Sector Statistics Department

11. EXPORTS BY COUNTRY											
In millions of Dollars, FOB											
Year	Argentina	Brasil	Uruguay	Venezuela	Total Mercosur	Rest of Aladi	European Union	Asia	Rusia	Rest of the world	Total
2013	688	2.850	185	59	3.782	1.127	1.417	945	947	1.238	9.456
2014	654	2.956	184	35	3.829	1.129	1.426	1.220	1.038	995	9.636
2015	572	2.623	154	35	3.383	997	1.430	955	761	802	8.328
2016	855	3.011	164	26	4.057	841	1.222	1.002	658	722	8.501
2017	1.136	2.775	214	3	4.128	932	1.149	1.028	601	843	8.680
2018	2.176	2.809	145	19	5.149	929	823	861	784	497	9.042
2019	1.697	2.836	112	3	4.648	890	579	771	606	469	7.962
Participación sobre el total (2019)	21,3%	35,6%	1,4%	0,0%	58,4%	11,2%	7,3%	9,7%	7,6%	5,9%	100,0%

(*) Preliminary figures supplied by (SOFIA), General Customs Authority, and Certificates of Origin issued by Ministerio de Industria and Commerce.
Source: B.C.P.- External Sector Statistics Department

12. IMPORTS BY TYPE OF GOODS				
[*] In millins of dollars, FOB				
Year	Consumer goods	Intermediate goods	Capital goods	Total
2013	3.478	3.727	4.097	11.302
2014	3.583	3.970	3.746	11.299
2015	3.155	3.259	3.115	9.529
2016	3.165	2.789	3.089	9.042
2017	3.769	3.317	3.942	11.027
2018	4.030	4.105	4.299	12.434
2019	3.624	3.671	4.460	11.755

(*) preliminary figures
Source: BCP, Economic Studies, Departmrnt of Statistics, external sector

13. IMPORTS BY COUNTRY											
In millions of dollars, FOB											
Year	Argentina	Brasil	Uruguay	Venezuela	Total Mercosur	Rest of Aladi	European Union	Asia	Rusia	Rest of the world	Total
2013	1.334	2.883	138	0,1	4.355	381	1.138	4.102	193	1.132	11.302
2014	1.258	3.069	118	0,7	4.446	533	1.257	3.736	90	1.237	11.299
2015	1.069	2.396	94	2,1	3.561	430	1.121	3.149	189	1.078	9.529
2016	987	2.200	102	0,7	3.290	433	1.055	3.243	83	939	9.042
2017	1.129	2.564	105	3,3	3.801	470	1.167	4.325	65	1.199	11.027
2018	1.238	2.801	134	0,2	4.174	584	1.411	4.708	89	1.468	12.434
2019	1.064	2.456	127	0,4	3.647	458	805	5.333	121	1.391	11.755
Participación sobre el total (2019)	9,0%	20,9%	1,1%	0,0%	31,0%	3,9%	6,8%	45,4%	1,0%	11,8%	100,0%

(*) preliminary figures from the SOFIA: Customs Tax Organization Order, National Customs Direction
Source: Economic Studies, Department of statistics, external sector

14. PRINCIPAL INDICATORS, FINANCIAL SECTOR (ELEMENTS OF ASSETS, BANKING SYSTEM)							
In millions of Dollars							
Item	2013	2014	2015	2016	2017	2018	2019
Available	1.836,2	1.599,1	1.310,1	1.386,7	1.443,2	1.268,7	1.229,0
Public securities	1.373,4	1.537,5	1.085,7	1.399,0	2.074,6	1.727,3	1.695,7
Placements Abroad	134,2	542,9	812,2	680,6	747,6	741,4	715,4
Current Portfolio	8.697,0	10.566,0	9.911,0	9.694,9	10.648,9	11.669,9	12.030,4
Credits renewed, refinanced and restructured	1.426,8	1.529,4	1.952,4	2.215,3	2.127,5	2.176,7	2.199,6
Portfolio Overdue	207,3	226,6	300,5	342,5	351,0	338,0	357,1
Assets	16.593,7	19.311,2	18.269,5	18.954,0	20.852,3	21.369,5	21.488,5

Source: Superintendence of Banks – Supervision Management, extra situ

15. PRINCIPAL INDICATORS, FINANCIAL SYSTEM
(EKLEMENTS OF LIABILITIES, BANKING SYSTEM)

In millins of dollrs

Item	2013	2014	2015	2016	2017	2018	2019
Obligations, financial sector	988,8	1.200,8	928,8	981,0	1.145,4	1.040,9	1.049,2
Obligatios, non financial sector	9.341,1	10.631,7	9.997,6	10.641,5	11.705,3	11.717,3	12.086,0
Obligations, public sector	1.650,2	1.921,2	1.780,2	2.037,1	2.241,3	2.269,6	2.372,4
Paid in Capital + Irrevocable contributions	835,0	958,8	913,1	1.030,9	1.149,6	1.231,6	1.331,6
Legal Reserve	319,8	399,3	416,1	496,1	574,6	599,4	595,1
Other Reserves, + Accrud Results	218,3	294,7	183,2	201,2	224,3	224,6	203,2
Earnings	370,8	424,4	382,3	373,4	434,7	420,6	457,9
Liabilities	14.844,9	17.229,0	16.370,5	16.848,2	18.464,5	18.889,3	18.897,1

Source: Superintendence of b anks, Supervision management, extra situ

16. Principal indicators,financial system (in %)

Finncial Indicators	2013	2014	2015	2016	2017	2018	2019
Morosity 1/	2,0%	1,8%	2,5%	2,8%	2,7%	2,4%	2,9%
Solvency 2/	14,6%	15,2%	18,2%	18,0%	18,5%	17,6%	17,7%
Profitability 3/	29,4%	28,3%	27,8%	23,8%	24,5%	22,6%	24,6%
Efficiency 4/	45,7%	47,2%	51,2%	49,9%	49,4%	50,5%	53,7%
Liquidity 5/	44,4%	42,2%	40,2%	41,1%	43,2%	39,9%	37,4%
Intermedition 6/	86,6%	89,6%	95,7%	89,7%	87,0%	94,4%	93,2%

Source: Economic Studiex, Department of Statistics, based on the Statistical Bulletin from Superintendence of Banks and Consolidated banks statements.

Note:

1/ Loans overdue / Loans

2/ Net Equity / (Assets + Total Contingencies)

3/ Earnings before Taxes / Equity (annual)

4/ 1 – (Administrative expenses / Operational Margin)

5/ (Available + Temporaty Investments) / Deposits

6/ Loans / Deposits



SUDAMERIS
BRANCHES

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BRANCHES

Asunción
<ul style="list-style-type: none">Abasto: Avda. Defensores del Chaco (BLOQUE E LOCAL 43) Barrio Vista Alegre.Brasília: Avda. Brasília 804 - Barrio Jara.España: Avda. España 2583 - Barrio Bella Vista.Eusebio Ayala: Avda. Eusebio Ayala 9012 - Barrio Mburicao.Villa Morra: Avda. Mcal. Francisco S. López esq. Charles de Gaulle - Barrio Villa Morra.Molas López: Av. Dr. Felipe Molas López y Julio Correa - Barrio Mburucuya.
Greater Asunción
<ul style="list-style-type: none">Luque: Avda. Gral. Aquino casi Curupayty.Mariano Roque Alonso: Ruta Transchaco Km 14,5 casi Cnel. Hermosilla.San Lorenzo: Avda. Cnel. Romero 2020 - Barrio San Pedro.
Interior
<ul style="list-style-type: none">Ciudad del Este: Avda. Monseñor Rodríguez esq. Curupayty - Barrio Catedral.Concepción: Avda. Pdte. Franco 564 - Barrio Centro.Coronel Oviedo: Tuyutí esquina Luis A. Soto Estigarribia.Encarnación: Carlos Antonio López esq. 14 de Mayo - Zona Alta.Hernandarias: Avda. Juan B. Flores 854 - Barrio San Carlos.Katueté: Ruta 10 De Las Residentas esq. Avda. 03 - (Km. 365 - Urbanización Solaris).Paraná Country Club: Avda. Paraná casi Augusto Roa Bastos - Edificio Acacia - Barrio Urbanización Privada.Santa Rita: Avda. Carlos Antonio López casi Cristóbal Colón - Barrio San Pauli.
CAC – Client Attention Centers
<ul style="list-style-type: none">Bautista: Centro Médico Bautista - Avda. República Argentina esq. Campos Cervera.Plaza Jesuitica: Km. 8 Monday, Ruta 7 – Ciudad del Este.