Annual Report

SUDAMERIS

Todo un banco.

2018

Annual Report balance 2018



"We are a bank that integrates the capabilities of our collaborators and directors in order to render products and services that contribute to the sustainable development of our clients"

Our Vision

"Being a multiple bank, of persons and companies, focused on the integral relationship with our clients"

Corporate Values

Commitment Professionalism Team work Social Responsibility





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Call to Ordinary Shareholders Meeting

General Ordinary Shareholders Meeting

Asunción, March 15, 2019

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 Ordinary General Shareholders Meeting, to take place on Monday, April 9, 2019, at the hour 10.30, single Call, at the bank's headquarters, on Independencia Nacional Street, corner with Cerro Corá, in the city of Asunción, 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 for the distribution of Income and remunerations of the Board of Directors and of the titular and substitute Syndics, corresponding to fiscal years closed as of December 31 del 2018;
- 2. Establishing the number of directors, designation of President, Vice President and other positions in the Board of Directors, and of the syndics, titular and substitute, all of them for fiscal year 2019, and their remunerations:
- **3.** Designation of two shareholders to sign the minutes of the meeting

Note:

In order to attend to the shareholder meetings, the shareholders must deposit at the bank offices, with an anticipation of at least three working days before the day of the meetings, their Shares, nominative or bank certificates accrediting their holding of the same. The bank will deliver the necessary receipts that will be used at the meetings.

Report to the Ordinary **General Shareholders Meeting**

Dear Shareholders:

Asunción, April 8, 2019

According to the legal and statutory norms governing our activity, we present for your consideration the Inventory, General Balance, Profit and Losses Account, the syndic's Report, and this Report, corresponding to the fiscal year closed as of December 31, 2018.

As usual in this report, we present a quantitative and qualitative review of the most relevant aspects of the Paraguayan economy during year 2018. We present the initiatives that the bank has developed during this period, facing the community.

Finally, we exhibit the Income and outstanding aspects of the operations of our entity.

The President of the Board of Directors



PARAGUAY

Economic Environment



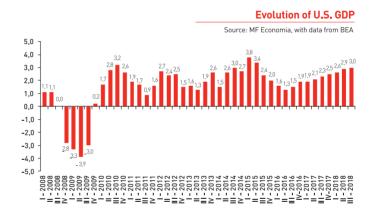
World Panorama

United States

The review of the U.S. Gross Domestic Product (GDP) for the third guarter of 2018 slowed growth of 3.0% compared with the same period of 2017.

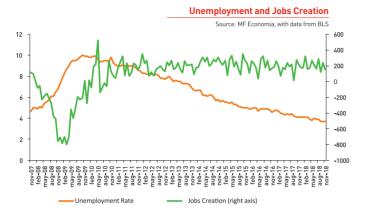
A similar variation was not registered since the second quarter of 2015, when it was of 3,4%. This result was principally driven by gross private investment, up by 6.1%, while exports grew by 3.5% and personal consumption expenses by 2.9%. with respect to the second quarter of this year, real GDP evidenced slight increase of 0.8%, explained also by the increase in gross private investment [3.6%]

On its part, the U.S. Dollar, between September and December 24, 2018, recorded consecutive growth in its average level, from 94,76 to 96,97, evidencing a depreciation of 2,3%, slightly above the one observed using month closings [1,5%].



In terms of the labor market, it is worth mentioning that the Labor Statistics Department published its news release evidencing, for the month of November, that the unemployment rate remained stable at 3.7% for the third consecutive month.

155,000 jobs were created during the mentioned month. Economic sectors concentrating the new labor positions were: professional and business services (32.000); Health (32.000); manufacturing (27.000); transportation and storage (25.000); retail commerce (18.000); leisure and hotels (15.000); wholesale commerce (10.000); social assistance (8.000); financial services (6.000) and construction (5.000), while losses occurred in mining, government, educational services, information services, among others.



In terms of the Consumer price Index, the same showed an annual variation of 2,2%, due principally to the ascending trajectory of Energy, registering growth of 3,1%.

On November 19, the Federal Reserve (FED) published the minutes corresponding to its meeting of December, where they agreed to raise the range of its Rate to place the same between 2,25% and 2,50%.

The decision was due to the information received by the Committee, evidencing that the labor market continues strong, and the economic activity has grown importantly

Unemployment has remained low, inflation, both total and that which excludes foods and energy, is close to the midterm goal (2,00%) and expectations on inflation show minimum changes.

Finally, in what regards to the Trade policy, it may be indicated that, in the framework of the G-20 summit that took place in Argentina, the U.S. and China agreed to go into a negotiation process, and thence, to suspend for 90 days the modifications to the import fees they were going to implement at the beginning of 2019. In fact, the U.S. would propose establishing additional fees for USD 200.00 Million to Chinese products, while China undertook to acquire agriculture, energy and industrial products originating in the U.S. in order to reduce the existing trade unbalance between the two countries.



Europe

In the third quarter of 2018, the Euro Zone exhibited variation in the Gross Domestic Product of 1.7% versus the same period of the previous year. On its part, industrial production during October showed an annual increase of 1,2%.

Capital Goods observed an increase of 3,7%, and Non durable consumer goods remained stable, while Intermediate goods fell by 0.4% and Energy by 3,1%.

Regarding production in the Construction sector, it decrease by 1,6% in October when compared with the same month of 2017. The largest reductions took place in France (5,9%) and Italy (1,6%), while the most important increases were observe in Slovenia (2,2%) and Slovakia (1,4%).

The unemployment rate during October was recorded at 8,1%. The countries showing the largest unemployment rates are: Spain (14,8%), Italy (10,6%) and France (8,9%), while Germany (3,3%) presents the lowest level.

During November, inflation exhibited inter-annual increase of 1,9%, slightly below the registration of the previous month (2,2%). The largest contribution to the result originated in the incidence of Energy (0,9 percent points), followed by Services (0,6 pp) and foods, alcoholic beverages, and tobacco (0,4 pp).

With regards to the trade balance, October recorded a surplus of € 175.6 trillion, where exports rebounded by 11,4%, in annual terms, while imports grew larger (14,8%).



China

Growth in the county's economic activity in the third quarter of 2018, shows an annualized rate of 6,5%, a figure that evidences slight deceleration (0,2 pp) versus the data of the previous quarter. Also, this is the lowest result observed since the first quarter of 2009.

On its part, industrial production in November recorded annualized increase of 5.4%. Of the 41 industrial divisions in the indicator, 38 recorded growth, the larger ones observed in activities associated to important levels of technology such as manufacturing and processing of non ferrous metals (12.8%), planes, space vehicles and other transportation equipment (12.7%); production of machinery for special purposes (12.4%), and computers, communication equipment and other electronic equipment (12,3%).

With regards to retail sales, November recorded an inter-annual growth of 8,1%, being larger in the rural areas (9,3%) than in the urban areas (7,9%).

Finally, the CPI showed annual variation of 2,2% during November. The total of groups comprising the indicator recorded increases, observing the larger ones in Health (2,6%); foods, beverages and tobacco (2,5%); education, culture and recreation (2,5%) an residences (2,4%), while those evidencing lower variation were Costumes (1,4%); household articles and services (1,5%); other articles and services (1,5%) and transportation and communication (1,6%).





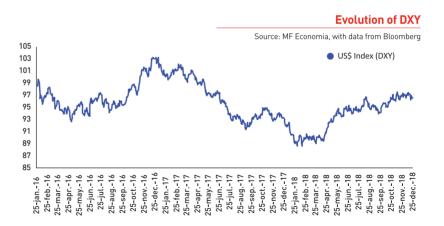
Currencies and **Commodities**

At the international level, the markets exhibit great uncertainty accentuated form the end of March with the announcement and initiation in July, of the trade war between U.S. and China, on import fees issues, having an impact at the world level.

At the meeting of G20 at the start of December, the U.S. and Chinese Presidents agreed to postpone the new trade fees for 90 days so that both governments have a dialogue thereon. However, there still is much uncertainty around the issue

Europe, after showing minimum values at the beginning of the year, the Euro has strengthened sustained until March, quoting at 1,24 US\$/€. As from April, the Dollar appreciated, reaching 1,15 US\$/€ at the end of May, and thereon, it showed guite stable around 1.15 US\$/€. with minimums of 1.13 and a maximum of 1.18 US\$/€.

With respect to other currencies, through the year and until December 26, the Dollar appreciated by 6% versus the sterling pound, 19% versus the real, 107% versus the Argentinean Peso, and 13% versus the Chilean Peso. In observing the evolution of the Dollar versus a basket of currencies, (DXY), we see that it has shown itself upwards since May.



The report on world offer and demand of grains elaborated by the U.S. Department of Agriculture (USDA), in December of 2018, projects for the Soybean campaign 2018/19 a world production of 369,20 million tons, a growth of 8,8% above the previous campaign.

It also confirms the record in U.S. production of soybeans at 125,18 million tons (+4,3%) as exports are maintained and the final inventories increase to a record of 25,9 million tons

With the end of the U.S. crop, news about Soybeans not originating in the southern hemisphere, thence, the USDA revised upwards the production of Brazil up to 122,0 million tons due to progress in labor and good climate conditions. Also projected is an increase in exports to a record of 82 million tons corresponding to the 2017/18 cycle as a consequence of the trade war between U.S. and China. In the commercial cycle 2018/19 they would reach 75 million tons. In this context, it is expected that during the next few weeks sales will reappear from U.S. to China in demonstration of progress in the negotiations between these two countries.

For corn, a world projection in production is of 1.099,91 million tons for the 2018/19 campaign. The perspectives for U.S. in the 2018/19 cycle are of a lower use for ethanol. reduced imports, and larger final inventories. Corn used for ethanol during the guarter from September to November decreased versus the previous year, for the first time since 2012. In this manner, U.S. maintains a projected production of 371,52 million tons, in a year when for the first time in history, the surface planted equals that of soybeans in that country, inventories decrease, and this could be positive for prices. On its part, Brazil has a projected production of 94,50 million tons. We must remember that 70% do the production in Brazil is "zafriña", that is, the planting after collecting the soybeans.

Projections for exports of corn in the 2018/19 campaign in the U.S. are of 62,23 million tons, while Argentina and Brazil expect 28,00 y 29,00 million tons respectively.



The projections for Corn exports in the campaign 2018/19 for U.S. are of 62,23 million tons, while Argentina and Brazil expect 28,00 and 29,00 million tons respectively. Ukraine would also be selling some 28,00 million tons. Among the importing countries, the USDA raised the demand from Japan, to 15,5 million tons, and it maintained Mexico's purchases at 16.70 million. After correction of the Chinese figures in the November report, the USDA maintained unchanged the diverse commercial variables in China, which initial inventory was set at 222,54 million tons; the crop at 256 million; imports at 5 million, and final inventories at 207.49 million.

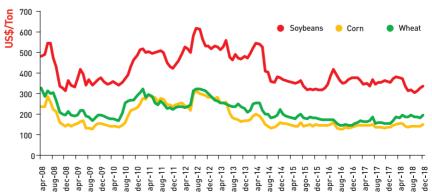
Global projection for the production of Wheat in 2018/19 is of 733,41 million tons. For the U.S. production would be of 51,29 million tons, EU 137.60 and Russia 70 million tons. In Australia, it is also a fact that it has the worst campaign in the last 10 years, a consequence of the draught affecting great part of the agricultural area.

USDA estimates for that country a production of 17 million tons. With this level of production, the exports balance only reaches 10,5 million tons

The projected production of Rice for 2018/19 will be of 491,14 million tons. India would have a production of 111.00 million tons, while Brazil 8.16 million tons. Final inventories of rice are projected to close 2018/19 at 163,25 million tons. With regards to prices, after having been relatively upwards during the first months of 2018, in the second semester they went down due to the uncertainty about the trade war. For 2019, a behavior similar to that of 2017 is expected, as Argentina would recover its productive capability and we would have a rather clearer panorama regarding the trade war.

Price evolution of Principal Commodities

Source: MF Economía, with data from CBOT



With regards to Oil, prices were showing an upwards trend since the signature of the agreement to contain production, at the end of 2016, by the Organization of Petroleum Exporting Countries (OPEP), Russia and the principal producing countries outside the organization. Since the middle of the year, other factors were added which added pressure to prices: the U.S. reserves reached minimum figures after several years, increase in political tension in Syria, and sanctions against Iran, that begun to restrict the flow of oil from this country. In this manner, at the beginning of October of this year, Brent petroleum exceed 85 US\$/ barrel, after four years.

However, due to an excess in offer, prices begun to fall sustained since October, and OPEP and its allies agreed, at the beginning of December, to shorten production by 1,2 million barrels in 2019, reverting the June decision to increase pumping. Thus, oil closes the year around 50 US\$/



Petroleum (US\$/barrel)





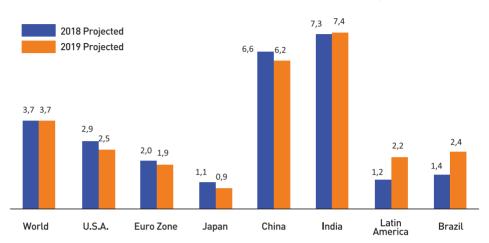
Lounge at Silvio Pettirossi Airport



Global Growth

GDP Growth Projections (in %)

Source: MF Economía, with data from FMI



In the final months of 2017, the global economy showed very good performance, reaching rates that were not recorded for eight years. According to the latest report published in October, 2018 by the International Monetary Fund (IMF), growth would continue, but not in such a synchronized manner. The difference in the developing markets is influenced by factors such as the prices of oil, the trade war, appreciation of the Dollar, and the political context that varies among countries. Also, many developed countries would be reaching their top levels, for example, the U.S., which is close to reaching full employment.

In this context, the IMF adjusted its growth projection in certain regions. For the world, expectations went from 3,9 to 3,7%, while for the U.S., they are maintained at 2,9%.

For the Euro Zone, they went from 2,2 to 2,0% and for Japan, from 1,0 to 1,1%. The perspectives for emerging economies were reduced from 4.9 to 4.7%, within this group, the projection for the Chinese economy was maintained at 6,6%. For Latin America, the projection was reduced from 1,6 to 1,2% principally the performance of the Brazilian economy, which projection again was decreased from 1,8 to 1,4%.

In general, projections for 2019 are slightly lower; although the world would grow at a rate similar to that of this year, 3,7%; other economies would show lower growth: US, 2,5%, the euro Zone 1,9%, Japan 0,9% and China 6,2%. In the case of Latin America, growth would be larger than this year: it would reach 2,4% and Brazil 245%.



The Regional Panorama

Brazil

During the third quarter of the year, Brazilian GDP reached US\$ 435 billion, representing growth of 1,3% versus the same period of the previous year. With this result, they count seven consecutive quarters of growth, although without reverting the previous fall accrued

In analyzing the economic sectors, and in inter annual terms, agriculture grew 2,9%, commerce 3,0%, transportation 1,6%. Transforming industry grew by 1,8% and construction decreased by 1,2%. Although the agricultural activity was the one with the best performance, it was Services that had the larger incidence in growth, as it is the sector with the most weight.

In analyzing demand, private consumption grew 1,4%, it being the sixth consecutive guarter of inter annual growth. Government expenses grew by 0,4%; while Investment recorded growth of e 7,7% in inter annual terms.

For the first nine months of the year, the increase in GDP was of 1,1% versus the same period of 2017.

España

branch

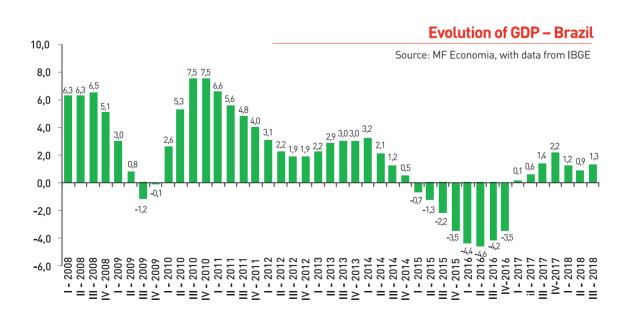
Inter annual inflation as of the closing of November was recorded at 4,1%, within the range of tolerance established by the monetary authority $(4,5\% \pm 1,5 \text{ pp})$. This has allowed the Central Bank to maintain its policy rate at 6,5%, close to historical minimum rates, seeking to dynamize the economic activity.



Until December 27, the Real depreciated in the year by 18,6%, from 3,31 R\$/USD at the closing of 2017 to R\$/USD 3,93, in line with what was observed in other emerging countries currencies, due, among other factors, to the hardening of monetary conditions in the U.S., and the country's political instability, associated with corruption cases and presidential elections.

In economic terms, the new Brazilian government has as its principal challenge to reduce the fiscal deficit, because the current levels generate costs to the country that harm its competitiveness. In order to achieve this, it needs to undertake two reforms: a tax reform, and a Social security reform. But this will be no easy task since, as part of the reforms, they will need to approve certain laws, and president Bolsonaro does not have ample support in Congress, because the vote that took him to Government was more Anti Labor Party - Partido de los Trabajadores (PT) rather than pro Bolsonaro.





Argentina

During the third quarter of 2018, economic activity decrease by 3,5%, versus the same period of the previous year, as a result of contraction in domestic demand originated in the important rebound in the exchange rate, its transfer into inflation, the fall in real salaries, and the increase in uncertainties. The sectors showing the worst performance were Commerce, with a decrease of 8,9%, transformation industry, with 6,6% and agricultural sector, with 5,2%.

Transportation and commerce activities suffered, also, the indirect impact of the draught affecting agricultural products. On the side of demand, public and private consumption fell around 5%, while gross capital formation falls by 11,2%.

Inflation as of the closing of November was of 48,5%, the groups of foods and non alcoholic beverages and transportation were the ones with the most incidence on their result, especially foods, since they are affected directly by the foreign exchange depreciation. Also influenced, albeit lesser, the item of housing, water, electric, gas and other fuels, due to reduction in subsidies to public utilities and the increase in international oil prices thorough most of the year.

So far, they are not successful in what refers to the control of inflation. For 2019,

an important reduction was expected, but for the time being there are not sufficient indications to trust that this will occur, as numbers are not converging towards the desired values. On its part, the continuation of the foreign exchange tensions associates to external factors (financial instability in Turkey affecting most of the currencies in emerging countries), as internal (uncertainty over the achievement of the goals designed in the first agreement with the IMF), caused that the foreign exchange rate continue to depreciate until reaching a maximum of AR\$/USD 40,90 as of the closing of September. If compared with the averages recorded between June and the month being reported, the loss of value of the currency was of 45,4%, and versus December 2017, of 118,0%.

On October 26, according to an IMF communiqué, it was informed that, upon the first review of the country's economic performance, the 36 month Standby agreement approved on June 20, amounted to USD 56.300 million. After this evaluation, authorities will be able to have access to funds for USD 5.700 million, with which from June, total disbursements made by the multi lateral fund amount, approximately, to USD 20.400 million. The resources made available will be used for budgetary support. The press release also indicated that a central element of the plan of the authorities will be to reach budgetary balance for 2019, and advance towards primary surplus in 2020. They consider that with these measures, the government financing needs will be reduced, and this will lower public debt.

Also, the Central Bank decided to change its monetary policy, from a policy with inflation goals, to a policy of managing monetary elements, that is, the amount of money in circulation. All of this, seeking to stop inflation without loss of Reserves.

In fact, the Banco Central de la República Argentina (BCRA) undertook not to increase the monetary base (which includes cash in circulation, and cash at banks and current accounts in Pesos of the financial entities at the issuer bank) until June, 2019. However, in order to avoid excessive monetary contraction, the objective aggregate will be adjusted by the seasonal effect that increases demand in December, and June. In the meantime, the Banco Central de la República Argentina (BCRA) auctions short term drafts (LELIQs).

It is expected that this new framework will contain the offer of money, and maintain short term interest rates at the current high levels in order to decisively and rapidly reduce inflation and its expectations.

On its part, the BCRA made the decision to adopt a floating foreign exchange desk without intervention, which allows, upon an extremely excessive fluctuation in the exchange rate, to organize limited auctions in order to avoid disorderly conditions in the market.

Thus, it has defined the zone of non intervention in foreign exchange, as from October 1, between Pesos/USD 34 and 44, which will be adjusted daily at a rate of 3,0% per month until de end of 2018. In case the exchange rate is above the non intervention zone, the BCRA will organize daily sales auctions of foreign currency up to a maximum of USD 150 million.

Finally, the BCRA and the People's Republic of China Bank signed, on December 2, a supplementary Currency Swap agreement for CNY 60 billion, supplementing what was signed in July, 2017. Thus, the total amount of Swaps rises to CNY 130 billion. With this new agreement, the idea is to promote more financial stability, strengthen the relation between the two central banks, and facilitate commercial exchange among both countries.

Foreign Exchange Rate and Reserves

Source: MF Economia, with data from Bloomberg, BCRA





Ciudad del Este branch

During the third quarter of 2018, economic activity decreased by 3,5%, versus the same period in the previous year, as a result of contraction of internal demand originated in the important rebound of the foreign exchange rate, its influence in inflation, the fall in real salaries, and more uncertainty. The sectors that exhibited the worst performance were Commerce, falling 8,9%, transformation industry, 6,6% and the agricultural sector, 5,2%.



The local panorama

The Real Sector

After having grown by 5,2% in the first quarter, and 6,4% in the second quarter, Gross Domestic Product (GDP) grew by 1,1% in the third quarter versus the same quarter of the previous year.

The sector with the largest growth was Agriculture, with 3,3%, explained in the good Income achieved in certain items, such as corn, and wheat. Services grew by 3,2%, outstanding among them, Services to households, to Hotels and Restaurants, Finances, and Telecommunications. Given its importance in the GDP, this sector was the one with the largest influence in the growth of the economy in the third quarter, followed by Agriculture.

Cattle ranching grew by 1,2%, in spite of the fact that bovine slaughtering decreased. The production of poultry, pigs and crude milk exhibited good Income.

Industry grew by only 0,2% with the principal strength in the subsectors of metal products, chemicals, paper, wood, beverages, and tobacco. The milling industry and beef industry experienced negative performance.

After having grown by 13,4% in the second quarter, the Construction sector fell by 5,1% in the third quarter, principally due to adverse climate conditions in the period, and to the transition between governments.

On its part, the binational entities decreased by 5,6% due to the reduction in the dams as a consequence e of scarcity of rains in Brazil, generating less energy.

Encarnación branch



Paraguayan GDP Evolution

Source: MF Economia, with data from BCP



If we observe the GDP from the side of demand, private consumption grew by 2,6%, mainly with the impulse of non durable goods, as well as services related to health, education, and recreation. Public consumption grew by 6,8%. On its part, after four consecutive quarters of growth, the Gross formation of Fixed Capital (investment) fell by 2,3% in the third quarter, with the lowest performance in Construction and investment in machinery and equipment.

For the first nine months of the year, the growth of GDP was of 4,2% versus the same period of 2017

In December, the Banco Central del Paraguay (BCP), again adjusted downwards its growth projection in GDP for 2018, from 4,3 to 4,0%. The adjustment was given since the economy, in the second semester, is showing lower dynamics, due to climate conditions affecting generation of energy, construction, and the cattle ranching sector, adding to this the political and economic regional context. For 2019, BCP projects growth of 4.0%.



Agriculture

The soybeans campaign at the local level closed the year with better Income than those initially expected. Growth did not reach the levels of the previous campaign, but given the increase in the area of plantation, the production was almost the same as one year before.

One aspect to outline here is that, given the draught in Argentina, where they produced a total of 20 million tons below the previous year, added to uncertainty due to the trade work, as from April, premiums at the harbor begun to be positive, a situation that maintained itself for several months, benefiting producers who did not close their sales in advance.

On its part, at the beginning of the campaign 2018/19, estimates were similar to those of the previous campaign; however, it opened with some problems, as part of the soybeans planted early had to be planted again due to intense rains.

Also, in certain areas, there are several days without rain and this is beginning to affect cultivations, some people in the sector say that they could lose between 5 and 10% of production. Upon this situation, after the harvest, producers would again try the "Zafriña", above all if climate conditions improve. Considering this all, we will have to observe closely the yields obtained in order to see how the final result will be.

In 2018 there was an increase in the surface of sowing of corn, and there were good yields, with which production resulted above that which was previously projected. At the local level, about 20% of corn produced is consumed, and the rest is exported, principally to Brazil. In this current export campaign, exports were affected by the important production at Mato Grosso and the fall in the Real. On its part, the plantation of Zafriña was again important, in spite of the increase in the sowing surface for corn. In 2019, a smaller sowing area for corn is expected, and thus, lower production.

With regards to wheat, in 2018 the sowing area was lower versus the previous yea, but yields were 20% better, with which production would have reached 800 thousand tons, or 14% above the levels of the previous year. For 2019, the sowed area would be similar, and yields would be slightly better.

Concept		2016/17	2017/18 est	2018/19 proy	Var %
Soy beans	Has.	3.388.709	3.490.370	3.595.452	3,0%
	Tons.	10.336.144	10.371.534	10.570.629	2,5%
	Ton/Ha.	3,050	2,956	2,940	-0,5%
Corn Zafriña	Has.	750.000	760.000	760.000	0,0%
	Tons.	4.125.000	4.200.000	3.838.000	-8,6%
	Ton/Ha.	5,500	5,526	5,050	-8,6%
Wheat	Has.	428.648	400.000	400.000	0,0%
	Tons.	700.000	800.000	840.000	5,0%
	Ton/Ha.	1,633	2,000	2,100	5,0%

Source: MF Economía, with data from CAPECO

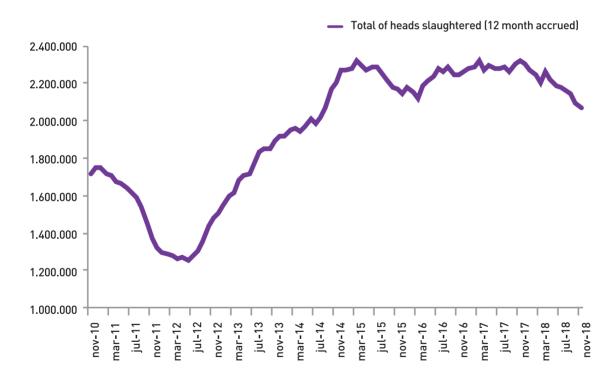
Cattle

Slaughtering in the period from January to November of this year rose to 1,9 million heads, reflecting interannual decrease of 10,9%.

The average of slaughtering per month is of 173 thousand head, of which 91% are slaughtered at meat packing plants, and the rest at domestic slaughter houses Of the total, 60% were male, and the rest female, observing inter annual decrease of 17.7% in the slaughtering of female heads.

Evolution of Total Slaughtering

Source: MF Economia, with data from SENACSA







Other Sectors

As an indicator of the performance in the transportation sector, one may take freights related to agriculture and cattle ranching. In the period from January to November, these fell by 8% versus the same period in 2017, due to the lower slaughter of bovines and the fall in exports of corn and wheat.

With regards to commerce, law N° 5.476/15, also known as the law on credit cards, caused a fall in sales at merchants at the local level

Since 2017 and in the first months of this year, the fall was compensated in part by purchases made by foreigners, principally Argentineans, Brazilians

Currently, with the depreciation of the Real and of the Argentinean Peso, these purchases have been reduced materially, and thence, sales at merchants.

At the same time, products at the border cities of Argentina and Brazil again show attractive prices for Paraguayans, and smuggling rises again, in detriment of local merchants.

However, for 2019 the expectation is that the devaluation of the Argentinean Peso will be slower than that of this year, while inflation would continue to be high. Upon this situation, prices would again stop to be better in Argentina, thus diminishing its effect: smuggling.



As of the end of November of this year, total revenues at the Central Administration reached Gs. 29,8 trillion, or 7,6% above the same period in 2017. Within them, tax revenues, representing 72% of the total, have exhibited growth of 7.8%.

Revenues at the Under Secretary of State for Taxation have increase by 2,7% while those of the National Customs Authority presented an inter annual increase of 14,4%, influenced by the growth in imports

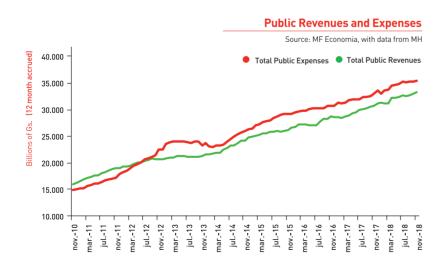
Expenses of the Central Administration until de closing of November totaled Gs. 30,7 trillion, representing growth of 6,4% versus the previous year. In analyzing expenses by type, it is observed that execution of current expenses, the equivalent of 87% of the total, grew by 10,4% in inter annual terms, while physical investment fell by 15,1% versus the previous year.

The fiscal deficit as of the closing of November was of Gs. 894 trillion. But, if one takes annualized figures, the deficit represents 1% of the projected GDP for the year, at the top of what is prescribed in the Law on Fiscal Responsibility (LRF).

During 2019, work will continue on a project for tax reform seeking a simpler structure, and to improve tax collection capabilities, and formalization.

As of the closing of October, the balance of the total public debt was of US\$ 7.839 million, the equivalent of 24,5% of GDP estimated for this year. This is comprised 80% of external indebtedness.

Risk rating agency Fitch raised Paraguay's rating from BB to BB+, just one step from Investment Grade. This helps to improve on the country's image, increasing business opportunities, improving conditions of international credits for local companies, and attracting capitals into the country. It is important to continue working in order to achieve that the other rating agencies also improve their ratings for our country.





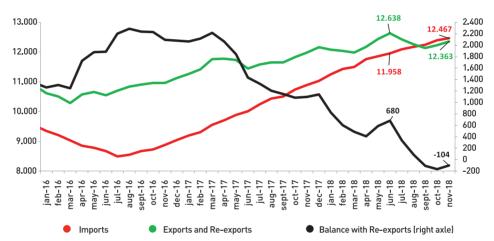
España branch

The Trade Balance

In the period from January to November, considerable increase is observed in inter annual imports, larger than the increase in registered exports. With this, the deficit in the trade balance (exports less registered imports) reaches US\$ 2.932 million, an increase of 56% versus the previous year.

Public Revenues and Expenses

Source: MF Economia, with data from BCP



Lounge at the Silvio Pettirossi airport



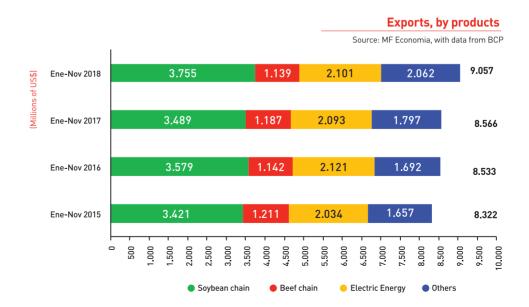
Exports

From January to November, total exports reached US\$ 8.458 million, an increase of 5,0% versus the same period in 2017.

In this period, 8,9 million tons of soybeans and sub products were exported (grain. flour, oil) for a total of US\$ 3.491 million, this is 2 and 9% more than exports of the previous year, respectively. In analyzing by sector, we see exports of 5,9 million tons of soybeans totaling US\$ 2.172 million, a decrease of 1.1% in volume and an increase of 4,1% in value versus the same period of 2017. With regards to sub products, an improvement is observed in the processing levels: exports of oils grew by 3,7% in volume, and flour, by 11,1%,

On its part, exports of corn recorded an important decrease reaching 31% as of the closing of November. They go principally to Brazil, and were affected by the important production in Mato Grosso and the depreciation of the Real. There were prices, but buyers were absent. On another pat, as of the closing of November, exports of beef reached a total of 266 thousand tons, totaling a value of US\$ 1.072 million; they are similar to those of the previous year, just up 0,2 and 1,2%.

A total of 157 thousand tons of frozen beef were exported, for a total of US\$ 603 million. Both values are higher by 13 and 17% than those of 2017. The principal buyers are Russia, with 69%, Vietnam with 8% and Israel with 6%. In terms of volume, this type of beef is the one with the largest participation in the total. The average price of exports for frozen beef have risen by 3,8%, at 3.847 US\$/ton.



In the opposite side, exports of chilled beef decreased both in volume and value. A total of 82 thousand tons were exported, lower by 22% than those of 2017. In terms of money, the total of US\$ 409 million was reached, or 21% below 2017. On average, the exports prices were higher by 1,3%, around 5.013 US\$/ton. The principal importers of this type of beef are; Chile, 75% and Brazil. 14%.

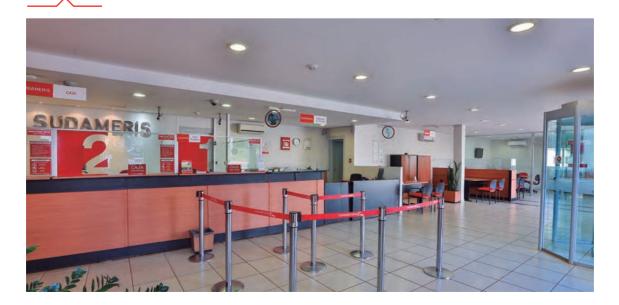
Offals were exported for a total of US\$ 57 million, 15% above 2017, this was caused due to an increase in prices of 15%.

At the regional level, there are differences in prices, since the Argentinean beef have a brand, Uruguay is undertaking a strong commercial strategy. However, beef form Paraguay and Brazil is rather a commodity, and they compete in the markets of destination, with the difference that Brazil handles much larger volumes.

On another side, nontraditional exports, that is, of those products that were not exported before, showed an increase. In the period from January to November, they totaled US\$ 1.235 million, 11% above 2017. Among the principal products, wires, paper and cardboard products, plastic containers, blankets, medications, among others.

With regards to re-exports, they have decreased by 6%. This is explained principally in the depreciation of the Brazilian currency versus the US Dollar, and the economic context in the neighboring countries. In considering re-exports, the trade balance shows a surplus of US\$ 52 million, 96% below the surplus of the same period of 2017, due also to the growth in imports.

Santa Rita branch



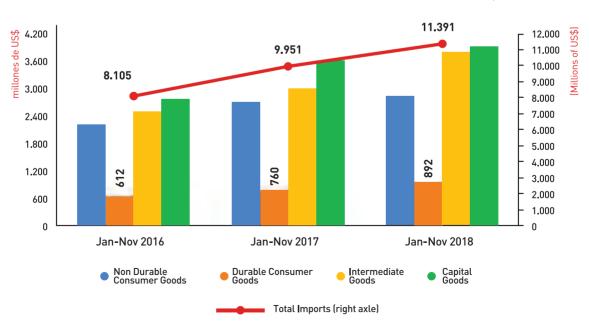
Imports

With regards to Imports, as of the closing of November, they reached US\$ 11.391 million, or 14% above the previous year.

The recovery is given practically in all principal items, the most important ones being intermediate goods (naphtha, gas, gas oil), capital goods (agricultural machinery, desk machinery) non durable consumer goods (foods, beverages).

Evolution of Imports

Source: MF Economia, with data from BCP



Foreign exchange rate, and Reserves

The foreign exchange rate begun 2018 quoting at the retail market at an average of 5.558 Gs./US\$, similar to the average recorded in December 2017. Then, in the month of February, it was quoted at an average of 5.523 Gs./US\$. As from March, Until the beginning of May, the Dollar was quoted below 5.500 guaraníes, at an average of 5.485 Gs./US\$

Income of foreign currency originating in agricultural exports has somehow been pressuring downwards on the U.S. currency in the first quarter. The flow in typical of the season. As from May, the exchange rate showed upwards trend, reaching a maximum of 5.720 Gs./US\$. Later, in the months of June and July, the dollar was quoted around 5.670 Gs./US\$ showing more stability than in the previous months

As from August, the Dollar went upwards sustained: it opened the month at 5.720 Gs./ US\$ closing at 5.830 Gs./US\$. In September, the upwards trend stopped slightly, and the month closed at 5.855 Gs./US\$. In October, the upwards pressure became stronger, and the Dollar was guoted at 6.000 Gs./US\$, a value it did not have since February of 2006.

Different factors have an upwards pressure on the exchange rate, among them:



- Higher rates determined by the FED
- Capitals exiting emerging markets
- Uncertainty with respect to the Euro

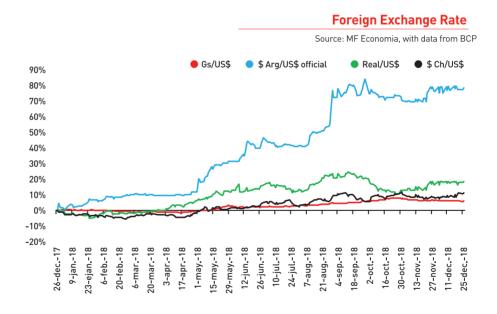
- Trade war between U.S. and China
- Economic and political situation in Brazil and Argentina

In the last days of October, the Dollar experienced a stop in its appreciation, and begun lowering its guotes thorough November until it raeched 5.890 Gs./US\$ at the end of the month. Thereon, it was quoted at around 5.900, with a slight rebound in the last days of the year, closing on December 27 at 5.960 Gs./US\$.

A pesar de que la economía paraguaya tiene un comportamiento más parecido al de otros países de Latinoamérica, dado su vínculo con Argentina y Brasil, y el comportamiento del Peso y el Real, en el 2018 el Guaraní tuvo que soltarse un poco al alza para mantener la competitividad de los productos paraguayos Pero, esto es algo que el Banco Central puede hacer hasta cierto punto, porque tampoco puede hacer que la moneda se comporte de una manera muy artificial solo para estar alineados a los países vecinos; sobre todo porque el quaraní viene acompañando la tendencia del índice del dólar frente a una canasta de monedas (DXY), esto se refleja en el coeficiente correlación que es de 0,86.

En el periodo de enero a noviembre, el BCP realizó ventas netas¹ por un total de US\$ 1.235.9 millones² en el mercado financiero, la mayor intervención se dio en mayo por un total US\$ 327 millones de modo a atenuar la suba del tipo de cambio.

Históricamente las reservas nacionales han llegado a una cifra de US\$ 8.800 millones a inicios de abril, ubicándose en los últimos días de diciembre en torno a los US\$ 7.975 millones. Esto le da a Paraguay una sólida posición externa. Con estas reservas la capacidad del BCP para reducir las volatilidades del tipo de cambio en caso de shocks externos aumenta.



- 1. One must remember that the scheme used by the Banco Central del Paraguay (BCP) is that of dirty fluctuation. That is, BCP lets the exchange rate fluctuate freely within a range of tolerance, and both in high and low peaks, it performs interventions in order to soften sudden increases or decreases that may generate more volatility in the market.
- 2. This is more or less twice the common value. with the exception of 2015, when it was used to balance the fall in commodities prices.

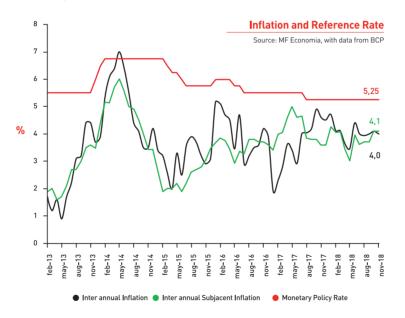
Monetary

Inflation was of 3,2%. The largest pressure was given due to an increase of expenses related to transportation, urban bus tickets and fuels 3 . Also, increases were recorded in certain foods such as beef, flours.

In 2018, inflation was of 3,2%. The largest pressure was given due to an increase of expenses related to transportation, urban bus tickets and fuels3. Also, increases were given in certain foods such as beef, flours. There were also increases in services to households and in recreation and tourism activities. In this manner, inflation closes according to the goal set by the BCP.

Regarding Monetary Regulation Drafts, as of December 20, the balance was of Gs.9,2 billion, or Gs. 1,5 billion below the closing of December, 2017.

nalyzing demand of money, as of November, the balance of M1 (bank notes and coins circulating, plus deposits at sight) was of Gs. 27,3 billion, or the equivalent to a decrease of 0,3% in real terms, versus the same month of 2017. The fall in monetary aggregates is also due to the interventions of the Central Bank to contain the rate of exchange, and it implies a lower amount in transactions in the economy.



3. In January, the price of urban bus tickets rose by 10% and that of gasoil, by 10,5%. Later on, as from June 1, the government liberated the price of fuels, with which both naphtha and gas oil experienced increases. Gas price also rose. In October, bus ticket prices rose again, but the impact was not as strong, since they went down again in November.



Santa Rita branch

As of the closing of November 2018, deposits in the financial system reached Gs. 92,2 billion (some US\$ 15.570 million), or 5,2% more versus the previous year in nominal terms, and 1,8% in real terms.

From January to November of 2018, average delinquency in the financial system was quite stable, at 3,1%, slightly below one year before. As of the closing of November, banks recorded delinquencies at 2,8% and finance companies, at 5,5%.

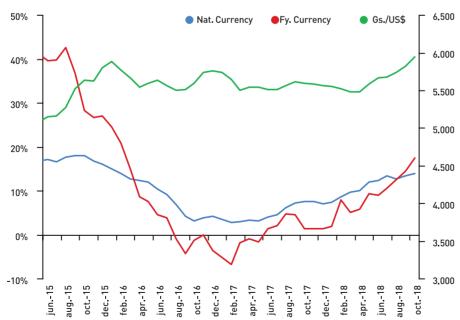
On its part, the interventions of the BCP withdrew liquidity from the market, and the levels were around average.

The banking system ratios showed a downwards trend throughout the year. The ratio of Availabilities and deposits closed November at 38,6%, or lower than 43,2% recoded in December 2017.

With regards to profitability rations, they close November at values that are near those of 2017. The ratio between Income and Assets (ROA) was of 2,3% and that of Income and net equity (ROE) was 23,4%.



Source: MF Economia, with data from BCP

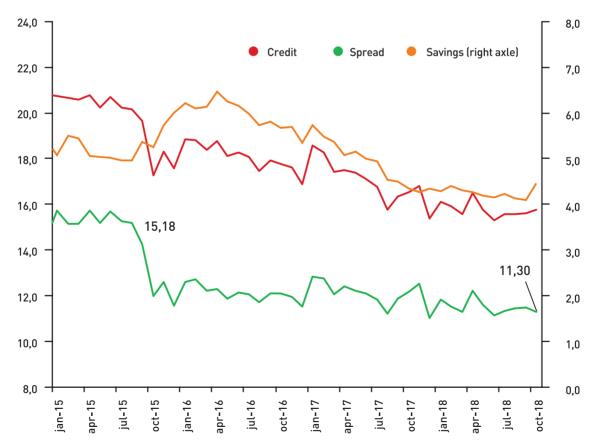


The weighted Lending rates in local currency in October averaged 15,8%, above 16,5% of the previous year. While liability rates averaged 4,5%, very similar to 4,4% of the previous year.

In terms of foreign currency, lending rates in October averaged 7,9%, practically the same as 7,8% of the previous year, and liabilities rates went from 2,1% to 2,8%.

Interest Rate, in National Currency

Source: MF Economia, with data from BCP





Conclusions and perspectives

CONCLUSIONES Y PERSPERCTIVAS



In 2018, lower number of visits of foreigners due to the depreciation of the Real and the Argentinean Peso affected sales at commerce units.



The situation in Argentina and Brazil will make that these two countries experience very moderate growth in 2019, thence, their demand for Paraguayan products will be affected.

- o In the case of Brazil, with quite a weak demand, the exchange rate becomes the central variable that will affect our economy.
- Industry linked with the Brazilian industrial chain, like auto motors, the border trade, wheat, corn and rice, could be affected by the behavior of the Real versus the Dollar.
- Also, Brazil will also compete in prices with Paraguayan products in destination markets, as it happened this year with beef going to Chile
- Something similar occurs in Argentina: the return of smuggling is having negative effect in local commerce units importing legally. However, it could be expected that this will be stopped in 2019, as the level of inflation would exceed those of the depreciation of the Peso.



Exchange rates

- o In Brazil, inflation does not seem to be a problem, thence, the Central Bank could maintain its interest rate of reference at the current levels for a considerable time. It could be expected that the exchange rate be around 3,9 R\$/US\$ and above all, more stability in the exchange rate, different from what happens in Argentina.
- o In Argentina, it could be expected that the exchange rate oscillate between 30 and 40 Pesos per Dollar, but an estimate is that it will reach 50 Ar\$/ US\$, with a range in the exchange rate that would be adjusting itself and which first review will take place in June 2019.



t the local level, soybeans again became the principal item in Agriculture. The levels of 2016/17 were not reached, but very good Income were achieved.

o The situation is changing the existing price relations at the world level. The reference has always been the Chicago market, but in the last few months, the price is plummeting. The premium for soybeans will likely adjust at a given moment.



For 2018/19, the sowing of soybeans begun quite early

- o Excess of rains made it necessary to plow again.
- o Lack of rain in certain areas is beginning to affect
- o After the harvest is over, producer would again strongly bet on the soy Zafriña, above all if climate conditions improve.



Although with a complicated beginning of the year, slight growth maybe expected in the cattle sector in 2018 given the prospects of exports

o An increase in the number is required in order to achieve sustainable growth

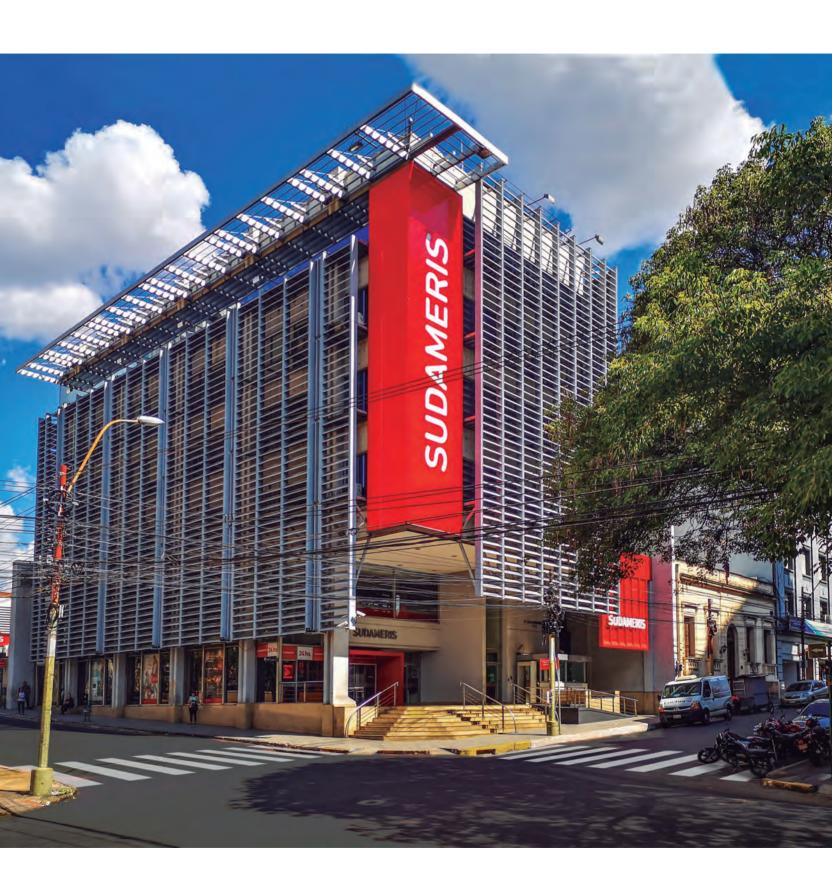


GDP in 2019 would again be growing at a rate similar or slightly lower than in the current year.

o Local and international factors fundament a slightly upwards trend in the foreign exchange rate for 2019.

Indicator	2016	2017	2018 proj.*	2019 proj.*
Growth of GDP	4,3%	5,0%	3,9%	4,0% ± 1
Rate of Inflation	3,9%	4,5%	4,0%	4,3% ± 1
Foreign exchange rate Gs./US\$ (closing)	5.768	5.542	5.960	6.083 ± 200

^{*} Data projected are based on a model of macroeconomic estimates of MF Economía. Projections are made by function of a basic stage implying absence of shocks in offer / demand, or structural reforms in the economy.



Change of Image

A new time

In a process of growth, Sudameris placed a bet in renewing its corporate identity with a denomination and tagline that became: **TODO UN BANCO – Quite a Bank**

New Image

After a wide trajectory, the bank left its inaugural phase, and communications had become anchored to that first time.

This situation presented itself as an excellent opportunity to evolve and focus communications on the present.

Building a path with concrete goals. Taking the step towards a more robust brand, consistent, that surprises consumers, and captivates them.

It all begun with a transformation in the visual identity. The logo was redesigned to achieve dynamic structure, reflecting modernism, and innovation, without forgetting the subjacent values in the foundation of the brand.

In the new design, renewal y typography also took place, marking the beginning of a new age. Modern, legible, its different variables allow generating contrast between the different messages enunciated by the brand.

España branch





Plaza Jesuitica branch

Regarding color, red was maintained, because it is a key element of the past and present of the bank, reflecting the trajectory of the organization in the last years.

The new identity allowed us to be more flexible. We became closer, without losing seriousness. And one more attribute: we are a bank made by people.

Focusing on the people that make companies. On all persons that define us. On all that the bank can do within and outside of work.

The brand tagline assumes the same leap, as the model of attention that is incorporated, with offices and staff at the entire disposal of the client.

Renewing the graphic identity, the logo, the tagline and the model on attention, represents an important step in the business strategy, addressing the positioning o the brand towards a closer approach.

Because, much more than a financial entity, Sudameris is the tranquility to enjoy the support and trust, for the whole of life. It is the possibility of achieving in all our projects, wishes and dreams

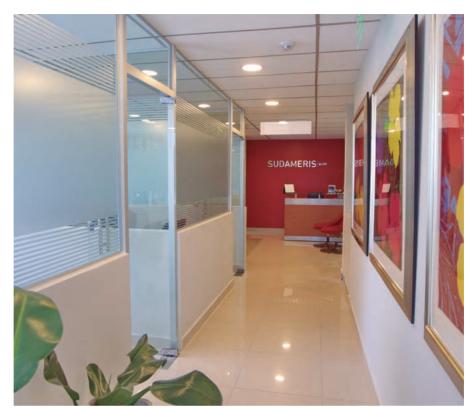


SUDAMERIS ELITE

Launching

Elite was launched, a model of special attention for clients of the highest level, with multiple benefits to improve their lives.

Elite Attention Villa Morra branch



}

Elite Attention Villa Morra branch





In order to adjust to the current challenges, always at the service of its portfolio of clients, Sudameris incorporates a new experience, implementing a renewed model of differentiated attention for its most demanding clients.

This business model places at the disposal of the client, services that go beyond managing their finances, from memorable experiences, advantages in travel, to preferred prices and benefits thought for the Elite life style.

Users of this segment will have access to the Elite Client Attention Centers at the branches of Sudameris. There, they may relax and review their financial needs with a team of Elite officers. They will work in private rooms with all amenities at their disposal, and renew with a varied gastronomical proposal.

Elite Attention España branch



Elite Attention España branch They will also have a concierge service, with a personal assistant at their disposal, 24 hours a day.

When traveling, they may enjoy of the Sudameris Lounge at the Silvio Pettirossi and have access to more than 1000 VIP lounges in airports thorough the world. They will also have international medical coverage, a variety of insurances, and improvements in their reservations.

Sudameris Elite, is living experiences that clients will always remember, and enjoying benefits that add value t their life.

A special attention model, for highest level customers.





Lounge at Silvio Pettirossi aeropuerto



Lounge at Silvio Pettirossi aeropuerto



SUDAMERIS

Facing the Community

We understand that the Bank must be an active social stakeholder, and then, in 2018 we deepened our commitment with the arts, education, and culture.

Child's Day JOSE MARIA VELAZQUEZ School

This time, some 500 children from Pre School to the 6th grade enjoyed a varied show with puppets, painted faces, crazy balloon and other games together with a meal, commemorating their day.





The bank celebrated Child's day for the ninth consecutive year at the Jose María Velaz School, of Fé y Alegría

We are convinced that education has the potential to transform society and foment progress.



Museum Evening

Museum Evening, seeks to incentive knowledge about museums in our country, with free visits. 15 different museums from Asuncion and four from the interior adhered to the initiative opening their doors to show their exhibits.

The event was sponsored by Sudameris, the National Secretariat for Culture, and Itaipú Binacional, with the support of the Municipality of Asuncion, FADA/UNA, National Secretary of State for Tourism, the National Police, and the Paraguayan Institute for Craftsmanship.



Within our commitment to support the arts, education and culture, Sudameris was the official sponsor of "Museum Evening" for the second consecutive year.



The evening of Galleries

Within the support for culture and the arts, Sudameris was the official sponsor of the "Evening of the Galleries" for the third consecutive year.

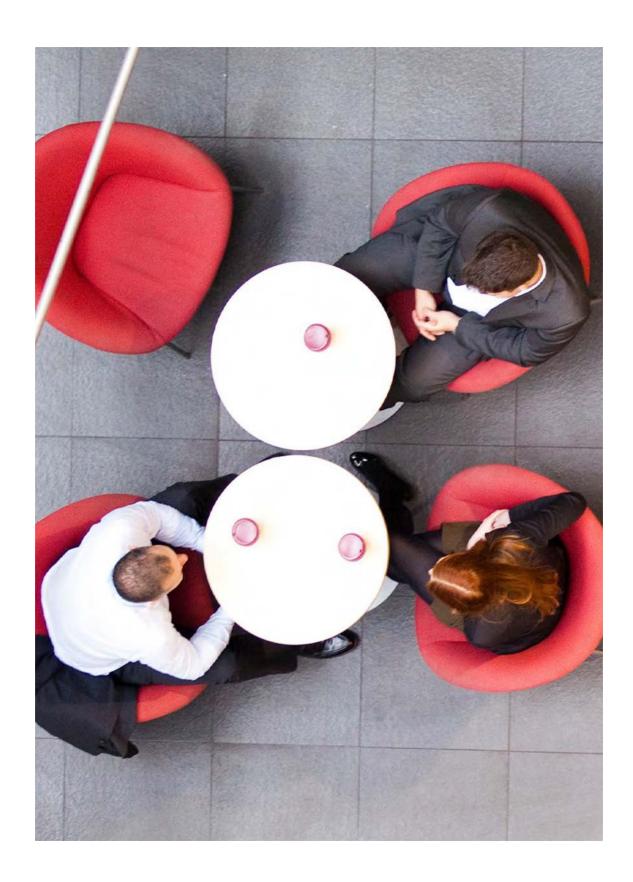
The event included free visits to the most important art galleries in Asuncion. There were buses and the company of cultural guides explaining the profile of each artist and the works exhibited at the galleries.

The event was a celebration where spectators and artists gathered to revitalize and incentivize the arts.



The event was declared as one of National Tourism Interest, by the National Secretariat for Tourism and by the Municipality of Asuncion.







Presentation of Income

General Manager

Dear Shareholders

The fiscal year that just closed may be marked as a very good one for our bank, considering that the first steps were made towards a process of transformation and modernization, in line with the strategy defined, and which has already begun showing the first tangible Income.

Continuing the trend of the previous year, the large economies at the global level, such as those of the United States, China, and Europe. different presented situations regarding growth versus 2017, and controlled inflation. In the U.S., growth of the GDP was of 2.9%, the largest since 2015, this result was engined by gross private investments, exports, and personal consumer expenditures. With regards to inflation, the same reached a level of 1.9% due principaally to the growth in Energy.

In the case of China, growth in GDP was 6.6% representing the worst annual growth rate in the country since 1990, confirming the slight deceleration o the Asian super power. On its part, inflation

remained controlled, at levels of 2.1%, quite below the expected 3% based on estimates of the Chinese government. Finally, the European Zone showed slight deceleration in economic recovery, reaching GDP growth of 1.9%, the lowest figure since 2015, caused by decelerations in Germany and Italy at the end of the year. Inflation, the same as in the other large global economies, remained controlled, at 1,5%.

At the regional level, the panorama was a bit different than those o the large global economies: if we observe the two large economies in the region: Brazil and Argentina, we can see that Brazil has a modest recovery in 2018, reflected in growth of 1.1%, and a controlled inflation: 3.75%; on the other side, Argentina had a recession of 2.6% in its economy, affected by the high level of inflation: 47.6%, the highest in the last 27 years,

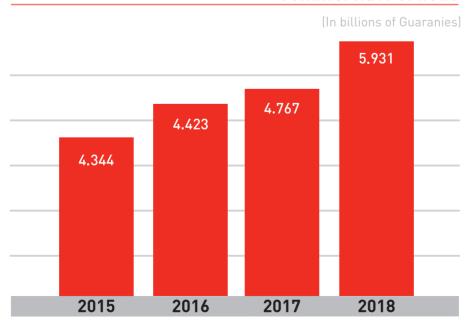
Causing a devaluation of its national currency versus the US dollar, and thence growth it ins foreign debt.

In analyzing the local scenery, growth of GDP in our country at 4.0% consolidated a trend of growth in figures that were similar to those of the last six years. With regards to Inflation, the index closed 2018 at 3.2%, in this manner, the Paraguayan economy records on o the lowest rates of inflation in the last decade. It is important to remember that 2018 was a Presidential election year, and then, upon their definition, and with the panorama cleared out for the next few years, we noticed growth in investments and more mobilization in the economy, which was a bit stranded and expectant in the uncertainty of the political scene.

This same effect of an election year was reflected in the banking financial system, which increased its credits portfolio by 15%, principally during the second semester, duplicating the figures of 2017 which were of 7%.

Within this framework, and in comparison with the growth of the credit portfolio already mentioned, we may underline the growth obtained by Sudameris, of 24%, the commercial portfolio reaching levels of .Gs. 5,9 trillion at the closing of 2018.

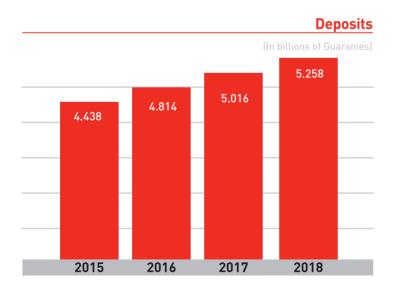
Commercial Portfolio



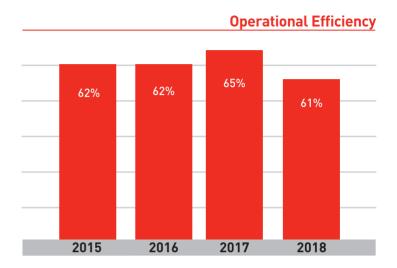
Also worth mentioning is the good work that begun in 2017 and continued thorough 2018, regarding adequate management of the portfolio, allowing us to close the year with a delinquency ratio of 1.4%, one of the lowest in the financial system, which closed the year at 2,4%.

With regards to the capture of funds from depositors, our volumes closed 2018 at Gs. 5,2 trillion, 5% higher than the closing of the previous year, maintaining growth in line with the financial system, and thus maintaining our position of fifth bank in the system, both in commercial portfolio, and in deposits.

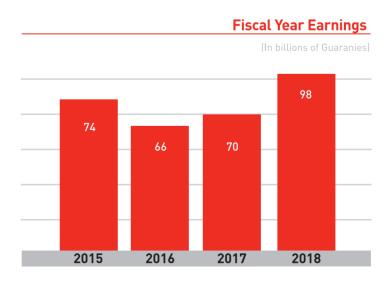
2,4% 1,6% 1,4% 2015 2016 2017 2018



The operational efficiency for the year was of 61%, one of the lowest ones in the last few years, the product of larger volumes in terms of financial yields and fees collected, and on the other, an important effort in the containment of annual expenses. This was just the first sign of progress towards indexes that are closer to the average ones in the system.



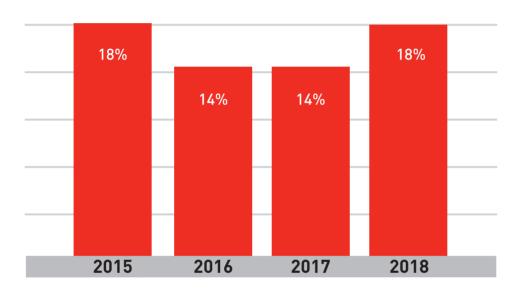
Total Income for the fiscal year, and the indicator of Returns on Equity, are other items where we may observe the result of the work the bank is performing, always aiming at better levels of performance and efficiency in the following years.



Income generated during 2018, of Gs. 98 billion represent a record in the history of Sudameris. The figure was 40% above the one reached in the previous year, and it made possible a return on equity averaging levels of 18%, also higher than the index reached in the previous year, of 14%.

Return on Equity

(In billions of Guaranies)



Relevant **Facts**

It is good to share also some of the relevant facts occurring in 2018, aiming at continuing to contribute to the growth, innovation, comprehensive relationship with our clients, and consolidation of the bank's position in the market.

- o As part of the transformation that is taking place at the bank, we have renewed the image of the brand, thus seeking to project a younger one, simpler, practical, agile, and friendly with clients. This was represented in the replacement of our signage at all branches and ATMs.
- o Accompanying this renewal of the Image, we have worked on the segments where the bank attempts to grow, such as the re-segmentation of clients at the Persons bank, redefining processes and client attention schemes in each segment defined. In this framework, we started the Elite Banking, comprised of a group of executives focused on clients of the high income range. We also opened specific offices for the attention to this segment.
- o In the same line of attention to clients of the Persons bank, we perfected an alliance with Avianca and the Star Alliance network, and the Sudameris clients may have access to a LifeMiles credit card, with numerous benefits and privileges at different airports thoroughly the world, and through purchases made with the card, accumulating miles that are interchangeable with airline tickets at the mentioned airlines network. This alliance was presented at an unprecedented event, where all of the Elite banking clients were invited, and who already received their credit cards, totally qualified for the purchase of airlines tickets, or others from the duty fee at the very event. In order to offer an even more distinguished attention to our Elite banking clients, we opened the Sudameris Lounge, a VIP site at the Silvio Pettirossi international airport, where our Elite clients have access while they wait for their flights and connections in a differentiated manner.

- o We must also mention a transcendental fact, which was the agreement between Sudameris and OPIC (Overseas Private Investment Corporation), an agency of the U.S. government, under which the bank was granted a loan for more than USD. 100 million, in the first time the agency closes an agreement of sorts with a banking institution from Paraguay.
- o One other very important fact, in terms of the shareholding structure of the bank, was the inclusion of FMO (Netherlands Development Finance Company) a development agency from the Dutch government, with 7.5% of the shareholding package of Sudameris, demonstrating the trust towards the bank by international institutions.
- o Referring to activities organized, we may outline the already traditional Saint Patrick's festivity, an Irish celebration that takes place all over the words, and which the bank organizes in Asuncion in order to render homage to its Irish roots, and to achieve closer relations with its clients. The bank also, as customarily, organized activities with its collaborators, such as the celebration of Labor Day, the sports Olympics, the traditional End of year party, and Christmas with the family, were all families were invited to share and where there were gifts for all the children of the Sudameris family.

After rememorizing the main aspects of 2018, we may close the page with the satisfaction of having achieved the goals defined for the period, and with the looks already placed on the horizon in the pursuit of this more consolidated, efficient and profitable bank that we want in the middle term.

Villa Morra branch





FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017



(A free translation from the original prepared in Spanish language)

REPORT OF THE INDEPENDENT ACCOUNTANTS

February 27, 2019

To the Chairman and Directors of Sudameris Bank S.A.E.C.A.

We have examined the accompanying financial statements of Sudameris Bank S.A.E.C.A. ("the Entity"), which comprise the statement of financial position as of December 31, 2018 and the corresponding statements of income, changes in shareholders' equity and cash flows for the year then ended, and the summary of significant accounting policies and other explanatory notes. The opening balances of Sudameris Bank S.A.E.C.A. as of December 31, 2017 arise from the financial statements as of that date, which were examined by other independent auditors, who in their report dated February 27, 2018 issued an unqualified opinion thereon.

Management's responsibility on the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the accounting standards, the valuation and risk rating criteria and the presentation standards dictated by the Central Bank of Paraguay. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

Our responsibility is to express an opinion on the aforementioned financial statements based on our audit.

Scope of our audit

We conducted our audit in accordance with Standards on Auditing issued by the Council of Public Accountants in Paraguay, and with the requirements for independent audits established by the Superintendence of Banks of the Central Bank of Paraguay. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal controls relevant to the Entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control

An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Entity's management, as well as evaluating the overall presentation of the financial statements. We consider that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

PricewaterhouseCoopers, Av. Santa Teresa 1827 y Aviadores del Chaco, Paseo La Galería, Torre 2, Piso 24°, Asunción, Paraguay, T:+595(21)418-8000, F: +595(21)418-8005, www.pwc.com/pu

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Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as of December 31, 2018, and its financial performance, changes in shareholders' equity and cash flows for the year then ended, in accordance with the accounting and presentation standards, and the valuation and risk rating criteria, dictated by the Central Bank of Paraguay.

PricewaterhouseCoopers

Gastón Scotover (Partner) Council of Public Accountants in Paraguay Public Accountants Registration Type "A" N.331 Registry of professional firms N.2

STATEMENT OF FINANCIAL POSITION As of December 31, 2018 and 2017

Presented comparatively with the previous fiscal year

(Expressed in Guaranis)

Assets	Note	12/31/2018	12/31/2017
Available funds		1.013.063.676.865	1.015.883.829.077
Cash in hand		189.535.574.385	199.796.275.810
Central Bank of Paraguay	c.17	703.464.657.883	698.266.949.185
Other financial institutions		119.403.048.957	117.366.937.632
Debtors for accrued financial products		668.395.640	455.666.450
Allowances	c.6	(8.000.000)	(2.000.000)
Public and Private Securities		296.434.871.917	439.854.782.424
Current Credits, Financial Intermediation, Financial sector	c.5.1 - c.15.1 - c.5.2	118.812.168.934	337.770.213.790
Other financial institutions	c.14	72.594.400.338	162.688.162.380
Operations pending settlement		45.188.450.050	173.883.705.867
Debtors for accrued financial products	c.5.2	1.030.625.382	1.198.345.543
Allowances	c.6 – c.5.2	(1.306.836)	-
Current Credits, financial intermediation, Non financial sector	c.5.2	5.739.668.650.318	4.649.510.421.050
Loans - private Sector	c.5.2 – c.14	5.601.660.642.885	4.556.519.096.093
Loans - public Sector	c.5.2 – c.14	80.309.688.554	-
Operations pending settlement		-	58.345.927.721
Unrealized valuation gains	c.5.2	(75.212.471)	(9.285.288)
Debtors for accrued financial products	c.5.2	90.362.212.823	71.499.147.498
Allowances	c.6 – c.5.2	(32.588.681.473)	(36.844.464.974)
Other Credits	c.5.5	86.023.592.249	29.224.689.746

Credits Overdue, financial intermediation,			
Financial and Non financial sector	c.5.3	32.200.414.072	34.820.573.218
Loans		80.964.098.690	74.680.260.396
Unrealized valuation gains		(690.264.160)	(148.579.340)
Debtors for accrued financial products		2.646.673.525	2.481.151.367
Allowances	c.6	(50.720.093.983)	(42.192.259.205)
Investments	c.7	277.222.922.278	241.970.665.907
Assets foreclosed in credit recovery		183.854.835.098	190.040.877.371
Private debt securities – rights and shares		93.940.928.448	83.785.440.077
Investments in other entities	b.4	13.245.000.000	13.245.000.000
Unrealized valuation gains		-	(283.978.652)
Allowances	c.6	[13.817.841.268]	(44.816.672.889)
Property Plant and Equipment (PPE)	c.8	62.516.436.913	59.756.847.624
Deferred Charges	c.9	3.032.111.563	2.163.697.571
Total Assets		7.628.974.845.109	6.810.955.720.407

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

STATEMENT OF FINANCIAL POSITION As of December 31, 2018 and 2017

Presented comparatively with the previous fiscal year

(Expressed in Guaranis)

Liabilities	Nota	12/31/2018	12/31/2017
Obligations, Financial Intermediation, Financial Sector	c.13	1.837.232.640.537	1.256.549.625.401
Other financial institutions	c.14	484.688.874.134	342.722.031.869
Loans from financial organizations and entities	c.14	1.217.263.257.031	660.312.684.291
Operations pending settlement	C. 14	47.118.941.923	168.356.097.204
	- 17		
Correspondents for deferred documentary credits	c.14	74.058.361.671	75.391.620.710
Creditors for accrued financial charges		14.103.205.778	9.767.191.327
Obligations, Financial Intermediation, Non Financial Sector	c.13	5.068.891.740.087	4.904.909.907.911
Deposits - Private Sector	c.14	4.362.754.150.685	4.131.634.644.465
Deposits - Public Sector	c.14	526.083.114.275	533.796.667.391
Obligations, Debentures and Bonds issued and outstanding	c.10	155.877.466.667	155.809.400.000
Operations pending settlement		205.408.908	58.237.745.329
Other obligations for financial intermediation	c.14	1.003.028.942	1.699.511.583
Creditors for accrued financial charges		22.968.570.610	23.731.939.143
Other Obligations		53.338.318.599	64.513.352.331
Fiscal Creditors		5.367.054.423	3.556.006.511
Corporate Creditors		838.622.043	915.207.088
Dividends payable		1.290.654.658	1.146.652.564
Other obligations, sundry		45.841.987.475	58.895.486.168
Provisions and Allowances		25.056.997.614	16.830.926.826
Total Liabilities		6.984.519.696.837	6.242.803.812.469

Shareholders' Equity	D		
Paid in Capital	b.5	327.000.000.000	327.000.000.000
Irrevocable advances for capital increases		32.207.255.000	-
Adjustments to equity		43.726.172.766	41.926.297.829
Mandatory appropriation to legal reserve		143.084.426.339	129.049.362.544
Statutory reserve		928.588	928.588
Retained earnings		-	-
Current year		98.436.365.579	70.175.318.977
Less: appropriation to legal reserve		19.687.273.116	14.035.063.795
Net earnings available for distribution		78.749.092.463	56.140.255.182
Total Shareholders' Equity		644.455.148.272	568.151.907.938
Total Liabilities and Shareholders' Equity		7.628.974.845.109	6.810.955.720.407

Contingency and memorandum accounts	Nota	12/31/2018	12/31/2017
Contingency Accounts	E	738.257.667.709	819.236.222.908
Memorandum Accounts	1	46.571.557.866.720	39.407.548.373.150

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

Statement of Income for the years ended December 31, 2018 and 2017

Presented comparatively with the previous fiscal year

(Expressed in Guaranis)

		Year ended December		
	Note	2018	2017 (*)	
Financial Income from:		523.396.838.781	494.050.306.287	
Current Credits, financial intermediation, financial sector		40.279.847.435	52.169.614.134	
Current Credits, financial intermediation, non financial sector		459.104.335.760	427.474.903.243	
Overdue Financial Credits		8.873.788.500	12.231.001.230	
Valuation of financial assets and liabilities in foreign currency – net	f.2	10.641.273.751	210.039.308	
Public and Private debt securities revenues and net quotation gains		4.497.593.335	1.964.748.372	
Financial losses from:		(246.322.522.881)	(251.625.754.909)	
Obligations - Financial sector		(67.358.156.713)	(48.919.148.829)	
Obligations - Non financial sector		(178.964.366.168)	(202.706.606.080)	
Valuation of financial assets and liabilities in foreign currency – net	f.2	-	-	
Financial income before allowances		277.074.315.900	242.424.551.378	
Net allowances provided		(42.123.411.050)	(42.550.508.614)	
Allowances provided-gross	c.6	(315.166.094.759)	(294.952.782.994)	
Allowance reversals	c.6	273.042.683.709	252.402.274.380	
Financial Income After Allowances		234.950.904.850	199.874.042.764	
Net Income from Services Rendered		45.932.072.399	42.682.176.128	
Revenues from Services		50.395.856.059	46.081.128.739	
Service costs and expenses		[4.463.783.660]	(3.398.952.611)	

Gross-Operating Income		280.882.977.249	242.556.218.892
Other Operating Income		51.465.297.274	33.768.488.606
Gains on other credits		18.344.761.647	19.178.966.918
Gains on foreign exchange and arbitrage operations, net		32.481.089.805	13.076.488.887
Gains on sundry assets		619.428.597	1.157.463.483
Valuation gains of other assets and liabilities in foreign currency – net	f.2	20.017.225	355.569.318
Other Operating Costs and Expenses		(240.917.182.801)	(208.872.500.783)
Payroll and social security contributions		(96.148.317.147)	(93.243.894.034)
General expenses		(100.686.598.046)	(96.246.252.149)
Depreciation of PPE	c.8	(5.864.531.478)	(5.798.719.585)
Amortization of deferred charges	c.9	(471.198.698)	(647.016.990)
Other	f.3	(37.746.537.432)	(12.936.618.025)
Net Income of Operations		91.431.091.722	67.452.206.715
Extraordinary Results		17.944.187.447	8.251.107.897
Gains		34.306.504.584	11.331.590.263
Losses		(16.362.317.137)	(3.080.482.366)
Prior Period Adjustments	d.4	622.518.159	1.273.253.857
Earnings		1.059.801.907	1.772.626.834
Losses		(437.283.748)	(499.372.977)
Net Income Before Income Tax		109.997.797.328	76.976.568.469
Income Tax Provided	f.4	(11.561.431.749)	(6.801.249.492)
Net Income After Income Tax		98.436.365.579	70.175.318.977
Earnings Per Share	d.6	301	215

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 for the years ended December 31, 2018 and 2017

Presented comparatively with the previous fiscal year

(Expressed in Guaranis)

Concept	Paid in Capital	Irrevocable advances for capital increase	Adjustments to Equity	Legal Reserve	Statutory Reserve	Prior retained earnings	Current year's earnings	Total
Balance as of January 1, 2017	250.000.000.000	-	39.401.106.579	115.941.464.173	928.588	49.601.660.751	65.539.491.856	520.484.651.947
Plus (Minus):								
Transfer of Earnings from previous fiscal year						65.539.491.856	(65.539.491.856)	-
Net increase of PPE Revaluation Reserve			2.525.191.250					2.525.191.250
Appropriation to Legal Reserve				13.107.898.371		(13.107.898.371)		-
Capitalization of retained earnings (a)	77.000.000.000					(77.000.000.000)		-
Dividend Distribution (a)						(25.033.254.236)		(25.033.254.236)
Current year's earnings							70.175.318.977	70.175.318.977
Balance as of January 1, 2017	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 (c)		32.207.255.000				(25.640.255.182)		6.566.999.818
Distribution of dividends (b)						(30.500.000.000)		(30.500.000.000)
Current year's earnings							98.436.365.579	98.436.365.579
Balance 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

^{*}The accompanying Notes A to I are an integral part of these financial statements.

⁽a) Approved at Ordinary Shareholders Meeting dated April 25, 2017 (Minute N.° 91).

⁽b) Approved at Ordinary Shareholders Meeting dated April 27, 2018 (Minute N.° 94).

⁽c) Approved at Extraordinary Shareholders Meeting dated November 27, 2018 (Minute N. 97).

Cash Flow Statement for the years ended December 31, 2018 and 2017

Presented comparatively with the previous fiscal year

(Expressed in Guaranis))

	Note	31/12/2018	31/12/2017
I. Operating Activities			
Financial products collected		465.244.316.517	468.152.399.388
Income from Public and Private Securities		26.889.992.247	16.919.340.537
Financial Charges paid		[242.749.876.963]	(256.672.881.697)
Results from Other services		45.932.072.399	42.682.176.128
Net income from foreign exchange and arbitrage operations		5.955.351.078	7.698.651.816
Other income		68.521.564.560	31.104.483.286
Payments to Suppliers and Employees		(246.795.359.288)	(201.724.847.753)
Increase in Credits, financial intermediation		[872.722.438.180]	(464.698.843.099)
Net increase in Other credits		[89.707.796.523]	(26.653.508.700)
Net increase in Assets foreclosed		6.186.042.273	6.586.198.547
Decrease (increase) in Obligations, financial intermediation		(232.739.179.456)	397.977.234.339
Decrease (increase) in Other obligations and provisions		(15.765.070.635)	28.293.050.803
Income tax recovery (payment)		1.836.997.156	(6.736.851.994)
Net cash flow (used for) provided by operating activities		(1.079.913.384.815)	42.926.601.601
II. Investment activities			
Acquisition of fixed assets	c.8	(6.824.245.830)	(7.105.114.284)
(Increase) decrease in deferred charges. Improvements to leased property, stationery and supplies	с.9	(1.339.612.690)	251.767.482
Decrease (increase) in Investments in public and private securities		135.910.005.144	(267.080.024.806)
Dividends collected from Share investments		4.702.754.480	2.336.164.212
Net cash flow provided by (used for) Investment activities		132.448.901.104	(271.597.207.396)
III. Financing activities			
Increase in Capital		6.566.999.818	-
Dividends paid (*)		(30.355.997.655)	(25.310.433.718)
Variation in Obligations with financial entities		925.653.303.287	107.303.405.965
Net cash flow provided by financing activities		901.864.305.450	81.992.972.247
Net (decrease) in cash and equivalents		(45.600.178.261)	(146.677.633.548)
Gain (loss) resulting from variations in foreign exchange rates on cash and cash equivalents		42.573.296.859	(15.937.228.195)
Cash and equivalents at opening of fiscal year		1.015.430.162.627	1.178.045.024.370
Cash and equivalents at closing of fiscal year (A)		1.012.403.281.225	1.015.430.162.627
(A) Excludes items not representing cash and cash equivalents:			
Debtors for accrued financial products		668.395.640	455.666.450
Allowances		(8.000.000)	(2.000.000)
Total Cash including Accrued financial products net of allowances		1.013.063.676.865	1.015.883.829.077

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

(*) As of December 31, 2018 and 2017 there were balances found pending payment in the account "dividends payable"



Notes to the financial statements as of December 31, 2018 and 2017

(Amounts expressed in Guaranis)

A. Consideration by the Shareholders Meeting

These financial statements of Sudameris Bank Corporación Anónima Emisora de Capital Abierto (hereinafter indistinctly mentioned as "Sudameris Bank S.A.E.C.A." or "The Entity") as of December 31, 2018, will be considered by the next Ordinary Shareholders AGM to be held in year 2019, within the term prescribed in Section 28 of the Corporate bylaws and in accordance with Section 1079 of the Paraguayan Civil Code.

The financial statements of fiscal year closed on December 31, 2017, were approved by the Ordinary Shareholders AGM held on April 27, 2018.

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, 2018, the entity has 21 Client attention offices active within Paraguayan territory (20 Client attention offices as of December 31, 2017).

b.2 Bases de preparación de los estados financieros

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 C B P, the annual internal inflation rate was 3.2% in 2018 and 4.51% in 2017.

(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 o from the Entity, and that the different items have a cost or value that may be reliably measured. If in the future these estimates and assumptions, which are based on the best criteria on 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 on 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, 2018 and the supplementary information related thereto are presented comparatively with the corresponding statements and supplementary information of financial year ended December 31, 2017.

b.3 Branches abroad

As of December 31, 2018 and 2017, the entity did not have branches abroad.

b. 4 Participation in other corporations

As of December 31, 2018 and 2017, 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 issuance of these financial statements, the company's registration with the CPB is in process.

Participations are valued at their cost of acquisition, (see Note c.7). The data on the corporations are as follows

Corporation	Corporate Capital Guaranis	Participation face value Guaranis	Carrying value Guaranis	% Share Participation
Bancard S.A.	135.450.000.000	9.675.000.000	9.675.000.000	7,14%
Sudameris Leasing S.A.	28.000.000.000	3.570.000.000	3.570.000.000	12,75%
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, 2018 and 2017, was as follows:

Type of Shares	Number	Number of votes per share	Guaranis
Ordinarias nominativas – Clase A	50.000	5	50.000.000
Ordinarias nominativas – Clase B	326.950.000	1	326.950.000.000
Totals	327.000.000	-	327.000.000.000

As of December 31, 2018

Shareholder	Participation %	Country
Abbeyfield Financial Holdings	86,83%	Ireland
Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V.	7,50%	Netherlands
Minority	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 majority beneficiary

As of December 31, 2017

Shareholder	Participation %	Country
Abbeyfield Financial Holdings	96,09%	Ireland
Otros	3,91%	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 majority beneficiary

b. 6 Names of Board of Directors and ExecutiveHigher Staff

Board of Directors		Executive staff	
President	Mr. Conor McEnroy	General Manager	Mr. José Jerónimo Nasser
Vice President	Mr. Sebastien Lahaie	Manager, Operations Division, Administration and IT	Mr. José Luis Módica.
		Manager, Financial Control Division	Mr. Ramón Marcelo Escobar
Directors	Mr. Lisardo Peláez	Manager, Corporate banking Division	Mr. Carlos Osvaldo Canessa
	Mr. Nanno Kleiterp	Manager, Personal Banking and SME Division	Mr. José Ariel León Ayala
	Mr. Garrett Kennedy	Manager, Human Resources Division	Ms. Martha Elizabeth Rocha
	Mr. Victor Toledo	Manager, Treasury Division	Mr. Francisco Alberto Olivera
	Mr. Rafael López Fracchia	Manager, Corproate and Personal banking risks Division	Mr. Omar Adbel Fernández
	Mr. Alberto Eguiguren	Manager, Personal banking and SMS Risks division	Ms. Patricia Rosa Pacheco
	Mr. Roland Holst	Manager, Internal Audit Division	Mr. Roberto Nicolás Ramírez
		Manager, Compliance Division	Mr. Juan Manuel Cameron
Syndic	Mr. Jorge Rojas	Manager, Legal Advisory Division	Ms. Natalia Carolina Duarte
		Manager, Operational Risks division	Ms. 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 year end, which were provided by the CBP Foreign Exchange Desk, International operations, and do not significantly differ from the rates of exchange force in the free foreign exchange market:

Exchange rates as of December 31, 2018 and 2017

Currencies	Exchange rate	(Gs. per unit of foreign currency)
Currencies	Al 12/31/2018	Al 12/31/2017
1 U.S. Dollar	5.960,54	5.590,47
1 Argentinean Peso	157,92	299,36
1 Euro	6.831,97	6.680,05
1 Real	1.539,55	1.692,08

Foreign exchange differences from fluctuations in the rates between transaction 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:

	December 31			
Concept	2018		2017	
ooneept	Amount crossrated to US\$	Equivalent in Gs.	Amount crossrated to US\$	Equivalent in Gs.
Total Assets in foreign currency Total liabilities in foreign currency	703.680.773 (683.733.381)	4.194.317.398.989 (4.075.420.183.058)	647.698.135 (636.052.733)	3.620.936.994.797 (3.555.833.736.597)
Net asset position	19.947.392	118.897.215.931	11.645.402	65.103.258.200
Memorandum Accounts, Forward Purchases Memorandum Accounts, forward sales	2.000.000 (19.850.000)	11.921.080.000 (118.316.719.000)	-	-
Net forward position	(17.852.000)	(106.395.639.000)	-	-
Net foreign exchange coverage	2.097.392	12.501.576.931	11.645.402	65.103.258.200

As of December 31, 2018 and 2017, 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 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 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, 2018

Description	Currency of	, I	Amount in Guaranis	
	issuance	of issuance	Nominal value	Book value
Public Securities				
Monetary Regulation Bonds (*)	Guaranis	278.602.231.400	278.602.231.400	278.602.231.400
Interest accrued	Guaranis	-	-	17.827.848.242
Savings Deposit Certificates	Dólares	768,81	-	4.582.524
Interest accrued	Dólares	35,19	-	209.751
Total			278.602.231.400	296.434.871.917

Balances as of December 31, 2017

Description	Currency of issuance	Amount in currency of issuance	Amount in Guaranis			
	issualice	of issualice	Nominal value	Book value		
Public Securities	Public Securities					
Monetary Regulation Drafts (*)	Guaranis	423.574.384.185	423.574.384.185	423.574.384.185		
Interest accrued	Guaranis	-	-	16.280.398.239		
Total			423.574.384.185	439.854.782.424		

(*) As of December 31, 2018 Gs. 110.000.000.000 correspond to Monetary Regulation Drafts of restricted availability held at the CBP, in security for operations with SIPAP. As of December 31, 2017, these amounted to Gs. 40.000.000.000.

c. 4 Assets and Liabilities with Readjustment Clause

As of December 31, 2018 and 2017 there were no assets or liabilities subject to Readjustment Clauses on Principal. However, loans amounting to Gs. 397,631,548,384 as of December 31, 2018 (Gs. 374,111,024,983 at December 31, 2017) received from 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 obligor debtor, credit concentration in economic groups, individual limits for the granting of credit, evaluation of economic sectors, preferred quarantees, and working capital requirement levels consistent with related market risks.

The credit portfolio has been valued, classified and rated of on the basis of the payment capacity and compliance of the debtors, or of a group of related companies, with respect to their total of their 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:

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" 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 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 prevision 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 by applicable CBP standards, are recorded and reported in memorandum accounts.

c. 5.1 Current Credits outstanding, financial sector

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

Concept	Decembe	er 31
Concept	2018	2017
Placements - local currency	261.109.512	1.126.495.593
Placements - foreign currency	72.333.290.826	161.561.666.787
Operations pending settlement (*)	45.188.450.050	173.883.705.867
Interest accrued	1.030.625.382	1.198.345.543
Allowances	(1.306.836)	-
Total	118.812.168.934	337.770.213.790

c. 5.2 Current Credits, non financial sector

Portfolio composition:

Connect	Decembe	r 31
Concept	2018	2017
Fixed term loans, not readjust able	4.275.231.058.872	3.296.423.694.011
Amortizable loans,notreadjustable	462.044.775.300	420.017.582.203
Checks purchased, domestic banks	7.766.296.143	10.015.324.422
Credits used in current accounts	106.775.653.784	52.539.800.871
Debtors for use of letters of credit	76.303.001.672	73.782.984.884
Debtors for use of credit cards	75.767.255.722	69.656.900.904
Loans through managed resources (*)	448.680.101.671	489.943.613.415
Discounted documents	143.594.582.266	122.622.440.756
Purchase of corporate portfolio	85.807.606.009	21.516.754.617
Operations pending settlement (**)	-	58.345.927.721
Unrealized valuation gains	(75.212.471)	(9.285.288)
, Debtors for accrued financial products	90.362.212.823	71.499.147.508
(-)Alllowances (Note c.6)	(32.588.681.473)	(36.844.464.974)
Total	5.739.668.650.318	4.649.510.421.050

^(*)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:

Faih.	Dece	mber 31
Entity	2018	2017
Banco Itaú Paraguay S.A.	-	29.185.000.000
Central Bank of Paraguay (CBP)	45.000.000.000	-
Citibank N.A.	3.178.199	134.741.000.000
Banco GNB Paraguay S.A.	15.954.033	-
Coop Colonia Multiactiva Fernheim	169.317.818	-
Commerzbank AG	-	9.957.705.867
Currency Forward contracts - Financial sector	45.188.450.050	173.883.705.867
TCD Paraguay S.A.	-	58.345.927.721
Currency Forward contracts - Non financial sector	-	58.345.927.721
Total	45.188.450.050	232.229.633.588

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 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 of the BCP, as of December 31, 2018 and 2017 the portfolio of current credits (Financial r and Non financial sectors) at the entity is risk classified as follows:

	Book balance	Guarantees	Allov	vances (c.6)	Darlahalana attau
Risk	before allowances (a)	computable for allowances	Minimum %	Provided for	Book balance after allowances (d)
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 Allowances (c)	-	-	-	28.363.267.954	(28.363.267.954)
Unrealized valuation gains	-	-	-	-	(75.212.471)
Total	5.845.957.569.982	2.940.696.531.882		32.589.988.309	5.813.292.369.202
Year 2017	Gs.	Gs.	(b)	Gs.	Gs.
1 Category 1	3.668.613.075.302	1.536.628.027.355	-	-	3.668.613.075.302
2 Category 1a	902.492.401.644	370.549.126.799	0,5	652.844.811	901.839.556.833
3 Category 1b	137.550.241.278	70.475.073.716	1,5	1.036.428.440	136.513.812.838
4 Category 2	47.067.872.087	23.572.272.445	5	1.742.169.697	45.325.702.390
5 Category 3	31.682.755.163	20.343.029.795	25	4.940.091.494	26.742.663.669
6 Category 4	3.756.450.706	1.350.000.000	50	1.381.350.374	2.375.100.332
7 Category 5	334.156.898	-	75	254.168.072	79.988.826
8 Category 6	407.798.436	4.947.316	100	402.851.120	4.947.316
Generic Allowances (c)	-	-	-	26.434.560.966	(26.434.560.966)
Unrealized valuation gains	-	-	-	-	(9.285.288)
Total	4.791.904.751.514	2.022.922.477.426		36.844.464.974	4.755.051.001.252

(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 a c c o u n t 16,000 "Credits overdue, financial intermediation". Additionally generic allowances defined by the .. Entity's Board of directors are included as of December 31, 2018 and 2017.

(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

	Book balance	Guarantees	Allowa	ances (c.6)	Book balance after
Risk	before allowances (a)	computable for allowances	Minimum %	Provided for	allowances (d)
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 allowances (c)	-	-	-	-	_
Valuation gains in suspense	-	-	-	-	(690.264.160)
Total	83.610.772.215	16.534.830.287		50.720.093.983	32.200.414.072
Year 2017	Gs.	Gs.	(b)	Gs.	Gs.
1 Category 1	-	-	-	-	-
2 Category 1a	-	-	0,5	-	-
3 Category 1b	7.205.664.521	5.540.963.409	1,5	65.782.813	7.139.881.708
4 Category 2	6.271.329.820	233.789.263	5	307.558.623	5.963.771.197
5 Category 3	14.813.032.918	2.401.207.627	25	3.777.075.487	11.035.957.431
6 Category 4	4.021.181.721	1.453.812.565	50	1.566.031.203	2.455.150.518
7 Category 5	7.783.086.027	145.703.958	75	5.838.941.449	1.944.144.578
8 Category 6	37.067.116.756	6.430.247.127	100	30.636.869.630	6.430.247.126
Generic allowances (c)	-	-	-	-	_
Valuation gains in suspense	-	-	-	-	(148.579.340)
Total	77.161.411.763	16.205.723.949		42.192.259.205	34.820.573.218

⁽a) Includes principal and interest and excludes "Unrealized Valuation gains".

⁽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 aforementioned 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 a c c o u n t 16,000 "Credits overdue, financial intermediation". Additionally generic allowances defined by the Entity's Board of directors are included as of December 31, 2018 and 2017

⁽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

	Book balance	Guarantees	Allo	wances (c.6)	5
Risk	before allowances (a)	computable for allowances	Minimum %	Provided for	Book balance after allowances (d)
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 allowances (c)	-	-	-	28.363.267.954	(28.363.267.954)
Valuation gains in suspense	-	-	-	-	(765.476.631)
Total	5.929.568.342.197	2.957.231.362.169		83.310.082.292	5.845.492.783.274
Year 2017	Gs.	Gs.	(b)	Gs.	Gs.
1 Category 1	3.668.613.075.302	1.536.628.027.355	-	-	3.668.613.075.302
2 Category 1a	902.492.401.644	370.549.126.799	0,5	652.844.811	901.839.556.833
3 Category 1b	144.755.905.799	76.016.037.125	1,5	1.102.211.253	143.653.694.546
4 Category 2	53.339.201.907	23.806.061.708	5	2.049.728.320	51.289.473.587
5 Category 3	46.495.788.081	22.744.237.422	25	8.717.166.981	37.778.621.100
6 Category 4	7.777.632.427	2.803.812.565	50	2.947.381.577	4.830.250.850
7 Category 5	8.117.242.925	145.703.958	75	6.093.109.521	2.024.133.404
8 Category 6	37.474.915.192	6.435.194.443	100	31.039.720.750	6.435.194.442
Generic allowances (c)	-	-	-	26.434.560.966	(26.434.560.966)
Valuation gains in suspense	-	-	-	-	(157.864.628)
Total	4.869.066.163.277	2.039.128.201.375		79.036.724.179	4.789.871.574.470

(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 a c c o u n t 16,000 "Credits overdue, financial intermediation". Additionally generic allowances defined by the Entity's Board of directors are included as of December 31, 2018 and 2017.

(d) Includes the Generic allowances established by the Entity with the requirements of the aforementioned Resolution 1/2007 of the CBP.

c. 5.5 Other credits

Composition:

0	December 31	
Concept	2018	2017
Income tax advanced payment	5.532.746.316	7.572.623.112
Other	18.306.847.423	6.072.693.343
Tax credit available	37.483.227.569	4.014.359.515
Prepaid expenses	17.865.308.652	4.416.129.512
Recoverable expenses	5.521.445.645	4.842.978.991
VAT and VAT withholdings	1.776.613.545	3.998.654.681
Insurance indemnities claimed	70.918.918	1.427.355.033
Debtors for installment sale of assets net	2.746.316.345	68.194.495
Fiscal credit from Income tax	57.564.846	57.564.846
Income tax withholdings	219.720.103	16.840.463
Fiscal credit from previous l year	11.837.302	11.837.302
Advanced to personnel	152.140	-
Unrealized valuation gains	(50.637.725)	-
(-) Allowances(Note c.6)	(3.518.468.830)	(3.274.541.547)
Total	86.023.592.249	29.224.689.746

c. 6 Allowances for Direct and Contingent risks

Allowances for doubtful I 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 considering 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, 2018 and 2017, were as follows:

Year ended 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)

Year ended December 31, 2017

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)	(3.000.000)	-	3.000.000	-	(2.000.000)
Current Credits - Financial sector	[86.188.384]	(437.280.554)	-	523.917.282	(448.344)	-
Current Credits - Non financial sector	(43.877.037.552)	(138.442.171.506)	-	140.828.638.684	4.646.105.400	(36.844.464.974)
Other credits	(3.120.262.556)	[1.283.314.464]	-	845.890.051	283.145.422	(3.274.541.547)
Credits overdue	(95.431.719.937)	[88.422.976.423]	39.060.753.465	88.499.380.903	14.102.302.787	(42.192.259.205)
Investments	(14.022.357.807)	(56.647.716.290)	13.183.066.489	12.640.014.716	30.320.003	(44.816.672.889)
Contingencies (*)	(511.122.185)	(9.716.323.757)	-	9.061.432.744	17.095.848	(1.148.917.350)
Total	(157.050.688.421)	(294.952.782.994)	52.243.819.954	252.402.274.380	19.078.521.116	(128.278.855.965)

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

c. 7 Inversiones

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, 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
Investments in variable income securities 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 the 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 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, 2017

Concept	Book balance before Allowances	Allowances (Note c.6)	Book balance after allowances
Assets acquired in credit recovery	190.040.877.371	(1.152.773.540)	188.888.103.831
Investments in fixed income securities issued by the Private Sector	29.330.788.487	-	29.330.788.487
Fiduciary Rights	48.513.460.298	(43.655.974.349)	4.857.485.949
Investments in variable income securities issued by the Private Sector (Note b.4) (*)	13.245.000.000	-	13.245.000.000
Other investments	3.646.279.989	(7.925.000)	3.638.354.989
Valuation gains pending accrual	[283.978.652]	-	(283.978.652)
Income on Investments in the Private Sector	2.294.911.303	-	2.294.911.303
TOTAL	286.787.338.796	(44.816.672.889)	241.970.665.907

(*) As of December 31,2018 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.

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, 2018 and 2017, 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% of the financial entity's effective equity. The book balance of the entity's PPE as of December 31, 2018 and 2017, is within the established limit.

Composition and movements of PPE accounts as of and for the years ended December 31, 2018 and 2017:

	Original Value					
CONCEPT	Opening balance	Additions	Withdrawals	Reclassifica- tion and/or adjustments	Revaluation	Closing balance
Real estate – land	20.813.778.320	1.102.703.251	-	-	666.040.911	22.582.522.482
Real estate – buildings	35.912.902.063	1.925.457.188	-	-	910.463.752	38.748.823.003
Installations	20.912.335.594	3.817.510.804	(410.981.188)	-	256.726.052	24.575.591.262
Furniture and equipment	16.049.887.887	523.520.599	(217.542.836)	-	269.094.440	16.624.960.090
Computer equipment	25.734.203.153	2.078.091.733	(197.335.298)	-	294.343.451	27.909.303.039
Safety boxes	269.981.500	-	-	-	8.639.412	278.620.912
Transportation equipment	4.560.068.218	-	-	-	86.997.639	4.647.065.857
Building under construction	3.506.959.146	2.728.408.821	(5.315.260.924)	-	-	920.107.043
Total 2018	127.760.115.881	12.175.692.396	(6.141.120.246)	-	2.492.305.657	136.286.993.688
Total 2017	121.766.580.673	7.115.344.355	(4.439.608.607)	(65.727.275)	3.383.526.735	127.760.115.881

	Depreciation							
CONCEPTO	Opening balance	Provided for the year	Revaluation	Retirements	Closing Balance	Net Value		
Real estate – land	-	-	-	-	-	22.582.522.482		
Real estate – buildings	15.660.035.640	734.061.398	262.372.019	-	16.656.469.057	22.092.353.946		
Installations	17.263.190.873	1.195.124.752	139.980.345	[408.589.080]	18.189.706.890	6.385.884.372		
Furniture and equipment	12.322.784.833	972.934.374	149.900.269	[183.950.178]	13.261.669.298	3.363.290.792		
Computer equipment	20.273.051.225	2.373.414.512	119.608.000	[197.134.422]	22.568.939.315	5.340.363.724		
Safety boxes	151.757.251	27.861.783	4.856.230	-	184.475.264	94.145.648		
Transportation equipment	2.332.448.435	561.134.659	15.713.857	-	2.909.296.951	1.737.768.906		
Building under construction	-	-	-	-	-	920.107.043		
Total 2018	68.003.268.257	5.864.531.478	692.430.720	(789.673.680)	73.770.556.775	62.516.436.913		
Total 2017	65.738.227.351	5.798.719.585	858.335.485	(4.392.014.164)	68.003.268.257	59.756.847.624		

c. 9 Deferred chargesComposition

As of December 31, 2018

Concept	Opening net balance	Additions	Reclassification and withdrawals	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 stationery l 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

As of December 31, 2017

Concept	Opening net balance	Additions	Reclassification and withdrawals	Amortization	Closing net balance
Intangible assets - System	374.091.523	-	-	(242.845.339)	131.246.184
Improvements and installations in leased property (*)	1.611.895.854	324.985.006	(394.143.280)	(404.171.651)	1.138.565.929
Subtotal	1.985.987.377	324.985.006	(394.143.280)	(647.016.990)	1.269.812.113
Desk -l- Stationery and other	973.403.019	1.493.942.596	-	(1.573.460.157)	893.885.458
Subtotal	973.403.019	1.493.942.596	-	(1.573.460.157)	893.885.458
Total	2.959.390.396	1.818.927.602	(394.143.280)	(2.220.477.147)	2.163.697.571

^(*) 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	Amount of Loan (*)	nt of Loan (*) Maturity		Balance as of 12/31/17	
Social Security Institute (IPS)	Guaranis	44.000.000.000	16/02/2021	36.666.666.667	44.000.000.000	
TOTAL			•	36.666.666.667	44.000.000.000	

(*) 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, 2018

Authorizing CBP Resolution number	Currency of issuance	Amount of issuance (**)	Maturity	Balance as of 12/31/18
00285/2013	US\$	10.000.000	15/12/2020	59.605.400.000
00285/2013	US\$	10.000.000	15/06/2022	59.605.400.000
Total	US\$	20.000.000		119.210.800.000

al obligations (a) and bonds (b)issued	155.877.466.667
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As of December 31, 2017

Authorizing CBP Resolution number	Currency of issuance	Amount of issuance (**)	Maturity	Balance as of 12/31/17
00285/2013	US\$	10.000.000	15/12/2020	55.904.700.000
00285/2013	US\$	10.000.000	15/06/2022	55.904.700.000
Total	US\$	20.000.000		111.809.400.000

Total obligations (a) and bonds issued (b)	155.809.400.000

(**) 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, 2018 and 2017:

- 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 2018 and 2017, 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, 2018 and 2017, 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 export 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	12/31/2018 Gs.	12/31/2017 Gs.
Other financial institutions		
Deposits at sight	41.251.312.236	46.006.110.373
Central Bank of Paraguay- Contribution to the Guarantee Fund	6.236.992.190	5.998.922.050
Saving deposit - certificates	299.641.718.189	253.252.462.732
Call money received	119.210.800.000	-
Deposits in current accounts at other financial entities	18.348.051.519	37.464.536.714
Subtotal	484.688.874.134	342.722.031.869
Correspondents, deferred documentary credits	74.058.361.671	75.391.620.710
Subtotal	74.058.361.671	75.391.620.710
Operations pending settlement	47.118.941.923	168.356.097.204
Subtotal	47.118.941.923	168.356.097.204
Loans from financial organizations and entities		
Foreign Banks – correspondents	1.074.873.233	6.305.461.345
Financial Development Agency - AFD (Note C.4)	397.631.548.384	374.111.024.983
Interamerican Investment Corporation CII	-	2.236.188.000
Interamerican Development Bank-BID	49.671.166.587	65.222.149.963
Citibank NA	149.013.500.000	83.857.050.000
Banco Nacional de Fomento	-	16.771.410.000
Bladex –Latinamerican Foreign Trade Bank	119.210.800.000	55.904.700.000
Huntington National Bank	53.620.868.827	-
OPIC	357.632.400.000	-
Commerzbank AG	89.408.100.000	55.904.700.000
Subtotal	1.217.263.257.031	660.312.684.291
Creditors, accrued financial charges	14.103.205.778	9.767.191.327
Subtotal	14.103.205.778	9.767.191.327
Total sector financiero	1.837.232.640.537	1.256.549.625.401

Non Financial Sector	31/12/2018 Gs.	31/12/2017 Gs.	
Deposits - Private Sector			
Deposits at sight in savings accounts	659.619.898.113	596.460.464.175	
Deposits at sight in current accounts	977.289.351.956	980.338.268.280	
Deposits at sight in combined accounts	756.437.776.247	563.537.877.565	
Saving deposit- certificates	1.940.617.788.418	1.898.169.669.793	
Deposits affected in guarantee	1.598.176.779	73.828.205.366	
Creditors for documents pending clearing	27.191.159.172	19.300.159.286	
Subtotal	4.362.754.150.685	4.131.634.644.465	
Obligations with establishments adhered to the credit cards system	1.003.028.942	1.699.511.583	
Subtotal	1.003.028.942	1.699.511.583	
Operations pending settlement	205.408.908	58.237.745.329	
Subtotal	205.408.908	58.237.745.329	
Certificates of savings deposits	312.468.614.796	330.653.935.270	
Deposits - Public Sector	213.614.499.479	203.142.732.121	
Subtotal	526.083.114.275	533.796.667.391	
Bonds issued and outstanding (Note c.10)	119.210.800.000	111.809.400.000	
Loans from Non financial entities (Note c.10)	36.666.666.667	44.000.000.000	
Subtotal	155.877.466.667	155.809.400.000	
Creditors for accrued financial charges	22.968.570.610	23.731.939.143	
Subtotal	22.968.570.610	23.731.939.143	
Total non financial sector	5.068.891.740.087	4.904.909.907.911	

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

As of December 31, 2018

	Term remaining to maturity.								
Concept	Up to 30 days	From 31 to 180 days	From 181 days to 1 year	From 1 year up to 3 years	More than 3 years	TOTAL			
Current Credits -Financial sector (*)	4.768.432.000	46.338.221.638	12.993.977.200	-	8.493.769.500	72.594.400.338			
Current Credits 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	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.

As of December 31, 2017

	Term remaining to maturity.							
Concept	Up to 30 days	From 31 to 180 days	From 181 days to 1 year	From 1 year up to 3 years	More than 3 years	TOTAL		
Créditos vigentes-Sector financiero (*)	111.809.400.000	26.616.122.580	-	24.262.639.800	-	162.688.162.380		
Créditos vigentes-Sector no financiero (*)	230.338.464.263	969.251.627.651	437.445.800.855	789.752.453.658	2.129.730.749.666	4.556.519.096.093		
Total de Créditos Vigentes	342.147.864.263	995.867.750.231	437.445.800.855	814.015.093.458	2.129.730.749.666	4.719.207.258.473		
Obligaciones sector financiero (**)	125.123.375.030	190.367.729.241	181.607.218.273	147.041.135.869	434.286.878.457	1.078.426.336.870		
Obligaciones sector no financiero (**)	2.301.750.135.592	584.757.386.897	588.485.297.841	925.758.933.544	266.379.069.565	4.667.130.823.439		
Total Obligaciones	2.426.873.510.622	775.125.116.138	770.092.516.114	1.072.800.069.413	700.665.948.022	5.745.557.160.309		

^(*) Not including interest, or Operations pending settlement.

^(**) Not including interest or Operations pending settlement, or obligations for securities issued.

^[**] Not including interest, Operations pending settlement, or obligations for securities issued.

<u>Liquidity Risk Management:</u> 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 Loan and Deposit portfolios

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

	Amount a	and % of	Loan portfolio, FS	Amount and % of Loan portfolio, NFS				
N 1 7 11 1	Outstanding	%	Overdue	%	Outstanding	%	Overdue	%
Number of clients	Gs. (*)	%	Gs. (*)	%	Gs. (*)	%	Gs. (*)	70
As of December 31, 2018								
10 Largest s Debtors	72.594.875.758	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%
As of December 31, 2017	7							
10 Largest s Debtors	162.688.162.380	100%	-	0%	1.008.711.678.663	22%	32.020.129.812	43%
50 Largest Debtors	-	0%	-	0%	1.606.371.003.071	35%	18.907.573.531	25%
100 Largest Debtors	-	0%	-	0%	852.555.458.646	19%	5.314.107.202	7%
Others	-	0%	-	0%	1.088.880.955.713	24%	18.438.449.851	25%
Total Loans	162.688.162.380	100%	-	0%	4.556.519.096.093	100%	74.680.260.396	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

	Amount and % of Deposits portfolio						
Number of clients	Financial sector %		Non Financial sector Gs.	%			
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 de la cartera de depósitos	484.688.874.134	100%	4.888.837.264.960	100%			
As of December 31, 2017							
10 Largest depositors	241.422.763.844	70%	1.031.822.454.271	22%			
50 subsequent Largest depositors	94.725.109.393	28%	782.006.726.776	17%			
100 subsequent Largest depositors	6.574.158.632	2%	580.050.121.995	12%			
Other subsequent depositors	-	0%	2.271.552.008.814	49%			
Total de la cartera de depósitos	342.722.031.869	100%	4.665.431.311.856	100%			

c.15.3 Concentration by Country and Currency

Concept	Credits FS Gs. (*)	%	Credits NFS Gs. (*)	%	Deposits FS Gs. (**)	%	Deposits NFS Gs. (***)	%
As of December 31, 2	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%
As of December 31, 2	2017							
Residents	78.831.112.380	48%	4.556.519.096.093	100%	342.722.031.869	100%	4.611.885.043.622	99%
Non residents	83.857.050.000	52%	-	0%	-	0%	53.546.268.234	1%
Total	162.688.162.380	100%	4.556.519.096.093	100%	342.722.031.869	100%	4.665.431.311.856	100%
Local currency	1.126.495.593	1%	1.874.127.232.852	41%	242.620.834.190	71%	2.072.940.061.526	44%
Foreign currency	161.561.666.787	99%	2.682.391.863.241	59%	100.101.197.679	29%	2.592.491.250.330	56%
Total	162.688.162.380	100%	4.556.519.096.093	100%	342.722.031.869	100%	4.665.431.311.856	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 Cartera de créditos distribuida por sector económico

Economic Sector	Thousand Gs.	%
Year 2018 (in thousand 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

Year 2017 (in thousand Gs.)		
Agriculture	834.227.936	17,40
Cattle ranching	833.816.468	17,39
Industrial	1.047.500.760	21,86
Exports	3.604.982	0,08
Construction	161.178.022	3,36
Commerce	674.194.022	14,06
Consumer	363.910.165	7,59
Services	875.455.164	18.26
Total (*)	4.793.887.519	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 $\,$ Allowancess.

c. 16 Credits and contingencies with related persons and companies

	Decembe	er 31,
Items	2018	2017
	Gs.	Gs.
Assets		
Current Credits outstanding, financial intermediation, non financial sector (*)	35.201.734.392	32.241.447.603
Other credits	624.466.339	27.952.861
Investments in Securities	9.675.000.000	9.675.000.000
Total assets	45.501.200.731	41.944.400.464
Liabilities		
Obligations for Financial Intermediation-non financial sector (**)	19.355.168.607	10.122.464.166
Other obligations	3.448.828.481	1.230.748.431
Total Liabilities	22.803.997.088	11.353.212.597
Contingency Accounts		
Lines for Credit cards (*)	1.995.532.294	1.423.654.054
Total Contingency accounts	1.995.532.294	1.423.654.054

^(*) 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 though 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

Compositions:

	December 31,			
Types	2018	2017		
	Gs.	Gs.		
Mandatory deposit – guaranis	217.829.893.072	201.218.259.725		
Mandatory deposit - foreign currency	381.651.844.706	365.752.961.895		
Special mandatory deposit - Resolution 1/131	1.294.790.417	1.635.681.778		
Mandatory deposit – foreign currency – early redemption	6.701.932.589	8.187.837.191		
Deposits in guaranis	7.018.427.479	12.515.707		
Deposits in U.S. Dollars	88.967.769.620	120.349.692.889		
Deposits from monetary operations	-	1.110.000.000		
Total	703.464.657.883	698.266.949.185		

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 BCP 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

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, 2018 and 2017 amounted to Gs. 689.241.792.543 and Gs. 595.440.465.737 respectively. CBP Resolution N.1, Minute N.44 dated July 21, 2011 modified the form of calculation of effective equity, establishing the concepts of Principal Capital, and Supplementary Capital. Circular letter SB.SG N° 1199/2015 dated October 14, 2015, updated the template for the calculation of the Ratio between Effective Equity and Risk weighted Assets and Contingencies; the entity is in full compliance with the requirements of this SB circular. 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, 2018 the entity maintains this relation at 13.28% (13.,85% as of December 31, 2017).

d. 2 Minimum Capital

According to Section 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 value of minimum Capital for fiscal years 2018 and 2017 is of Gs. 52.257 million and Gs.50.000 million, respectively.

As of December 31, 2018 the entity shows Paid in Capital at Gs. 327.000.000.000, 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 Restrictions to 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 aforementioned 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 No 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	12/31/2018	12/31/2017
Net earnings of the financial year	98.436.365.579	70.175.318.977
Nominative shares Class "A" and "B"	327.000.000	327.000.000
Net earnings per common and diluted share	301	215

E. Information on Contingency accounts

Composition:

Concept	12/31/2018	12/31/2017
	Gs.	Gs.
Beneficiaries of credits granted in current account	96.541.853.135	147.612.946.452
Guaranty bonds granted	470.066.271.870	535.380.374.869
Documentary credits negotiated	42.506.812.903	30.920.514.655
Credits usable via credit-cards	129.142.729.801	98.248.537.234
Other credit lines agreed	-	7.073.849.698
Total	738.257.667.709	819.236.222.908

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	12 / 31 / 2018	12 / 31 / 2017
Gains from valuation of financial assets and liabilities in foreign currency	1.429.179.196.536	1.583.121.994.007
Losses from valuation of financial assets and liabilities in foreign currency	(1.418.537.922.785)	(1.582.911.954.699)
Net foreign exchange gains on financial assets and liabilities in foreign currency	10.641.273.751	210.039.308
Gains from valuation of other assets and liabilities in foreign currency	10.336.632.628	9.598.411.759
Losses from valuation of other assets and liabilities in foreign currency	(10.316.615.403)	(9.242.842.441)
Net foreign exchange gains from valuation of other assets and liabilities in foreign currency	20.017.225	355.569.318
Net foreign exchange gains on total assets and liabilities in foreign currency	10.661.290.976	565.608.626

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 operating losses - Others

Composition:

Concept	12/31/2018	12/31/2017
Charity and related participations	1.208.675.050	828.326.070
Other losses	7.012.610	22.420.693
Losses on foreign exchange and arbitrage operations	28.707.353.897	5.377.837.071
Value added tax – cost	1.619.465.114	1.257.027.893
Taxes, rates and contributions	6.204.030.761	5.451.006.298
Total	37.746.537.432	12.936.618.025

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, 2018 amounts to Gs. 11.561.431.749, (Gs. 6.801.249.492 as of December 31, 2017). The additional 5% on the aforementioned distribution of dividends amounts to Gs. 1.525.000.000 for financial year 2018, (Gs 1.251.662.712 for 2017), both recognized in the ear when the Shareholders AGM decides on the distribution.

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, 2018 and 2017, 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.

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. 24.499.082.848 in year 2018 and Gs. 23.876.532.759 in year 2017 and is included in the General Expenses caption of the Statement of Income.

By resolution SB. SG.N. 01/2019, the CBP has authorized the issuance of subordinated bonds in foreign currency up to an amount of US\$ 20,000,.000. Within this framework, the entity proceeded on February 12, 2019, to issue and place subordinated bonds through the exchange broker CADIEM for a total of USD 10.000.000,00 with maturity date on February 2026.

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:

Carrian	12/31/2018	12/31/2017
Groups	Gs.	Gs.
Guarantees received		
Real property qualifying guarantees	6.501.081.179.428	4.845.852.592.487
Signature guarantees	728.947.225.171	760.964.831.510
Securities and Deposits management		
Securities under custody deposit	996.891.050.613	1.175.097.692.069
Securities under management	274.502.816.371	184.387.924.966
Securities in Guarantee	1.902.507.964.017	1.969.338.472.783
Foreign businesses and Collections		
Import Collections	3.305.500.785	2.028.534.209
Securities for collection on account of third parties	3.010.072.700	2.823.187.350
Securities remitted for collection	5.960.540.000	5.590.470.000
Correspondents, collections remitted	5.257.078.499	10.921.843.740
Credits opened by correspondents	4.162.826.175	13.720.230.428
Other memorandum accounts		
Others	16.646.092.587.933	13.848.963.691.165
Mandates and Commissions	34.390.649.655	32.255.449.197
Insurance policies contracted	2.034.459.136.506	2.475.228.392.906
Uncollectible Debtors	46.085.486.987	23.900.633.567
Foreign exchange position – (Note c.1.)	118.897.215.931	65.103.258.200
FWD contracts – Purchase (Note c.1)	11.921.080.000	-
FWD contracts - Sale(Note c.1)	118.316.719.000	-
Sale and Assignment of Portfolio, non financial sector	106.753.906.599	112.353.108.922
Consortia	17.029.014.830.350	13.879.018.059.651
Total Memorandum Accounts	46.571.557.866.720	39.407.548.373.150

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

Jorge Enrique Rojas Rojas Bachelor in Accounting and Administrative Sciences Acá Carayá 546 c/Leandro Prieto Telephones 205722 / 204308 Asuncion, Paraguay

REPORT FROM THE SYNDIC

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

- 1. In compliance with legal and statutory prescriptions and the specific requirements of Resolution 763/04 from the National Securities Commission and of par. 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 the Report, the Equity Situation Statement as of December 31, 2018, and the corresponding Statements of Results and Cash Flow for the fiscal year closed as of such date. The documents have been prepared by the Bank's Management for their presentation to the Shareholders Meeting and the corresponding supervisory bodies.
- 2. Based on my work, I have not found significant situations to comment on, and thus I recommend the Shareholders, the President, and the members of the Board of Directors of the bank, the approval of these accounting statements and of the Report, corresponding to fiscal year closed as of December 31, 2018.

Asuncion, Paraguay, February 28, 2019.



Economic Environment

Indicators

By sector of economic activity – variation in %

Economic sector	2014	2015	2016	2017	2018**
Agriculture	2,0	0,1	2,9	7,9	4,0
Cattle ranching	12,6	-2,0	5,1	2,9	-5,0
Forestry exploitation, fishing and mining	4,8	-0,2	2,7	-1,7	3,3
Primary Sector	4,2	-0,4	3,3	6,0	2,2
Manufacturing	7,0	5,2	4,6	6,2	5,0
Construction	11,0	2,0	8,7	3,5	1,2
Electricity and Water	-6,2	2,3	10,3	-2,5	1,4
Secondary sector	4,0	3,9	6,8	3,5	3,4
Commerce	8,0	-1,1	1,9	10,6	6,5
Transportation	5,4	4,8	4,7	7,8	0,2
Telecommunications	2,7	3,8	0,6	5,5	5,2
Financial intermediation	4,7	6,6	4,1	0,5	3,0
Real estate services	0,7	3,0	6,2	4,7	1,3
Services to companies	3,0	3,3	6,8	3,8	2,3
Restaurants and hotels	4,1	3,8	4,5	6,8	8,0
Services to households	4,4	4,8	3,5	5,6	8,3
Government Services	5,0	7,0	-0,9	1,6	6,5
Services Sector	4,7	3,7	2,8	5,3	4,8
Gross Value Added	4,4	3,2	4,3	4,7	4,0
Taxes to products	11,2	1,4	4,5	8,1	4,1
GDP at Purchaser prices	4,9	3,1	4,3	5,0	4,0

Source: BCP - Economic Studies - Real Sector Statistics Department ** Projection

Gross domestic product at Purchaser prices 2.

By economic sector – Economic structure based on constant value (%)

Economic sector	2014	2015	2016	2017	2018**
Agriculture	8,6	8,3	8,2	8,4	8,4
Cattle ranching	2,4	2,3	2,3	2,2	2,0
Forestry, fishing, mining	1,1	1,0	1,0	1,0	1,0
Primary Sector	12,0	11,6	11,5	11,6	11,4
Manufacturing	18,8	19,2	19,3	19,5	19,7
Construction	6,1	6,0	6,3	6,2	6,0
Electricity and Water	8,5	8,4	8,9	8,2	8,0
SECONDARY SECTOR	33,4	33,6	34,4	33,9	33,7
Commerce	10,6	10,1	9,9	10,4	10,7
Transportation	3,7	3,7	3,8	3,9	3,7
Telecommunications	3,4	3,5	3,3	3,4	3,4
Financial Intermediation	5,4	5,5	5,5	5,3	5,2
Real estate services	6,1	6,1	6,2	6,2	6,1
Services to companies	2,3	2,3	2,3	2,3	2,3
Restaurants and Hotels	2,4	2,4	2,4	2,5	2,6
Services to households	4,2	4,3	4,2	4,3	4,4
Government Services	9,0	9,4	8,9	8,6	8,8
SERVICES SECTOR	47,1	47,4	46,7	46,8	47,2
GROSS VALUE ADDED	92,5	92,6	92,6	92,4	92,4
Taxes to products	7,5	7,4	7,4	7,6	7,6
Gdp At Purchaser Prices	100,0	100,0	100,0	100,0	100,0

Source: BCP - Economic Studies - Real Sector Statistics Department

^{**} Projection

3. Gross Domestic Product at Purchaser Prices

By economic sector

In millions of US Dollars (basis : current guaraníes)

Economic Sector	2013	2014	2015	2016	2017
Agriculture	3.675	3.320	2.106	2.734	2.746
Cattle ranching	817	924	730	831	1.033
Forestry, fishing, mining	392	420	336	368	385
Primary Sector	4.884	4.664	3.171	3.934	4.165
Manufacturing	6.646	7.305	6.302	6.764	7.625
Construction	2.049	2.368	1.966	2.250	2.457
Electricity and Water	3.246	3.281	2.849	3.105	3.265
Secondary Sector	11.941	12.954	11.117	12.119	13.347
Commerce	3.745	4.102	3.353	3.594	4.269
Transportation	1.325	1.432	1.264	1.368	1.472
Telecommunications	1.267	1.339	1.108	1.147	1.252
Financial Intermediation	1.809	2.081	1.873	2.039	2.161
Real estate services	2.255	2.382	2.121	2.366	2.580
Services to companies	807	878	770	851	994
Restaurants and Hotels	896	933	823	871	953
Services to households	1.550	1.629	1.397	1.498	1.760
Government Services	3.372	3.511	3.038	3.120	3.331
Services Sector	17.025	18.286	15.746	16.852	18.771
Gross Value Added Taxes to products	33.850 2.511	35.904 2.921	30.034 2.381	32.905 2.547	36.283 2.924
Gdp At Purchaser Prices	36.361	38.825	32.415	35.452	39.208

Source: BCP - Economic Studies - Real Sector Statistics Department

Consumer Price Index

Year	2014	2015	2016	2017	2018
January	1,4%	0,6%	2,6%	0,6%	0,8%
Februafy	0,7%	0,5%	0,5%	0,9%	0,3%
March	0,5%	-0,1%	-0,5%	0,0%	0,0%
April	0,4%	-0,1%	-0,3%	0,5%	0,0%
May	0,3%	1,5%	0,5%	0,3%	0,1%
June	-0,1%	-0,9%	0,3%	-0,2%	0,7%
July	-0,3%	0,8%	-1,0%	0,1%	-0,3%
August	-0,4%	-0,1%	0,2%	0,3%	0,2%
September	0,0%	-0,1%	0,2%	0,3%	0,4%
October	0,2%	-0,3%	-0,2%	0,5%	0,6%
November	0,7%	0,4%	1,0%	0,7%	0,7%
December	0,7%	0,9%	0,6%	0,5%	-0,3%
Total year (accrued)	4,2%	3,1%	3,9%	4,5%	3,2%

Mobile Inflation last 12 months

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

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

Nominal Exchange rate with currencies of reference

Data in Guaranis

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

Fuente: Tipo de Cambio Nominal de Bloomberg

6. Balance of payments

In millions of US Dollars

	2013	2014*	2015*	2016*	2017*
I Current Account	621,3	-50,7	-144,9	1275,8	1215,1
II. Capital and financial account	263,4	1666,0	-603,8	0,2	375,9
III. Errors and omissions	151,0	-484,3	189,1	-318,6	-714,0
IV. reserve assets	-1035,7	-1131,1	559,6	-957,4	-877,0

^{*} Preliminary figures -

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

Note: **Considering Itaipú and Yacyretá as Residents. Presentation adjusted to the 5th version of the Balance of Payments manual, IMF.

7. External Public Debt

In millions of US Dollars

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

^{*} preliminary figures

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

8. Current Account Balance

In million US Dollars

Year	TOTAL
2014*	-51
2015*	-145
2016*	1.276
2017*	1.215

^{*} Figures subject to review -

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

9. **Net international Reserves**

In million US Dollars

Year	Balance
2013	5.871
2014	6.891
2015	6.200
2016	7.144
2017	8.146
2018	8.004

^{*} Figures subject to review

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

10. 10. Exports, by principal products

In million US Dollars

Year	Cotton fiber	Soy grains	Soy oil	Soy flour	Cereal	Beef	Leather	Wood	Sugar	Electric Energy	Plastics	Cables (Auto parts)	Textiles and manufactures	Rest	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

^{*} 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 million US Dollars FOB

Year	Argentina	Brazil	Uruguay	Venezuela	Total Mercosur	Rest of Aladi	European Union	Asia	Russia	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*	2.232	2.802	159	19	5.212	919	798	847	770	490	9.036
Participaion in total (2018)	24,7%	31,0%	1,8%	0,2%	57,7%	10,2%	8,8%	9,4%	8,5%	5,4%	100,0%

^{*}Preliminary figures supplied by (SOFIA), General Customs Authority, and Certificates of Origin issued by Ministerio de Industria and Commerce.

12. Imports by type of goods

In million US 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

^{*}Preliminary figures -

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

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

13. Imports by Country

In million US Dollars FOB

Year	Argentina	Brazil	Uruguay	Venezuela	Total Mercosur	Rest of Aladi	European Union	Asia	Russia	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
Participaion in total (2018)	10,0%	22,5%	1,1%	0,0%	33,6%	4,7%	11,3%	37,9%	0,7%	11,8%	100,0%

^{*}Preliminary figures supplied by (SOFIA), General Customs Authority Source: Economic Studies - External Sector Statistics Department.

14. 14. Principal indicators of the financial system (Elements of Assets in the Banking System)

In million US Dollars

Chapter	2013	2014	2015	2016	2017	Set. 2018
Available	1.836,2	1.599,1	1.310,1	1.386,7	1.443,2	1.268,7
Public Securities	1.373,4	1.537,5	1.085,7	1.399,0	2.074,6	1.727,3
Placements abroad	134,2	542,9	812,2	680,6	747,6	741,4
Portfolio outstanding	8.697,0	10.566,0	9.911,0	9.694,9	10.648,9	11.669,9
Credits renewed, refinanced, and restructured	1.426,8	1.529,4	1.952,4	2.215,3	2.127,5	2.176,7
Portfolio Overdue	207,3	226,6	300,5	342,5	351,0	338,0
Assets	16.593,7	19.311,2	18.269,5	18.954,0	20.852,3	21.369,5

Source: Superintendence of Banks – Extra situ Supervision

15. Principal indicators of the Financial System (Elements of Liabilities in the banking system)

In million US Dollars

Chapter	2013	2014	2015	2016	2017	2018
Obligations, financial sector	988,8	1.200,8	928,8	981,0	1.145,4	1.040,9
Obligations, Non financial sector	9.341,1	10.631,7	9.997,6	10.641,5	11.705,3	11.717,3
Obligations, Public Sector	1.650,2	1.921,2	1.780,2	2.037,1	2.241,3	2.269,6
Paid in Capital + irrevocable contributions	835,0	958,8	913,1	1.030,9	1.149,6	1.231,6
Legal Reserve	319,8	399,3	416,1	496,1	574,6	599,4
Other reserves +Accrued Results	218,3	294,7	183,2	201,2	224,3	221,6
Earnings	370,8	424,4	382,3	373,4	434,7	420,6
Liabilities	14.844,9	17.229,0	16.370,5	16.848,2	18.464,5	18.889,3

Source: Superintendence of Banks - Extra Situ supervision

16. Principal indicators of the Financial System (In %)

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

Source: Economic Studies – Macro Economic Statistics Department, based on the Statistics Bulletin, Superintendence of Banks, and Consolidated Banks Statement.

Note: 1/ Loans overdue/Loans.

- 2/ Net equity/ (Assets + Total contingencies).
- 3/ Net earnings before Taxes / Equity (Annual)
- 4/ 1-(administrative expenses / Operating margin.)
- 5/ (Available + temporary Investments) / Deposits.
- 6/ Loans/ Deposits.



SUDAMERIS

Branches

HEAD OFFICE

Edificio Sudameris: Independencia Nacional 513. Tel. (021) 416 6000.

C.P 1301 • Asunción, Paraguay. • Schedule: Monday to Friday de 8:30 a 13:30 hrs.

BRANCHES

Asunción

- Branch Abasto: Avda. Defensores del Chaco (SAPROCAL BLOQUE E LOCAL 43) Barrio Vista Alegre C.P.1925 Asunción Paraguay Schedule: Monday to Friday de 8:30 a 13:30 hrs.
- Branch Brasilia: Avda. Brasilia 804 Barrio Jara C.P.1434 Asunción Paraguay -Schedule: Monday to Friday de 8:30 a 13:30 hrs.
- **Branch General Santos:** Avda. Gral. Máximo Santos Esquina Valois Rivarola Barrio Jara Asunción Paraguay C.P. 1618 . **Schedule:** Monday to Friday de 8:30 a 13:30 hrs.
- Branch España: Avda. España 2583 Barrio Bella Vista C.P.1771 Asunción Paraguay
 Schedule: Monday to Friday de 8:30 a 13:30 hrs.
- Branch Eusebio Ayala: Avda. Eusebio Ayala 9012 Barrio Mburicao C.P.2300 Asunción Paraguay Schedule: Monday to Friday de 8:30 a 13:30 hrs.
- Branch Villa Morra: Avda. Mcal. Francisco S. López esquina Charles de Gaulle Barrio Villa Morra C.P.1899 -Asunción - Paraguay - Schedule: Monday to Friday de 8:30 a 13:30 hrs.

Greater Asunción

- **Branch Luque:** Avda. Gral. Aquino casi Curupayty Luque- Paraguay C.P. 2060 . Schedule: Monday to Friday de 8:30 a 13:30 hrs.
- **Branch Mariano Roque Alonso:** Ruta Transchaco Km 14,5 casi Cnel. Hermosilla Mariano Roque Alonso Paraguay C.P.2040 **Schedule:** Monday to Friday de 8:30 a 13:30 hrs.
- **Branch San Lorenzo:** Avda. Cnel. Romero 2020 Barrio San Pedro C.P.2160 San Lorenzo Paraguay Schedule: Monday to Friday de 8:30 a 13:30 hrs.

Interior

- **Branch Ciudad del Este:** Avda. Monseñor Rodriguez esq. Curupayty Barrio Catedral C.P.7000 Ciudad del Este Paraguay **Schedule:** Monday to Friday de 8:30 a 13:30 hrs..
- **Branch Concepción:** Avda. Pdte. Franco 564 Barrio Centro C.P.8700 Concepción Paraguay Schedule: Monday to Friday de 8:30 a 13:30 hrs.
- **Branch Coronel Oviedo:** Tuyutí esquina Luis A. Soto Estigarribia C.P.3300 Coronel Oviedo Paraguay Schedule: Monday to Friday de 8:30 a 13:30 hrs.
- Branch Encarnación: Carlos Antonio López esq. 14 de Mayo Zona Alta C.P.6000 Encarnación Paraguay Schedule: Monday to Friday de 8:30 a 13:30 hrs.

- **Branch Hernandarias:** Avda. Juan B. Flores 854 Barrio San Carlos C.P.7220 Hernandarias Paraguay Schedule: Monday to Friday de 8:30 a 13:30 hrs.
- **Branch Katueté:** Ruta 10 De Las Residentas esq. Avda. 03 (Km. 365 Urbanización Solaris) Katueté- Paraguay Schedule: Monday to Friday de 8:30 a 13:30 hrs.
- Branch Paraná County Club: Avda. Paraná casi Augusto Roa Bastos Edificio Acacia Barrio Urbanización Privada P.C.C.
 C.P.7220 Hernandarias Paraguay Schedule: Monday to Friday de 8:30 a 13:30 hrs.
- **Branch Santa Rita:** Avda. Carlos Antonio López casi Cristóbal Colón Barrio San Pauli C.P.7540 Santa Rita Paraguay **Schedule:** Monday to Friday de 8:30 a 13:30 hrs.

CAM - Massive Habilitation Center

Villa Morra Shopping: Avda. Mariscal López y Charles de Gaulle - Asunción - Paraguay - C.P. 1301 **Schedule:** Monday to Friday de 8:30 a 13:30 hrs.

CAC - Client Attention Center

Bautista: Centro Médico Bautista - Avda. República Argentina Esquina Campos Cervera - Asunción. - C.P. 1171 **Schedule:** Monday to Friday de 08:30 a 13:30 hrs - Sábados de 09:00 a 13:00 hrs.

Plaza Jesuítica: Km. 8 Monday, Ruta 7 – Ciudad del Este (Acceso Sur - Km. 19,5) entre Bernardino Caballero y Perpetuo Socorro - Ñemby. **Schedule:** Monday to Friday: 08:30 a 13:30 hrs. Sábados de 09:00 a 13:00 hrs.