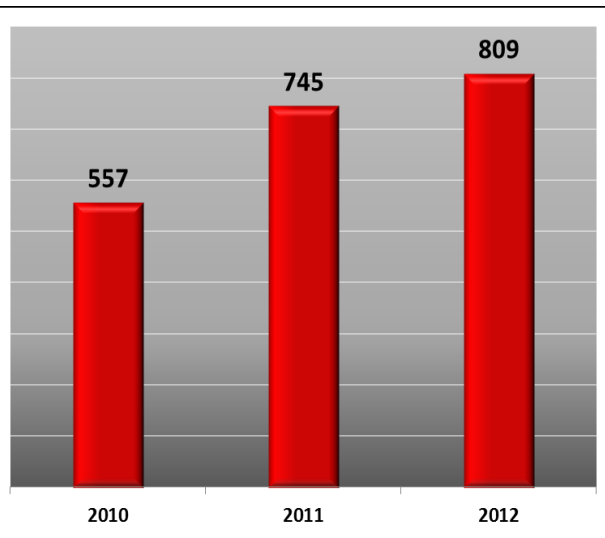


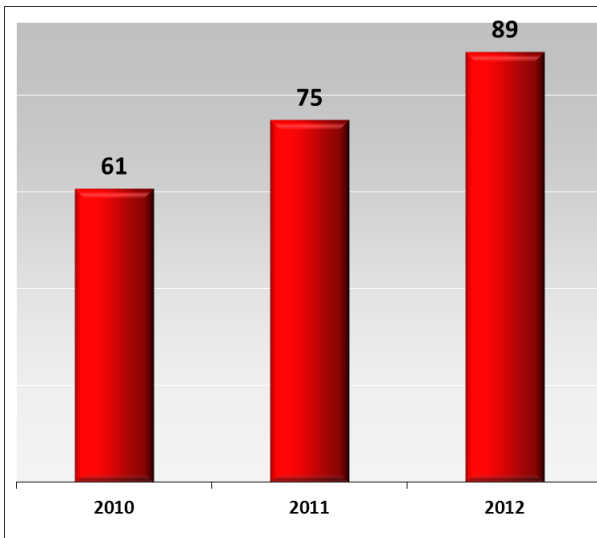




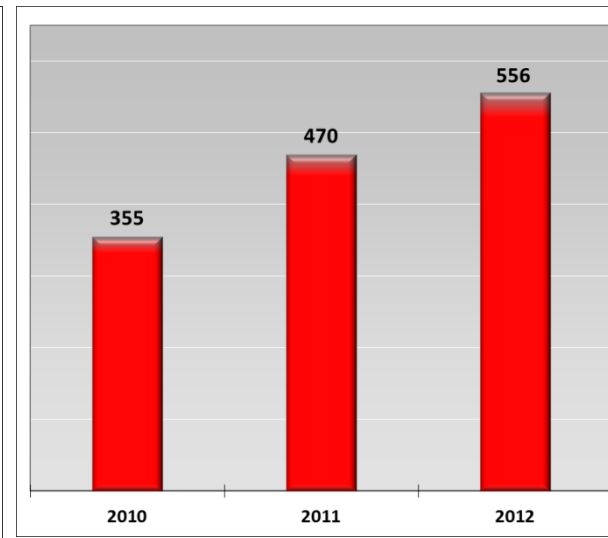
Total Assets



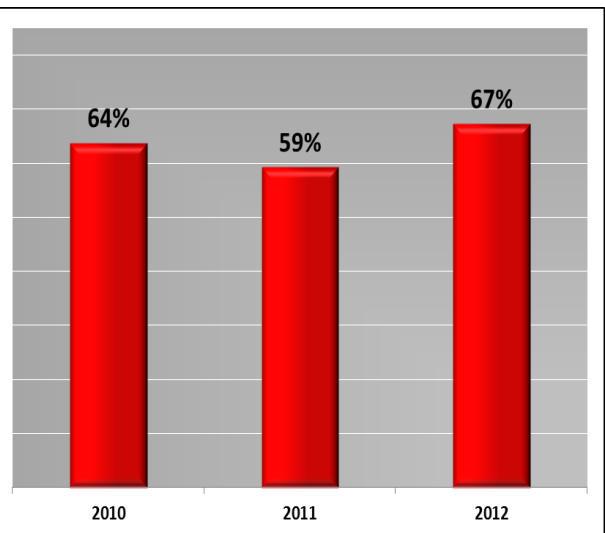
Capital



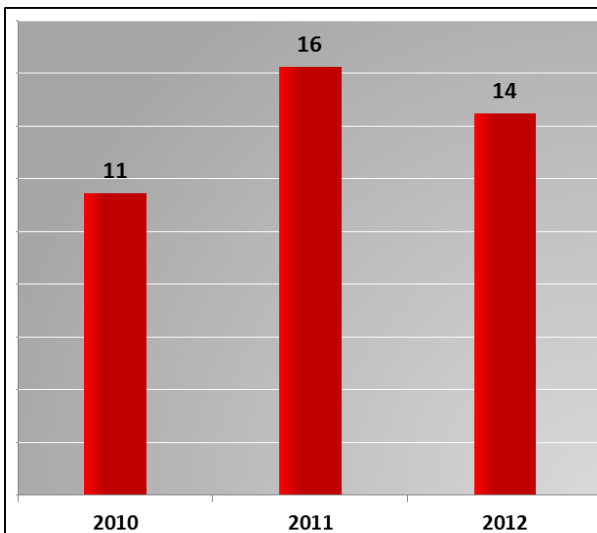
Loan Portfolio



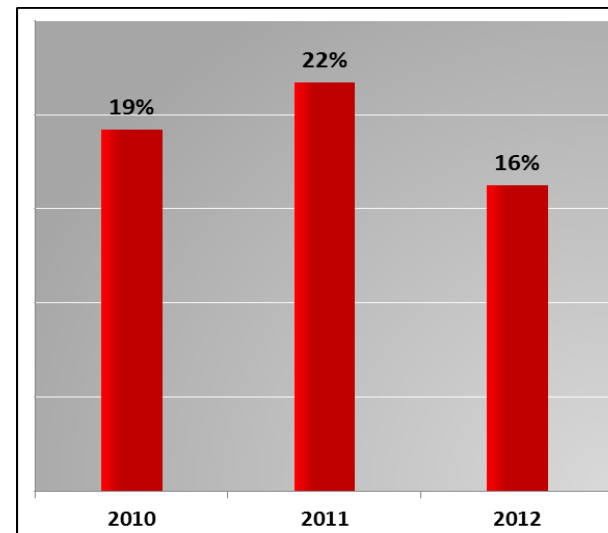
Efficiency Ratio



Net Results

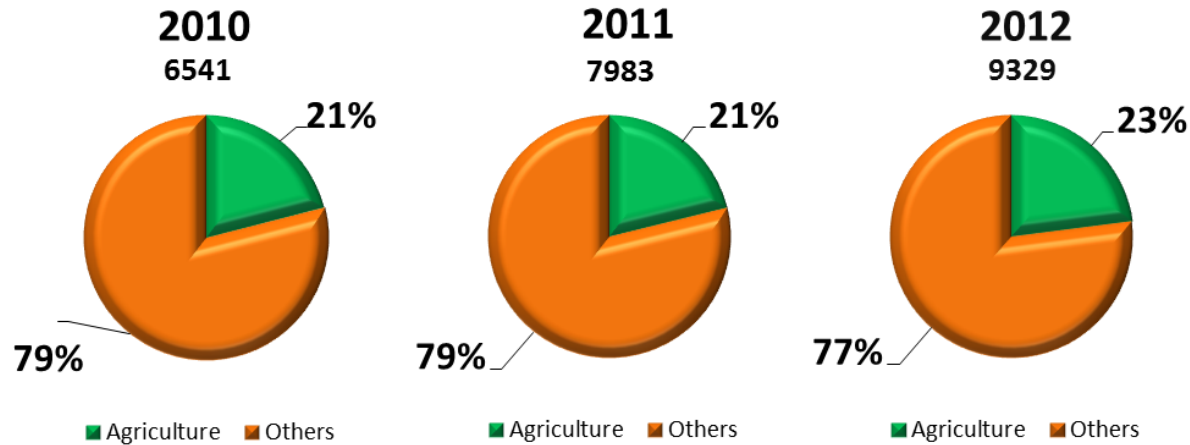


ROE

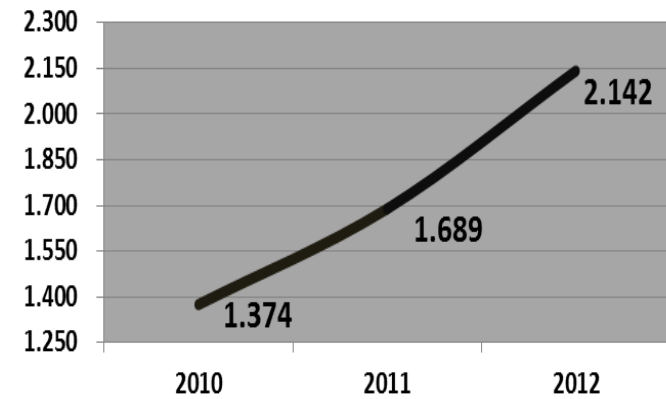




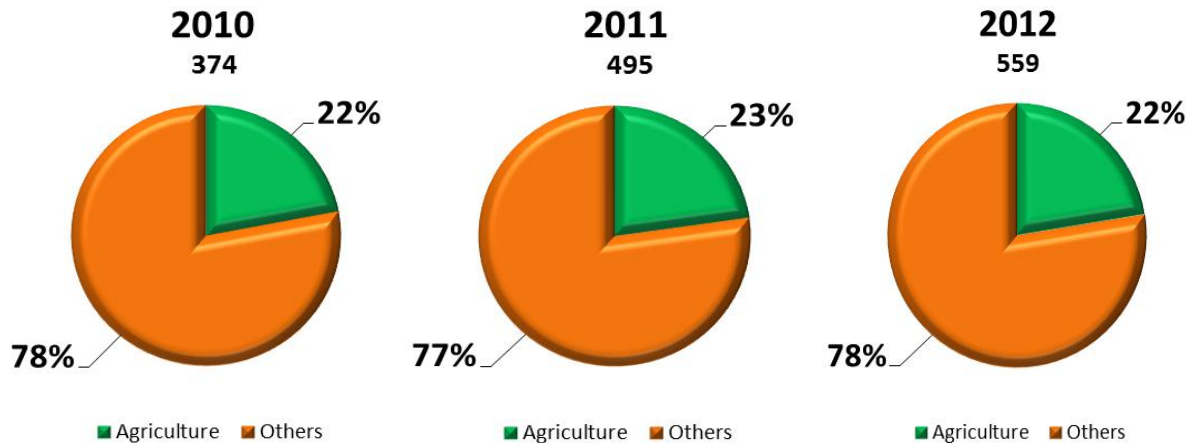
Agriculture in the banking system



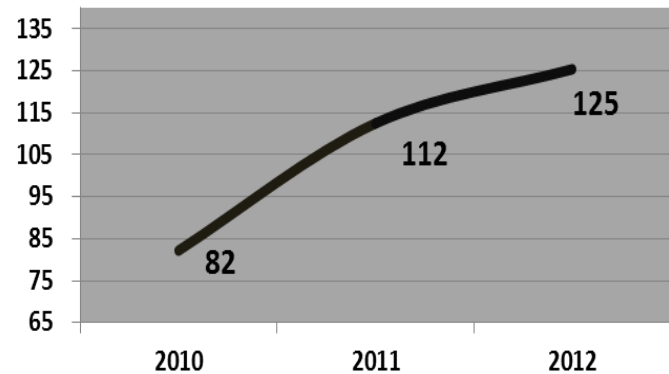
Agriculture in the Banking System

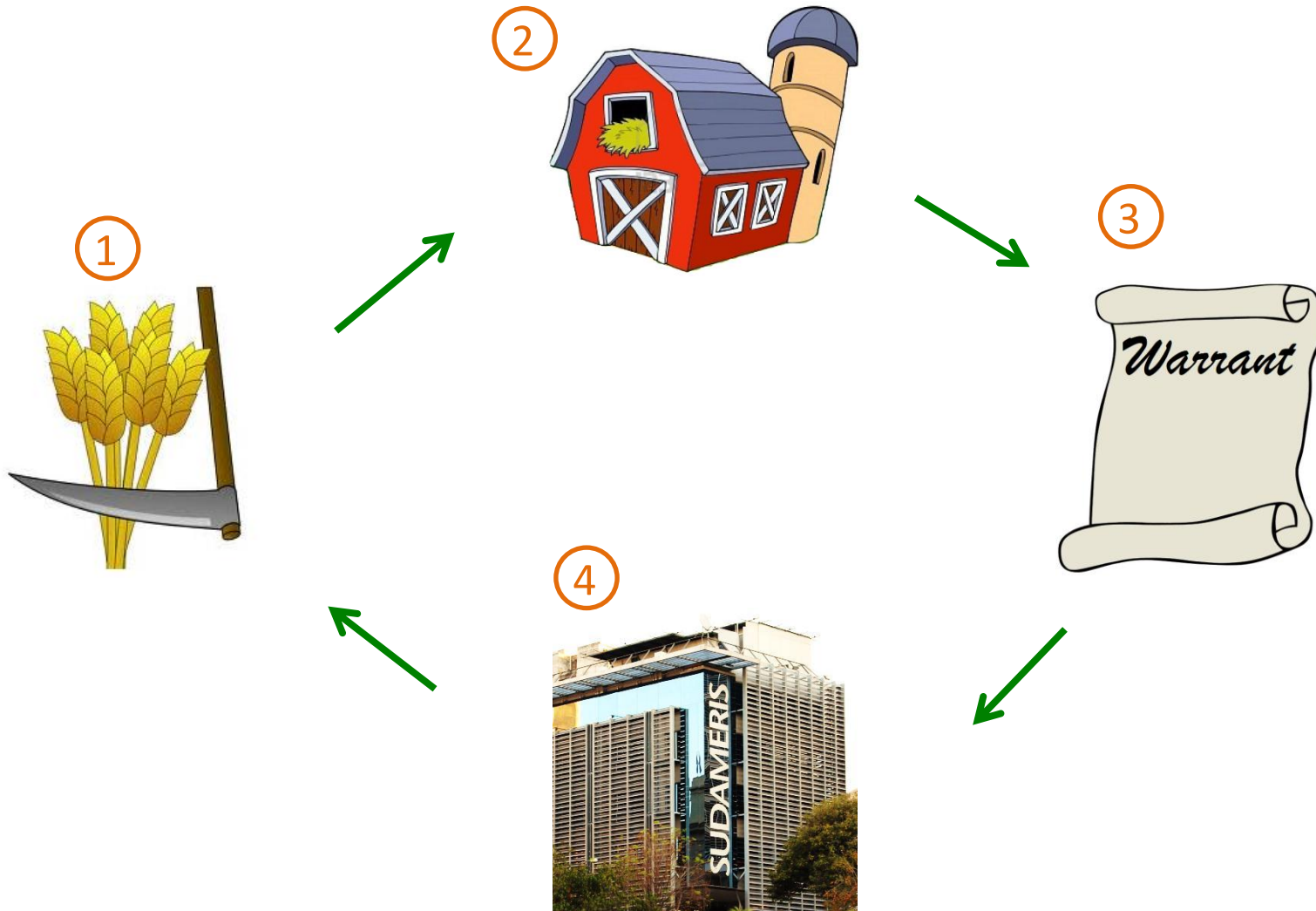


Agriculture in Sudameris Bank's portfolio



Agriculture in SBK's Portfolio





The General Process



Following its harvesting, a client delivers a commodity to one of the four approved warehouse company

The warehouse company receives the commodity and issues a certificate, or warrant, which is endorsed to the bank that will provide financing to the client. At that stage, legal ownership of the goods is formally transferred to the bank

The bank receives the warrant from the warehouse company and disburses the pre-agreed line of credit

At maturity, the client reimburses the bank of all dues, capital and interests. The bank then processes the warrant back to the warehouse company with a free and clear statement

The warehouse company then transfers the legal ownership of the commodity back to the client

Warrants Key Criteria



PRODUCTS



Wheat



Soy



Corn



Sesame



125%



40%



MAX:
180 DAYS
RENEWABLE



5
years



The Warehouse companies



Warehouse Companies

- There are four companies that are authorized by the Central Bank of Paraguay (“BCP”) to act as “warehouse” for financing purposes
- The largest company is Gical with storage capacity of 230,000 metric tons
- These companies are responsible for issuing the warrants to the banking system
- In case the guarantee is called, the warehouse companies have the legal obligation to deliver the grains

Legal Framework

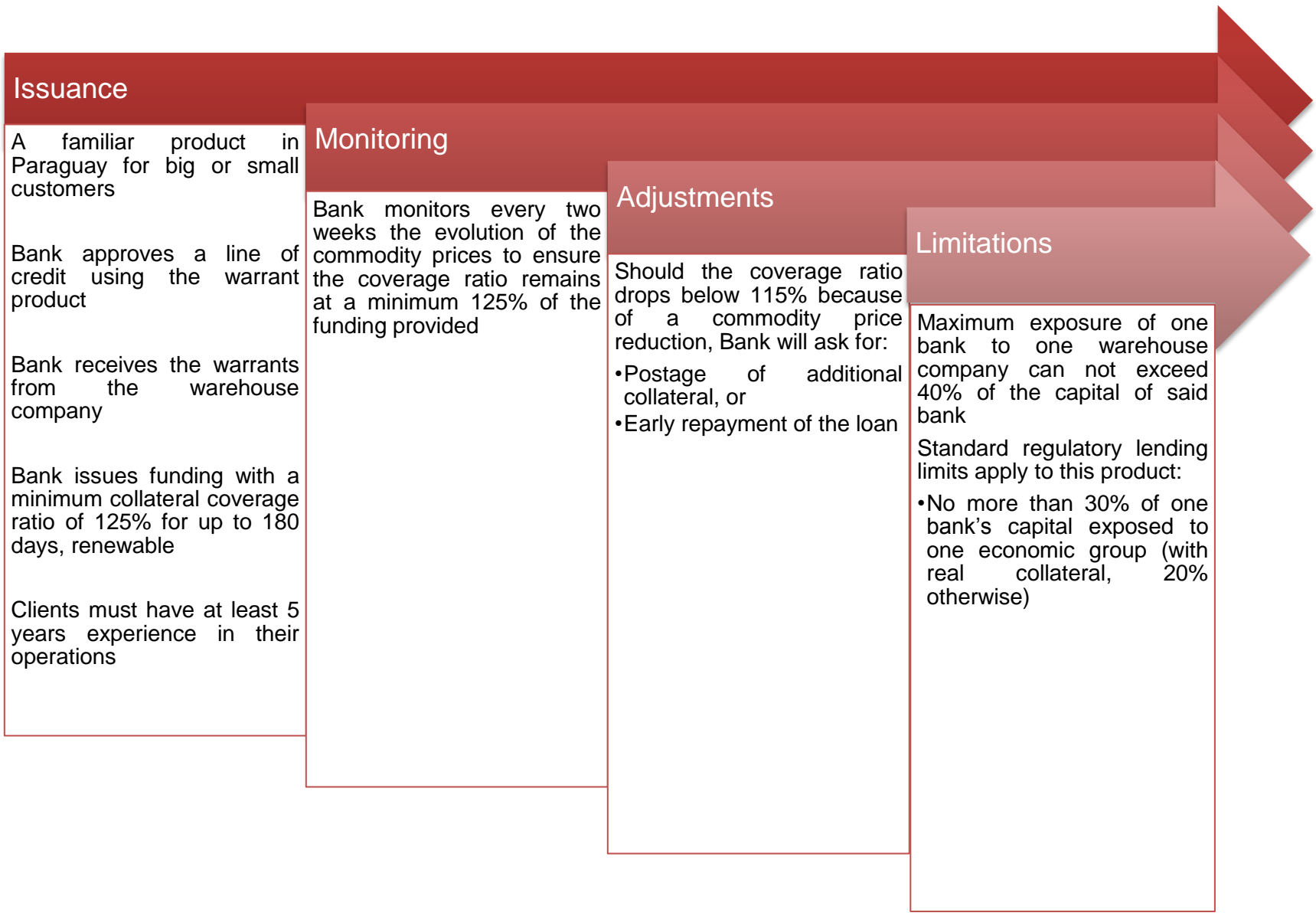
- Warehouse companies have to comply with the following requirements to be authorized by the BCP
- Minimum capital requirement of approximately USD750,000
- Annual external audit
- Annual inspection by the regulating authority, the “Superintendency of Banks of Paraguay”
- Unscheduled control visits by the regulator

Storage Costs

- In addition to the funding costs charged by the banks, the warehouse companies charge between 0.20% and 0.25% of the value of the stored goods as storage fees. However, fees very much depend on type of commodity, maturity, volume and grain prices as it is a percentage of the value of the stored commodity

Storage facilities

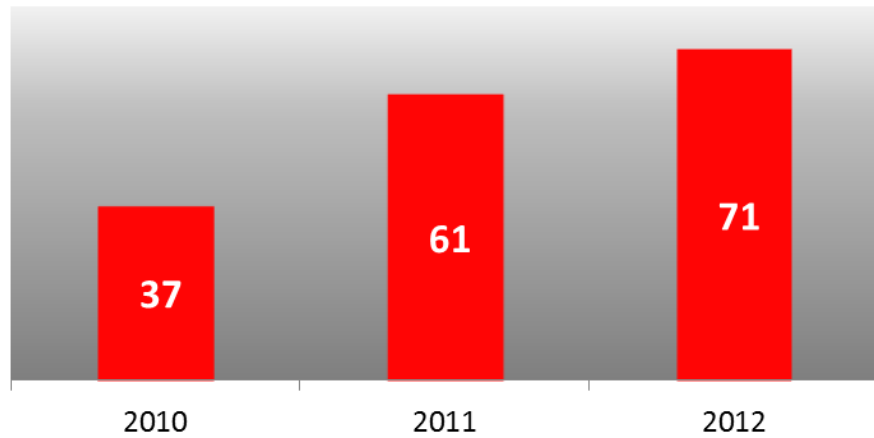
- Accepted commodity: wheat, corn, soy and sesame (including seeds)
- Storage can take place at:
 - Warehouse companies own silos
 - Clients’ silos when the clients are big and sophisticated enough
 - Ports
- Thanks to a record crop season, for 90% of Gical’s issued warrants, the commodity was stored in clients’ silo of ports



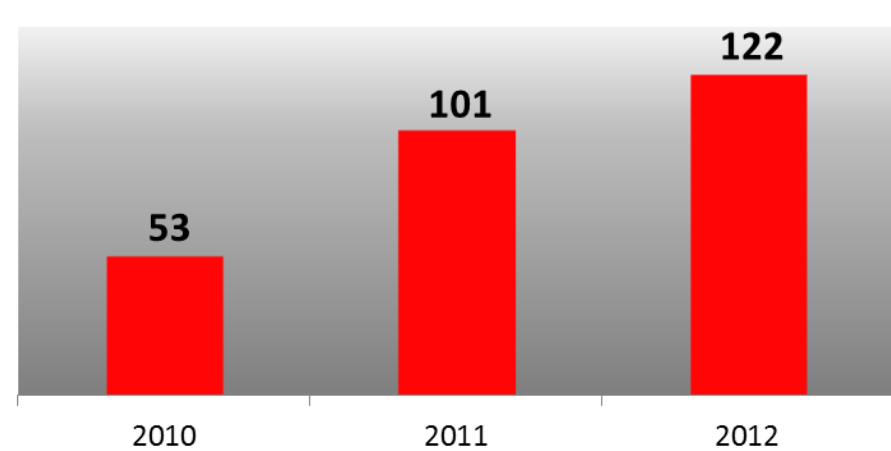
Warrants in Sudameris Bank (USDm)



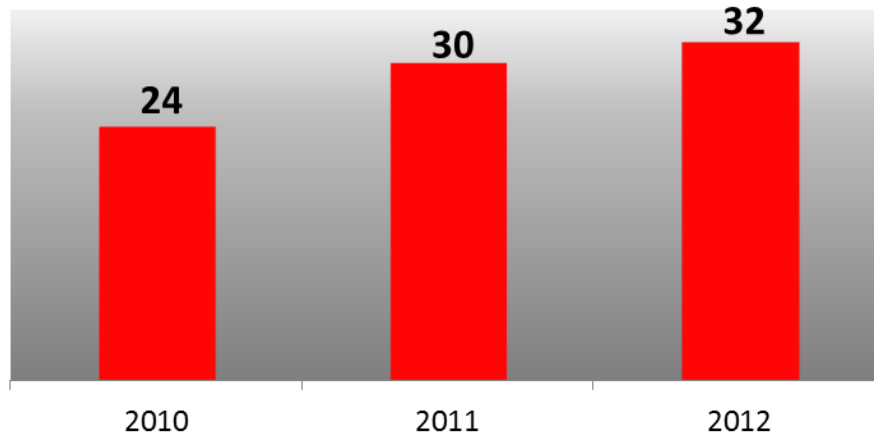
Portfolio



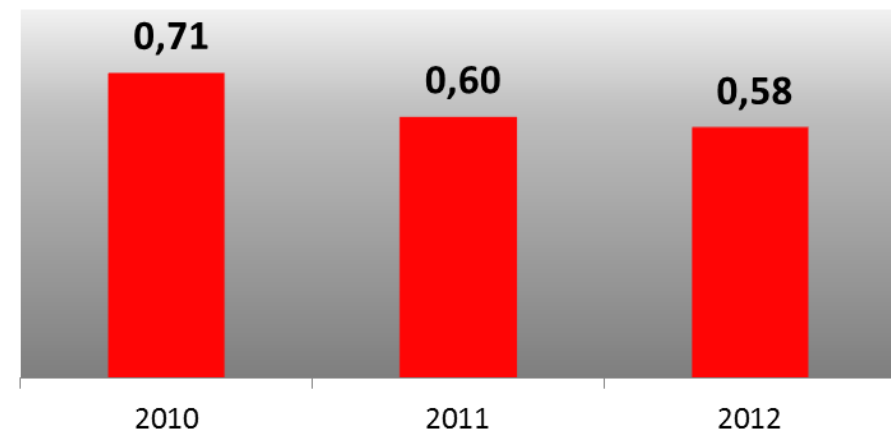
Operations



Clients



Average Transaction Size





Sudameris Bank has been active in this segment for more than 5 year, but has substantially increased its market presence over the past 3 years thanks to its funding agreement with the IFC

- Combined total loan value since inception will reach USD200m before year-end
- Loans range from US\$300,000 to up to US\$4m
- Sudameris Bank has never experienced a default with this product. Only once was the bank obliged to sell a warrant to cover a client's financial obligation with no final loss for the bank
- "Warrant" loans cost between 5% and 6% to clients
- Average loan maturity is 120 days
- Clients range from very small producers to very large cooperatives that syndicate more than 1,000 producers
- Considering the financing costs, storage costs and sometimes transportation costs, the warrant is sometimes an expensive financing instrument for producers. However its popularity keeps growing due to its simplicity, legal strength and strong guarantee it offers to banks

Considering the continued growth of the agricultural sector in Paraguay, more warehouse companies will need to be certified by the regulator and more storage capacity will be needed in the coming months



Client 1:

- A company dedicated to the purchase and trading of agriculture products such as soy, wheat, sunflower and canola
- Trading capacity of approximately 250,000 tons
- The company often finances the farming costs for small and medium producers and then receives payments in grains
- Considering the volumes at stake, the purchase of grains every year mobilizes tremendous amount of working capital
- With a volume this year of about 250,000 tons, the company has been trading cUSD110m worth of soy beans
- Warrants are used to:
 - Finance a portion of the trading activity
 - Cover the working capital requirements of the company when logistical issues slow down exports (such as low river level, lack of container/ships, etc.)



Client 2:

- A cooperative that gathers around 600 producers
- The company has production capacity of approximately 200,000 tons
- The cooperative finances its partners for all plantation needs at the beginning of the season and the farmers deliver 100% of their production to the cooperative
- Soy production reached above 190,000 tons this year
- Warrants are used for:
 - With the logistical problems of the beginning of the year (low river levels and lack of ships) combined with the need to generate cash flow for the farmers and the providers of materials for the next crop, the cooperative uses warrants to fund the gap until the grains are sold to the multinational trading companies
 - The cooperative also works with corn and wheat that work at a different period of the year, but bears the same working capital needs
 - Finally, as most farmers sell their production at the same time, prices tends to dip around the same period every year. When using warrants, the cooperative can delay the sale of the grains by up to 6 months, when prices are under less pressure



THANK YOU

