

# ANNUAL REPORT



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**Human  
Group**

# BOARD OF DIRECTORS

PRESIDENT:	<b>Alberto Acosta Garbarino</b>
FIRST VICE-PRESIDENT:	<b>Hugo Fernando Camperchioli Chamorro</b>
SECOND VICE-PRESIDENT:	<b>Alejandro Laufer Beissinger</b>
REGULAR DIRECTORS:	<b>Alfredo Steinmann Rosenbaum</b> <b>Pedro Beissinger Baum</b> <b>Jorge Camperchioli Chamorro</b> <b>César Barreto Otazú</b>
ALTERNATE DIRECTORS:	<b>Roberto Amigo Marcket</b> <b>Silvia Camperchioli de Martín</b> <b>Héctor Fadlala Wismann</b>
REGULAR TRUSTEE:	<b>Juan Fiorio Giménez</b>
ALTERNATE TRUSTEE:	<b>Diana Fadlala Rezk</b>

# LIST OF EXECUTIVES

GENERAL MANAGER:	<b>Hilton Giardina Varela</b>
COMMERCIAL MANAGER:	<b>Arsenio Vasconsellos Spezzini</b>
FINANCIAL MANAGER:	<b>Diego Balanovsky Balbuena</b>
RISK MANAGER:	<b>Wilson Castro Burgos</b>
BRANCHES MANAGER:	<b>Graciela Arias Ríos</b>
CORPORATE BANKING MANAGER:	<b>Nery Aguirre Valiente</b>
RETAIL AND DIGITAL BANKING MANAGER:	<b>Fabio Najmanovich Campo</b>
MARKETING AND BUSINESS DEVELOPMENT MANAGER:	<b>Luján del Castillo Cordero</b>
ADMINISTRATIVE MANAGER:	<b>Gladys Velázquez Franco</b>
OPERATIONS MANAGER:	<b>Sandra Hirschfeld Spicker</b>
TECHNOLOGY MANAGER:	<b>Nancy Benet de Quintana</b>
PEOPLE AND O.D. MANAGER:	<b>Mabel Gómez de la Fuente Miranda</b>
INTERNAL AUDIT MANAGER:	<b>Venancio Paredes Alarcón</b>
COMPLIANCE MANAGER:	<b>Oscar Daniel Fernández Barrientos</b>

# CALL TO THE ANUAL GENERAL SHAREHOLDERS MEETING

In accordance with provisions of Article 32 of the Articles of Association, the Shareholders of **BANCO FAMILIAR S.A.E.C.A.** are called to the Regular General Meeting of Shareholders to be held on April 26, 2021 at 18:00, virtually due to health reasons. If the quorum is not met, the Meeting shall be held two hours later, regardless of the capital represented.

The participation of Shareholders in the Meeting shall happen through telematic means through the ZOOM digital platform, according to provisions of Decree No. 3605 dated 19 May 2020 and Decree No. 4946 dated March 4, 2021.

The submission of the accreditation and registration of an e-mail is an essential requirement for the submission of the link to participate in the meeting as well as for the reception of the information and/or documentation related to the items of the Agenda.

## AGENDA

- 1) Appointment of a secretary for the Meeting and two shareholders to sign the Minutes of the Meeting, alongside the President and Secretary of the Meeting.
- 2) Reading and consideration of the Board's Report, the Balance Sheet, the Income Statement and the Trustee's Report corresponding to the year that ended on December 31, 2020.
- 3) Proposal for Profit Distribution.
- 4) Capitalization of Retained Earnings.

- 5) Issue of Ordinary Registered Class "A" Shares for the Capitalization of Retained Earnings and delegation of the determination of any other conditions regarding the issue of shares to the Board of Directors.
- 6) Resolution on the appointment of an external auditor.
- 7) Appointment of a Regular Trustee and Alternate Trustee for 2021 and determination of the remuneration of the Regular Trustee.
- 8) Determination of the monthly remuneration and bonuses of Members of the Board according to Article 16 of the Articles of Association.
- 9) Election of members of the Board according to Article 15 of the Articles of Association

Shareholders are reminded that they must deposit their shares or a bank certificate of deposit with the name of the Shareholder at least 3 business days prior to the Meeting, and their powers of attorney or any other type of documentation, notices and accreditation of e-mails related to the meeting in the office of the Secretary of the Board of the Company or via e-mail to [secretaria.directorio@familiar.com.py](mailto:secretaria.directorio@familiar.com.py) attaching the documents in digital version.

## THE BOARD

# LETTER FROM THE PRESIDENT

## DEAR SHAREHOLDERS:

I am pleased to write to you to present the Annual Report for the year that ended on December 31, 2020. This is a very special Meeting of Shareholders because we have decided to hold it virtually due to the health situation which we are currently living, in full compliance with the regulations.

When preparing our usual annual balance, we cannot forget that 2020 was a year when an "unexpected and ferocious storm" affected the whole of humanity: the Coronavirus pandemic.

This pandemic had a huge negative impact in health, the economy, socially and emotionally. Although this pandemic affected us all, we cannot deny that it deepened the big gaps already existing between developed countries and those which are not developed, between solvent companies and those that were in debt and between people who had savings and education and those living day-to-day. When, in March 2020, the pandemic forced almost all of the countries of the world to decree a mandatory lockdown, the world economy stopped and uncertainty and fears took over a large part of the population.

The world Gross Domestic Product had a full drop of 3.5 percent, but with very different regional performances with our Latin America being the worst affected with a drop of 7.4 percent.

With a sorrowful lack of world coordination and solidarity, almost all countries closed their borders, decreed a mandatory lockdown of their population, their central banks issued money and their fiscal expenses massively to cover health expenses and subsidies rose impressively.

For example: in the main economy of the world, the United States, the Federal Reserve, due to the gigantic issue made, doubled its balance in only a

year, in the same way that it doubled the fiscal deficit that reached an impressive 17.5 percent of the Gross Domestic Product, this becoming the largest deficit of the history of that country.

Of course Paraguay was also affected by the problems of the global pandemic and the impacts that the lockdown measures had in the economy.

Our Gross Domestic Product had a drop of 1 percent, much less than the 3.5 percent initially projected and much less than the average drop of the region of 7.4 percent.

The explanation of why we had the lowest drop of Latin America is found in the excellent agricultural year after a very bad previous year and the significant growth of the sector of construction driven by public works.

The GDP of the primary sector had a growth of 7.1 percent, which added up to the growth of 9.8 percent of the construction sector, has greatly offset the fall of the commerce and trade sector which was of 3.5 percent.

The issue of the sovereign bonds allowed to fund a big part of the growth of expenses and investments made by the government, which also made the expansion of bank deposits possible by 18.9 percent and, of credits, by 8.4 percent.

Banco Familiar underwent the same process that countries in general and Paraguay in particular went through. First, it was the huge uncertainty with the arrival of the pandemic, then the adoption of urgent measures and finally, rethinking and reinventing the business.

Facing the uncertainty, the Board's decision was to quickly cover the main risk of all financial institution, which is the liquidity risk. For that purpose, we used the facilities we had with international organizations

and banks so that the period of uncertainty finds us with the highest liquidity possible.

Adding guaranies and dollars, the total value of the funds accessed was 155 billion guaranies, representing a growth of 24 percent of this type of funding.

With a huge liquidity, we faced this period of great uncertainty which was clearing up as the Central Bank and the Ministry of Finance started to implement anti-cyclical measures.

From the fear of illiquidity, we went to a huge liquidity due to the loans we took and the growth of deposits by 15 percent, which allowed us to massively reprogram installments of consumption credits for more than 235 thousand clients.

This liquidity gave us calm but had a significant financial cost that, added up to the reprogramming of retail credits without interests, significantly impacted the Income Statement.

From the second semester of the year, the economy seemed to recover its usual rhythm and this made the bank to prudently start to grant loans normally ending the year with a growth of 6.01 percent, led by the corporate portfolio with 8.73 percent.

On the other hand, the technological revolution with the digitalization of banking services and the intensive use of artificial intelligence that was already growing before the pandemic, accelerated steeply in 2020.

A product of this revolution, today, 50 percent of the transactions are made outside of the branches of the bank, through digital channels and non-banking correspondents.

This fact, in addition to the reduction of financial margins, also accelerated our reorganization plan of the customer service channels. In 2020, we closed 7 branches and strongly invested in different digital customer service platforms.

All of these changes and achievements were possible thanks to our people who understood how essential banking services are, as well as health and food.

Our people was on the frontline of customer service, working carefully but undertaking the risks of this exposition and the limitations imposed by health measures.

In this scenario, clients were services, deposits were received, loans were granted and collected, so the bank was operating normally.

To all of them, our recognition and gratitude for the job made.

Another significant fact of 2020 is the extension and consolidation of our Financial Group, with Familiar Seguros producing dividends for PYG 6,965 million and the establishment of e-Tica, a Fintech company called to be a driver for the development of digital financial businesses for Banco Financial.

To conclude, on behalf of the Board of the Bank, I want to express our thanks to all of those who contributed to the construction of the bank we have today.

I want to thank our collaborators and our clients who have made everything we done possible.

I want to specially thank you, our shareholders, for your support and trust which make us proud and strengthen us.

And I want to specially remember our founding shareholders who are no longer with us today but who have left us the example and values which today guide our actions.

To all, thanks

**ALBERTO ACOSTA GARBARINO**  
President  
Board of Banco Familiar



# **Our Commitment**

# MACROECONOMIC ENVIRONMENT AND PERSPECTIVES

## WORLD AND REGIONAL ECONOMY

The performance of the world economy was marked by the surge of the coronavirus and its world expansion until quickly becoming a global pandemic by the end of the first four-month period of the year. The high rate of contagion and the initial lack of information on an effective treatment for the disease motivated the application of drastic measures of lockdown around the world, with restrictions to the mobility of people and the prohibition of certain activities that imply the agglomeration of people, which drastically impacted on the activity of commercial sectors and services in all countries of the world. In addition, the initial uncertainty as to the duration of lockdown measures generated panic in investors around the world with significant initial drops in bonds and shares markets. As a reference, for some moments in March 2020, the price of oil was a negative value of USD -37 per barrel and the U.S. economy experienced a drop of 33% in the second quarter of 2020.

Monetary and fiscal policies implemented worldwide to fight COVID-19 were extraordinary. As a reference, the balance of the Federal Reserve of the U.S. doubled its size as a result of a super intervention in financial markets and the fiscal deficit estimated by the IMF for 2020 was 17.5% of the GDP in the U.S., 11.8% in China and 8.4% of the GDP in the European Union.

The interventions were absolutely necessary considering the general uncertainty and the effect of health measures in the real economy and people's employment and income. Investors, trying to minimize losses in their portfolios, sought to get rid of part of their assets and position in liquid assets, causing a wave of sales with substantial drops in the prices of bonds and shares in the first days of the pandemic. Considering the high demand for liquidity and to avoid a recession with lasting effects, the central banks intervened in markets buying sovereign, mortgage

and corporate bonds at interest rates of zero percent, providing all of the demanded liquidity. In parallel, governments started massive transfer programs for the sustainability of income for the population that was prevented from working due to the mandatory lockdown

Growth of the GDP: Selected Countries			
Concept	2019	2020	2021 (*)
World	2,8%	-3,5%	5,5%
U.S.	2,2%	-3,4%	5,1%
China	6,0%	2,3%	8,1%
Brazil	1,4%	-4,5%	3,6%

\* Estimated

Source: IMF – WEO January 2021

The situation of financial markets was contained, the interest rates stabilized and stock markets recovered their levels from before the pandemic. In the same way, since the end of August, prices of commodities and of soybean in particular significantly rose compared to the values seen in recent years, motivated by this same combination of factors, plus some other more specific ones.

However, it is still left to see how the real economy, people's employment and income recover on one side, and on the other, how governments reduce stimulus and fiscal deficit as well as the withdrawal of extraordinary liquidity. In principle, the drop of the GDP was minimized compared to initial projections made in mid-2020 in the midst of the pandemic. The IMF projects a drop of 3.5% of the world economy in 2020 and a growth of 5.5% for 2021 in the World Economic

Outlook published in January 2021, showing a spike compared to the previous year, led mainly by the U.S. and China. The quick approval and application of vaccines in the U.S. and in other more developed countries, plus the approval of a package of additional fiscal stimulus in the U.S. are consolidating these projections of a strong recovery of the main world economies, which generates a positive international environment for emerging economies.

The health measures were adequate and their compliance was extended for almost all of the year. This allowed us to walk the fine line between minimizing the loss of human lives and advancing in the recovery of the economy, which had a big drop of 12.8% in April 2020 as a consequence of the initial lockdown, better than many other countries.

Concept	Macroeconomic Variables		
	2018	2019	2020
Real GDP growth	3,7%	-0,4%	-1,0%
Inflation rate – December	3,2%	2,8%	2,2%
Central Bank of Paraguay interest rate (December)	5,25%	4,00%	0,75%
Fiscal Result / GDP	-1,3%	-2,8%	-6,2%

Source: Central Bank of Paraguay and Ministry of Finance

Also, the excellent harvest of soybean, the quick recovery of meat exports and the timely measures of fiscal and monetary policy taken by economic authorities allowed to minimize the effects of COVID-19 and start an economic recovery process. In this regard, the quick approval of the Emergency Law, with programs of transfer for formal and informal workers and of credit guarantees to sustain MSMEs, in addition to the reduction of interest rates and regulatory flexibilization measures made by the Central Bank of Paraguay allowed a massive reprogramming without interests of loan maturities for up to 5 installments for all workers and small businessmen, supplemented the health measures and allowed a quicker economic recovery than the projections. According to estimations of the Central Bank of Paraguay, the GDP had a drop of around 1% in 2020, well lower than the 3.5% drop projected in May upon the start of the pandemic. A prudent and responsible management of public finances in the last 17 years allowed us to face with solvency this unexpected situation. On the other hand, inflationary pressure was low as a consequence of the recessive situation in most economic sectors and inflation rate ended 2020 at 2.2%, below the 2.8% seen in 2019.

## LOCAL ECONOMY

Our country could not escape the hits of COVID-19 either and the economy was marked by it. All plans and projects that we had at the start of the year, both in the public and private sector, were drastically modified since March. We entered a health emergency with a total lockdown of almost 60 days at the start, to then start a gradual reopening process for sectors and activities with contagion risk mitigation measures such as the use of facemasks, the frequent washing of hands and social distancing with the purpose of avoiding a debacle and starting an economic recovery process.

On the other hand, prices of the main export products, soybean and its byproducts and beef remained on average in very similar levels than those seen in 2019 which, combined with the increase of volumes of production and export, generated an increase in foreign currency income. This, added up to the interventions of the Central Bank with the injection of foreign currencies originated from the issue of sovereign bonds for the funding of expenses of the emergency law, allowed a relatively ordered performance of the foreign currency market. In any way, the guarani ended up depreciating around 7% compared to December in the previous year, but well below the depreciation of 41% of the Argentine peso and of 28% of the Brazilian real in the same period.

Concepto	Prices			
	2018	2019	2020	% Var
Exchange rate (PYG/USD – December)	5.928	6.450	6.900	7,0%
Price of Soybean (USD/ton FOB)	366	322	333	3,6%
Price of Meat (USD/ton FOB)	3.934	3.769	3.730	-1,0%
Price Brent Oil (USD/barrel)	72	64	44	-31,3%

Source: Central Bank of Paraguay and Ministry of Finance

As for the financial sector, it has not been exempted from the health crisis. Measures of the government as to reprogramming, refinancing and FOGAPY were widely used by financial institutions as a way to support clients and also as a palliative to contain defaulting and the impact of allowances in balances.

In this context, there were two very marked periods of financial activity: between the months of March and July, a time of wait and reprogramming/refinancing for most affected clients. The loan portfolio in this period was flattened and defaulting contained and even declined in some entities. On the other hand, between the months of August and December, there was a gradual increase of activity with a higher demand for credits, supported in part by FOGAPY and in part by credits to sectors that were not as affected, such as agriculture, public infrastructure and real estate intermediation. As a final result, the credit ended up growing, but liquidity remained high

and the margins of the financial industry had a strong drop.

Main Variables of the Financial Sector (Billions of PYG)	2018	2019	2020
Total deposits	93.915	103.826	123.486
Interannual growth rate %	6,4%	10,6%	18,9%
Total loans	88.779	98.266	106.556
Interannual growth rate %	14,3%	10,7%	8,4%
60-day defaulting	2,49%	2,56%	2,41%
Liquidity (liquid/total assets) %	17,80%	16,40%	24,10%
Gross Financial Margin %	4,81%	4,85%	3,80%
Net Financial Margin %	3,58%	3,50%	2,81%
Average ROA %	2,18%	2,35%	1,58%
Average ROE %	22,32%	23,41%	15,35%

## 2021 OUTLOOK

The quick progress with vaccination in the U.S. and the significant stimulus program approved by the U.S. Congress to be implemented in 2021, in addition to the strong growth projected for the Chinese economy indicate that the world economy will experience a rebound with a significant growth of 5.5% in 2021, according to the latest projections from the IMF. However, regionally, the situation of the neighboring countries, Argentina and Brazil, our main commercial partners, will remain complicated.

In parallel, since August 2020, the prices of commodities and of the soybean in particular have significantly risen compared to the values seen in recent years, motivated by a combination of temporary and permanent factors. Of them, those which may remain longer would be the weakness of the dollar and the recovery of the production of pork meat in China, which may sustain for a while the price of soybean above the average of recent years. To these, we must add that the impact of the La

Niña phenomenon, which had started its cycle at the start of the soybean sowing period, has been very moderate so the volume of the harvest of soybean will be similar to the one seen in 2020.

This is added to the process of economic recovery that is still in progress, but there are big risks ahead. The delay in the purchase of vaccines and the acceleration of contagion seen since the last quarter of 2020 may lead to the application of new restrictions to economic and social activities, making it difficult and delaying the recovery of some sectors of the economy until the end of 2021 or even beyond. On the other hand, the weakness of the government may generate new political crisis, adding on to more uncertainty to the existing one and negatively affecting the development of productive investment projects that are awaiting the best moment for their implementation.

The Central Bank of Paraguay projects an economic growth of 4% for 2021 and an inflation rate closer to its goal of 4% per year for December. With a good agricultural result and the continuation of public investment in infrastructure, at similar levels to those executed in 2020, it is possible that we will reach this rhythm of economic growth projected by authorities and lead towards the normalization of economic activities for the next year.



# HOW WE OVERCAME 2020

## BANCO FAMILIAR: WE INCREASED LIQUIDITY OUT OF PRUDENCE AND REPROGRAMMED LOANS WITHOUT COST

The headline summarizes some of the main issues we worked on in 2020. Said actions lead to a significant reduction of financial margins; costs of taking loans are increased above the normal required levels and income is reduced when operations are refinanced without any cost.

### On placements and deposits

The increase of funding of third parties may be classified in two parts:

#### a) Loans from Financial Institutions taken before the adoption of palliative economic measures.

Upon the start of the health lockdown but before the implementation of macroeconomic measures (fiscal expansion and liquidity facilities), the scenario was very uncertain and the use of liquidity of the own economic agents was considered before an imminent reduction of volumes of sale and with that, the reduction of production and as a consequence, the reduction of the remuneration to the production factors, rent and salaries of people, etc. Considering that scenario, Familiar activated the contingency plan foreseen for difficult moments, which opened up the possibility of taking on funds above the requirements of the moment, mainly from multilateral and development, international and local organizations, which generally act against the cycle precisely seeking to soften abrupt drops or avoid their exacerbation. It was a welcoming surprise for Familiar to receive the immediate response of support from said organizations, and even from correspondent commercial banks from abroad which, facing the same situation, gave a positive response to our requirement. We received a statement of support from all of the contacts made; however, after a thorough

analysis of the liquidity required, we only took on some of the facilities that were disbursed in the most critical moment: On one side, the total of USD 13 million with the possibility of renewal, from the IDB and AFD, and on the other side, a local currency loan for PYG 70 billion from AFD under a COVID-19 facilities program, which allowed to re-discount operations that were refinanced in the midst of the pandemic. This meant, in total values, the increase of the loans and other facilities received from specific financial institutions for a total value of PYG 155 billion, representing an increase of 24% in this type of funding. Taking on these operations explained the largest part of the increase of 7.9% seen in the financial costs.

#### b) Increase of mainly demand balances.

During the last week of March, there was a seasonal increase which is characteristic of deposits and at first, it was to be expected that, according to the season and even due to the deterioration of that time, they would start to drop at an accelerated rhythm. However, what could be seen in all economic agents (government, companies, families) was a growing and sustained increase of liquidity. But, how? What is the explanation? Familiar, which has a significant sampling of all market segments, could see the possible explanation.

At first, the government took firm steps to continue public works with projects in progress, which meant an important injection of liquidity to companies of the construction/infrastructure sector.

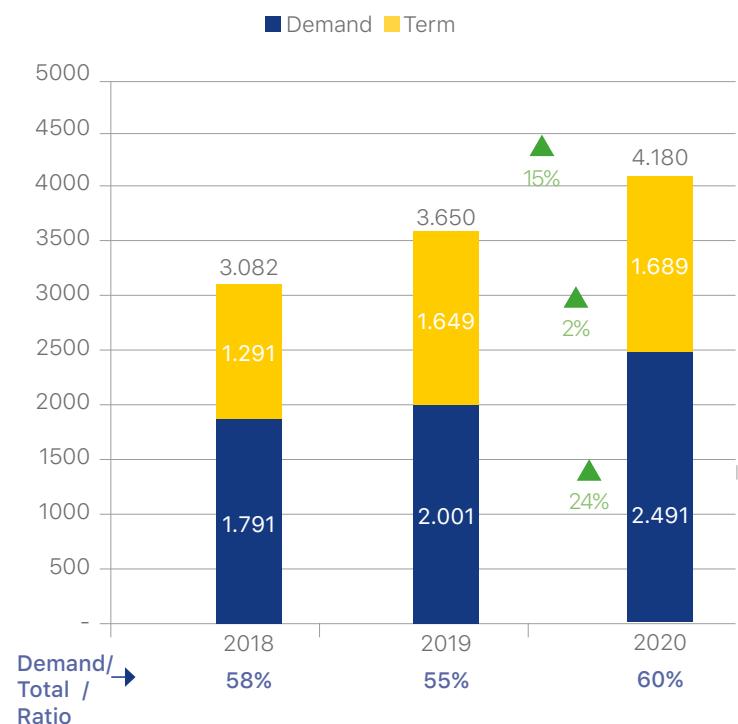
On the other hand, companies from the commercial, industrial and service sectors made their inventories and receivables from that cycle and then, because they expected lower sales, they did not make new purchases, provide services and/or sell with credit to families and people, giving as a result an accumulation of liquidity in their banking accounts.

And families and people, especially those related to the public sector, representing approximately 40% of the working force in employment kept receiving their income in the usual manner. Although people and families, in aggregate terms, that were more linked to the private sector saw a reduction of their income, they were also compensated somehow from subsidies and transfers and were very limited to spend as they could barely leave to buy the basics in the first days, and dropped many activities of good and services that were not substituted, which meant an almost mandatory reduction of the marginal propensity to spend. We previously said in aggregate terms because, in reality, it was a game of add zero, where there were surplus but also sadly sectors such as recreation, events, restaurants, which were very affected and they did not just see a drop of liquidity but also went bankrupt or were laid-off.

The increase of deposits for PYG 530 billion in total then explains most of the increase of demand deposits which was increased after the economic measures exposed above, representing an increase of 15% in our portfolio versus 18% of the financial sector.

Term deposits were practically leveled compared to the previous year, although it was financially better to choose to discourage this type of deposits due to the strong increase of demand deposits; Familiar also put its best efforts to adjust interest rates less than proportionally to the adjustments of monetary policy rates. In global terms, the demand over total ratio ended with an acceptable participation of 60%.

## EVOLUTION OF DEPOSITS (Billions of PYG)



### On loans

The main effort of the year has been to be able to support as much as possible the drop of income and sales of our more than 330 thousand loans clients:

**a) In Retail Banking** represented by waged clients, freelancers and micro entrepreneurs with income corresponding to the C2-C3 (medium/low) segment. At the start of the lockdown, we had plenty of reasons to assume that the impact of the pandemic would be significant, as they do not have an equity surplus for this type of emergencies. However, reconsidering the reprogramming, one by one, of the thousands of clients would have meant a difficult situation to manage with the restriction of customer service and it would also increase the risk of exposure between clients and collaborators.

For that reason, Familiar proceeded to automatically and massively reprogram the installments of the months of most restrictive lockdowns: March, April and May to more than 235,000 clients (71%), covering all loans with installments for those small

and medium-size clients, including mortgage and long-term loans. Then, with the same logic, the automatic mass reprogramming of 2 more installments was done, for the months of June and July, to a sub-group of 138,000 out of the initial 235,000, which corresponded to workers linked to the private sector as the public sector workers already had by then a certain outlook as to maintaining their monthly income. The automatic mass reprogramming meant that the installments of those months moved to the end of each of those operations without charge to provide for calm in the commitments in critical months and also seeking to avoid overlapping in the future.

On average, installments were delayed for 9 months later, and approximately 2,200 mortgage loans, whose installments were automatically reprogrammed were delayed for 6 years later on average. The value of reprogrammed installments in both stages added up to approximately PYG 500 billion, and the total balance of clients benefited represented PYG 1.8 trillion, approximately 45% of the total portfolio. It was undoubtedly a need to adapt to the environment; to think of the clients seeking to provide the greatest support possible made us the first bank to make these mass reprograms without any cost to clients.

The non-collection of interests is a significant loss of profit for the year. Likewise, the non-collection of installments would mean a significant reduction of collections and liquidity. However, the reciprocity of our clients was not waited for long... because as soon as the transfers and subsidies occurred, and with lines that were slower than usual, it was seen that most clients came anyway to make their payments, a situation that showcases the commitment of clients towards the brand and the quality of their will to pay by coming to pay when not contractually obligated to do so.

At the end of 2020, out of the 235,000 that benefited from the aforementioned reprogramming, approximately 100,000 (40%) had already cancelled completely, some approximately 100,000 (40%) are still paying and finally a minimum group of 35,000 (20%) is the

one making use of the facilities granted with these installments maturing at the start of 2021.

Additionally, and in a transversal manner to all banks, the bank decided to not require the minimum payment of all credit cards for 5 months, between March and July.

**b) In SME and Personal Banking** which serves small and medium companies as well as independent freelancers such as medics, lawyers, engineers, etc., the effort was also given to support them with the tools available. In that regard, Familiar has been one of the first entities to use the FOGAPY tool (Government-backed fund through AFD which covers between 70% to 80% of the amount of the loan). A comprehensive analysis was done of those clients that were truly affected in their flow of income, but who would have the chance to continue with the repayment of their obligations after a grace period between 180 and 365 days, and with final rates for them of around 8 to 10%, resulting in a final margin that is compromised by operating costs although they can have a guarantee. We have benefited around 2,500 clients for PYG 60 billion in loans in favorable conditions; these clients represent 10% of the portfolio.

**c) In Corporate Banking** there was also refinancing as required by clients. Also, in certain operations and sectors such as the fuel and transport sector, the initial conditions of operations were adjusted so that companies can face a strong drop of the demand of their products. We have made 2 operations in the Cement group, which were more than a significant contribution to the portfolio as they were a significant qualitative step to strengthen our participation in the construction sector in basically the start of the chain that supposes the vertical integration of this sector. It supposes the participation in the same sector but with different risks to other relations, which is positive as to diversification. We are proud to have been able to participate in the main 2 structured and syndicated funding operations with other local banks for a total value of PYG 254 billion,

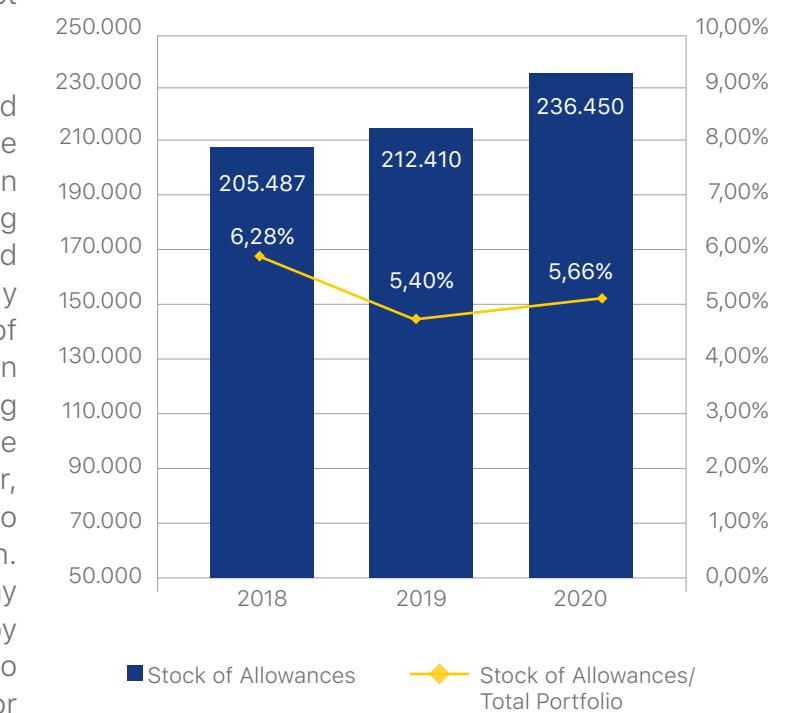
structurally supporting the offer of cement that will positively contribute to cover the unsatisfied demand and to generate the multiplying effect that construction has.

The facilities given to clients were generated taking into account the criterion of prudence in allowances: During reprogramming, when there was no obligation of payment, defaulting and allowances for bad debt were reduced as the standards set that allowances are only made in the event of delay upon maturity of installments, this paradoxically explains why in the months that were the most critical, defaulting was dropping. However, upon the restart of the demand of payments to clients, since September, the defaulting index gradually started to rise to higher levels according to the existing situation. However, Familiar has been applying for many years the criterion of advanced methods set by the best practices of Basel to the entire portfolio and, in that way, there is enough coverage for more than double than what is demanded by local regulations to face shock scenarios such as the pandemic.

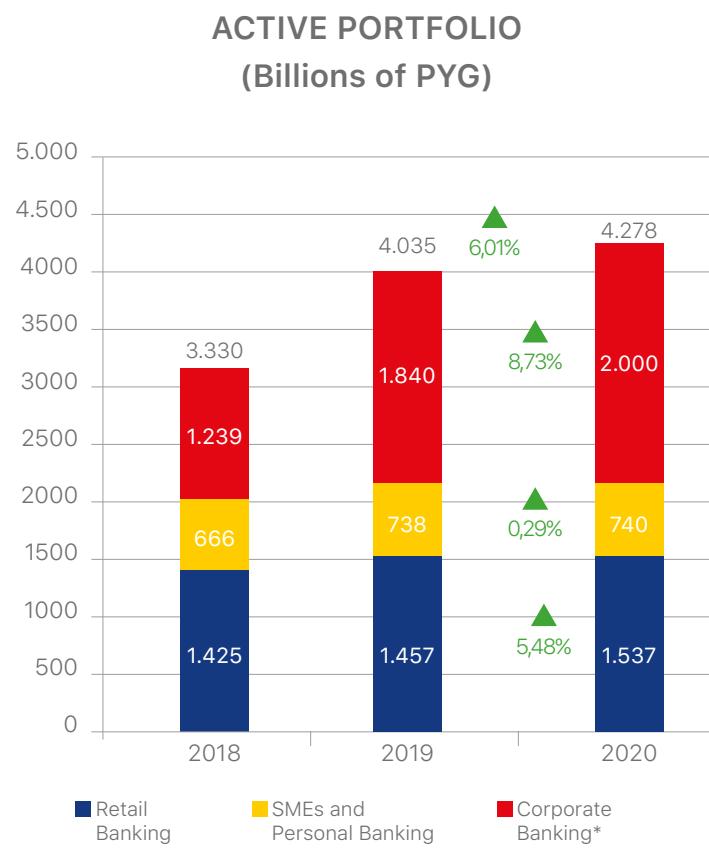
During most of 2020, and despite the lower demands of regulatory allowances, we continued to set allowances according to our policy of expected loss, so our ratio of allowances over total portfolio was always kept at levels that almost doubled the average of the industry. In addition to the allowances of the model of expected loss, we have made additional allowances for PYG 16,500 million, which are prepared to be used in 2021 if the situation of the pandemic would require so. It is important to remark that the Central Bank relaxed the regulations of allowances allowing to defer them for up to 5 years, a benefit that due to conservative criterion and having enough margin, we have not taken this time.

The total amount of allowances existing as of the end of the year is of PYG 236 billion, 5.7% of the total portfolio of the Bank.

## ALLOWANCES (Billions of PYG)



As for growth, we must consider that the credit is a demand arising from the goods, merchandise and services bought, so it is logic that in 2020, it has been affected. The financial system as a whole managed a growth of 8.40% and it must even be considered that almost a quarter of this growth is explained by the depreciation of the U.S. dollar, by the weight of loans in dollars in the system which almost reaches 40%. Familiar, which was focused on supporting and adapting the payment of its clients, managed a global growth of 6.01%. The retail banking managed a growth of 5%, SMEs and personal banking grew minimally at 0.29% and corporate banking managed an expansion of around 9%. It must be pointed out that, for Familiar, the weight of the portfolio in USD is only of 20%, so the impact of depreciation mentioned was lower than for the rest of the financial system.



## TRANSACTIONAL BUSINESS

The volume of family remittances has been affected mainly in the month of April. However, in the Northern hemisphere, the incoming summer weather and the measures adopted allowed a quicker recovery, so the flow of remittances paid has been affected with a drop of only 5%.

The volume of exchange operations has been reduced to USD 627 million, which is 27% less than the previous year. A big part of that reduction is explained by the reduction of the rhythm and quantity of inter-banking operations and retail operations around 50% and 60% respectively, also explained by more dynamism in the market and a restriction in service hours. It should also be pointed out that there was a drop of only 3% on management of cross sales to clients of the bank. This cross sale had a drive in all related commercial

areas and a support from Technology as to tools that allowed to digitize these operations and maintain the demand of clients with that.

In the consolidated total, these businesses had a drop that was less than the proportion of financial intermediation, explained by the aforementioned, and also a scenario of the dollar on the rise so the gross margin of them had a positive impact in global figures, representing 29% of the global result.

## MONEY TRANSFER SERVICES

In a context of fewer exchanges of goods and services with the exterior, there was also a significant reduction of international trade. This impacted in our volumes of international transfers with a reduction of 10% in quantity and 22% in amount.

In local transactions, however, we see a duplication in the quantity of transactions with an increase of 104% in quantity and 21% in amount. This increase responds to a change of behavior of clients who quickly, seeing more restrictions of circulation, started to make use of the web banking platforms. It was fundamental to have said services already implemented at the start of the year, as it helped to capitalize on this change of behavior by having the medium available to offer facilities to clients. Local transfer services practically have no cost, but as a consequence of a larger flow of operations, explained above, there was an increase of demand balances.

## CASH MANAGEMENT

In support of Business, Corporate and SMEs Banking, we have strengthened the services of wage payment and supplier payment. Both have a friendlier technological platform allowing companies to make mass payments whereby almost 40% are drawn to Familiar accounts, 40% to other banks electronically and 20% in cash. The idea in general is to be able to increase the volume of accrediting of payments in accounts.

In 2020, there were payments for PYG 2.035 trillion, which meant an increase of 10%. Despite the scenario of the reduction of wages and less purchases from suppliers, we managed to capitalize on the cross with this service to more clients. At closure, in the month of December, the approximately 500 participating companies with this service of wage payment made payments to approximately 27,000 people, and 115 companies made payments to approximately 8,000 suppliers of supplies and related services. Said figures represent an ever more representative percentage of the total portfolio, which means it is an interesting source for the generation of new clients and balances of financial intermediation.

## TO ADJUST THE DROP OF MARGINS, WE ADJUSTED COSTS

In the financial intermediation, the income dropped and costs rose, with a net fall of PYG 50,370 million added to the drop associated to fewer placements and fewer services provided for PYG 24,299 million. If we add those two components, we have a reduction of PYG 74,699 million, which means a reduction of more than 50% compared to the result of 2019.

However, the global reduction of profit was around 31.9% due to an effort in the containment of operating expenses in PYG 19,004 million compared to the previous year. In that regard, the efforts of adjustment were important and implied the definitive closure of 7 branches, the renegotiation of contracts and control of expenses of operation in general. As for investments, aware of the importance and need of technological adaptation, we have not made significant delays or cuts.

Results (Millions of PYG)	2018	2019	2020	Var. 20-19 num	Var. 18-19 %
Financial income	612.144	673.415	632.617	-40.798	-6,7%
Financial costs	121.332	159.818	169.390	9.572	7,9%
Gross Financial Margin	490.812	513.597	463.227	-50.370	-10,3%
Allowances	200.785	219.591	215.161	-4.430	-2,2%
Net Financial Margin	290.027	294.006	248.067	-45.939	-15,8%
Operating Expenses	269.109	281.576	262.572	-19.004	-7,1%
Other Net Operating Income	139.369	139.242	114.493	-24.229	-17,4%
Profit before Taxes	160.287	151.672	100.437	-51.235	-32,0%
Income Tax	19.176	16.573	10.319	-6.254	-32,6%
Net Profit	141.111	135.099	90.118	-44.981	-31,9%

## IN A TOUGH SCENARIO, FAMILIAR MAKES ITS CLOSENESS PATENT AND SYMPATHIZES WITH THE SITUATION OF ITS CLIENTS

In addition to the support given from the side of loans to 71% of our clients of the retail banking with automatic mass reprogramming and to approximately 10% of our SMEs clients by joining the FOGAPY program, we have also made our branches network available so that the Government can channel through them the payment of 148,000 operations for PYG 101,038 million. These transaction of PYG 682,000 per unit were focused on the first months of lockdown. The combination of maintaining the operating rhythm of the branches and also providing this support meant a significant challenge considering that, due to provisions in force, branches were operating at 50%, they did not all open at the same time and those opening did so with reduced hours.



## TRANSFORMATION OF CHANNELS; GROWING DIGITIZATION OF TRANSACTIONS AND SALE

The digitization of our operations is a transversal axis to all segments and products offered. Currently, more than 50% of transactions are made outside of banking branches, with a growing participation in digital channels/web, and an important participation of transactions with our non-banking correspondents. This is possible due to the synergy generated for those businesses that accumulate cash and may reuse that accumulated balance in transactions that eventually involve the exit of revenue such as loan disbursements, payments of remittances, etc.

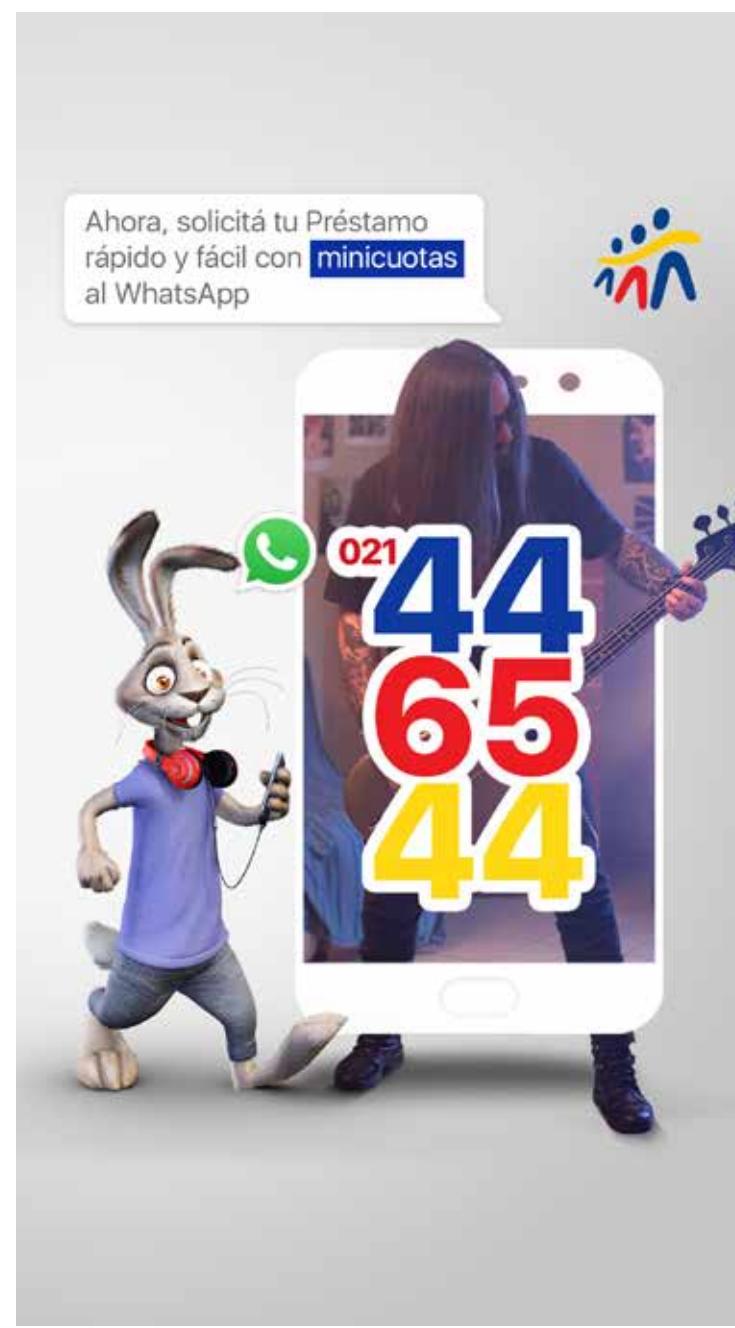
In addition to transactions, the new products and operations have been growing in the digital channel. The self-service schemes to request and receive the approval of loans have doubled also due to a preference and change of behavior of clients that we could capitalize with the platforms we already had. The participation of digital channels went from 6% to 13% of the total, although it is still a minimal participation, the trend is clear.



In 2020, we also highlight the expansion of the digital account, which in quantities of monthly openings exceeds the total of accounts of the same type that are opened in the entire network of branches.

The digital account is a savings account that can be opened from the cell phone with the sole presentation of the I.D. It is a product that has been expanded significantly during the lockdown and the restriction of circulation, as a mechanism to send and receive payments. This product is also a solution for countrymen abroad so that they can efficiently manage their savings and payments without relying on others.

This higher preference for digital transaction, in the framework of continuous improvement, led us in 2020 to advance towards a process of optimization of our network of branches.



**Currently, more than 50% of the transactions are made outside of the banking branches, with a growing participation in digital channels/web and an important participation of transactions with our non-banking correspondents.**

## DIGITAL CAPITAL, SAN JUAN

With the idea of earning experience and increasing our knowledge on how to contribute to the learning process of the use of self-management platforms by our clients, in the period between July and December, we had a campaign in the city of San Juan Bautista, Department of Misiones. It involved collaborative efforts with the processor of credit cards.

This campaign empowered the people of the city with the goal of becoming a more digital city. Communication stimulated people to make use of the digital solutions that Familiar is now making available to its clients.

To carry it out, it executed agreements with businesses, activations and a communication display. There were also innovative activities such as the assembly of the QR experience center. It sought to break the barrier of the client through an educational proposal that allowed it to perform the process with the help of a helper and to receive a gift.



Thanks to the alliances with the most representative businesses of the city, we achieved an increase of invoicing with our accounts and cards of 79% and transactions increased by 104%. As for the results of stimulus generated to get the adoption of the QR as a mean of payment, 85% of QR transactions generated in the city were made through the Banco Familiar app. As for acquisitions, it was achieved that, out of the total of businesses with POS in San Juan, 45% link their account to Banco Familiar.





# **Financial Statements**

# ASSETS

ASSETS	December 31, 2020 PYG.	December 31, 2019 PYG
<b>CASH AND CASH EQUIVALENTS</b>	<b>1.151.895.687.614</b>	<b>817.100.986.140</b>
Cash	160.593.122.413	186.019.465.994
Central Bank of Paraguay (Note C.2)	726.914.080.293	515.772.140.619
Other financial institutions	264.057.813.006	114.801.629.387
Accounts Receivables from accrued financial products	330.837.027	507.750.140
(Allowances) (Note C.6)	(165.125)	0
<b>PUBLIC SECURITIES (Note C.3)</b>	<b>536.401.367.262</b>	<b>413.100.387.356</b>
<b>CURRENT LOANS FROM FINANCIAL INTERMEDIATION - FINANCIAL SECTOR (Note C.5.1)</b>	<b>244.989.289.630</b>	<b>312.089.056.022</b>
Placements	240.531.788.602	307.612.261.031
Accounts Receivable from accrued financial products	4.457.501.028	4.476.794.991
<b>CURRENT LOANS FROM FINANCIAL INTERMEDIATION - NON-FINANCIAL SECTOR (Note C.5.2)</b>	<b>3.602.028.833.390</b>	<b>3.407.951.977.839</b>
Loans	3.716.123.131.107	3.498.628.626.070
Loans – Public Sector	2.306.411.078	2.113.439.986
(Revenue from valuation on hold)	(873.293)	(204.486)
Accounts Receivable from accrued financial products	45.516.696.860	52.347.778.614
(Allowances) (Note C.6)	(161.916.532.362)	(145.137.662.345)
<b>SUNDY LOANS (Note C.15)</b>	<b>31.214.858.590</b>	<b>38.542.466.907</b>
<b>PAST-DUE RECEIVABLES FROM FINANCIAL INTERMEDIATION (Note C.5.3)</b>	<b>141.982.977.049</b>	<b>100.887.638.346</b>
Loans	209.799.778.383	160.902.970.357
(Revenue from valuation on hold)	(80.722.853)	(150.158.639)
Accounts Receivable from accrued financial products	6.797.720.410	7.407.526.774
(Allowances) (Note C.6)	(74.533.798.891)	(67.272.700.146)
<b>INVESTMENTS (Note C.7)</b>	<b>140.806.265.462</b>	<b>127.021.058.505</b>
Received goods in loan recovery	16.604.175.696	14.107.581.422
Private securities	131.745.580.171	120.322.971.904
(Allowances) (Note C.6)	(7.543.490.405)	(7.409.494.821)
<b>FIXED ASSETS (Note C.8)</b>	<b>26.073.031.430</b>	<b>27.658.662.378</b>
<b>DEFERRED AND INTANGIBLE CHARGES (Note C.9)</b>	<b>15.082.991.684</b>	<b>15.114.828.033</b>
<b>TOTAL ASSETS</b>	<b>5.890.475.302.111</b>	<b>5.259.467.061.526</b>

The accompanying Notes A to L are integral parts of these financial statements.

# LIABILITIES

LIABILITIES	December 31, 2020 PYG.	December 31, 2019 PYG.
<b>DEBTS FROM FINANCIAL INTERMEDIATION - FINANCIAL SECTOR (Note C.13)</b>	<b>986.384.611.480</b>	<b>887.654.150.578</b>
Central Bank of Paraguay – Guarantee Fund	4.731.658.091	4.233.161.250
Deposits - Other financial institutions (Note C.14.d)	290.286.018.215	307.167.436.896
Operations to settle	0	48.104.729.908
Loans from organizations and financial institutions	677.689.419.610	512.630.887.370
Accounts Payable for accrued financial charges	13.677.515.564	15.517.935.154
<b>DEBTS FROM FINANCIAL INTERMEDIATION - NON-FINANCIAL SECTOR (Note C.13)</b>	<b>3.994.895.327.521</b>	<b>3.456.495.551.529</b>
Deposits - Private Sector	3.363.622.277.418	2.804.532.639.538
Deposits - Public Sector	489.748.243.049	495.525.241.370
Obligations or debentures and Bonds issues in circulation (Note C.17)	90.833.333.340	92.916.666.670
Other Debts from Financial Intermediation	17.015.301.020	26.868.781.008
Accounts Payable for Accrued Financial Charges	33.676.172.694	36.652.222.943
<b>SUNDY DEBTS</b>	<b>49.661.217.749</b>	<b>100.440.901.808</b>
Fiscal and corporate creditors	1.724.405.783	4.760.139.420
Other sundy debts (Note C.16)	47.936.811.966	95.680.762.388
<b>PROVISIONS</b>	<b>9.414.684.763</b>	<b>5.569.120.205</b>
<b>TOTAL LIABILITIES</b>	<b>5.040.355.841.513</b>	<b>4.450.159.724.120</b>
<b>SHAREHOLDERS' EQUITY (Note D)</b>	<b>850.119.460.598</b>	<b>809.307.337.406</b>
Paid-Up Capital (Note B.5)	360.000.000.000	330.000.000.000
Equity Adjustments	21.124.603.500	21.124.603.500
Legal Reserve	214.716.757.033	187.697.009.305
Retained Earnings	164.159.976.873	135.386.985.961
Earnings from the Fiscal Year	90.118.123.192	135.098.738.640
For Legal Reserve	18.023.624.638	27.019.747.728
Net to be distributed	72.094.498.554	108.078.990.912
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>5.890.475.302.111</b>	<b>5.259.467.061.526</b>

The accompanying Notes A to L are integral parts of these financial statements.

# INCOME STATEMENT

INCOME STATEMENT	December 31, 2020 PYG.	December 31, 2019 PYG
<b>FINANCIAL INCOME</b>	<b>598.368.411.733</b>	<b>633.393.369.106</b>
From Current Loans from Financial intermediation - Financial Sector	21.056.967.086	20.795.890.631
From Current Loans from Financial intermediation - Non-financial Sector	535.154.495.714	570.708.175.124
From Past-due Receivables from Financial intermediation	9.903.087.117	12.881.549.005
From Revenues and Difference of Prices of Public Securities	31.282.914.044	28.481.006.115
From Assets and liabilities valuation in foreign currency - net (Note G.2)	970.947.772	526.748.231
<b>FINANCIAL LOSSES</b>	<b>(169.687.110.490)</b>	<b>(159.822.594.137)</b>
From Debts – Financial sector	(53.102.078.089)	(56.627.463.007)
From Debts – Non-financial Sector	(114.927.365.090)	(103.195.131.130)
Difference of Trading of Public and Private Securities	(1.657.667.311)	0
<b>FINANCIAL RESULT BEFORE ALLOWANCES - INCOME</b>	<b>428.681.301.243</b>	<b>473.570.774.969</b>
<b>ALLOWANCES</b>	<b>(215.726.643.577)</b>	<b>(220.215.365.922)</b>
Establishment of allowances (Note C.6)	(226.800.507.982)	(227.651.575.087)
Cancellation of allowances (Note C.6)	11.073.864.405	7.436.209.165
<b>FINANCIAL RESULT AFTER ALLOWANCES - INCOME</b>	<b>212.954.657.666</b>	<b>253.355.409.047</b>
<b>RESULT FROM SERVICES</b>	<b>96.279.531.780</b>	<b>96.383.633.181</b>
Income from services	103.096.733.248	146.886.668.060
Losses from services	(6.817.201.468)	(50.503.034.879)
<b>GROSS RESULT - INCOME</b>	<b>309.234.189.446</b>	<b>349.739.042.228</b>
<b>OTHER OPERATING INCOME</b>	<b>79.298.887.312</b>	<b>119.419.474.414</b>
Income from exchange operations	20.576.879.237	19.293.003.612
Others	58.679.034.786	100.126.470.802
From Assets and liabilities valuation in foreign currency - net (Note G.2)	42.973.289	0
<b>OTHER OPERATING LOSSES</b>	<b>(304.774.086.610)</b>	<b>(324.610.772.092)</b>
Remunerations to staff and social security charges	(139.902.556.623)	(151.915.131.927)
General expenses (Note H)	(149.347.531.322)	(154.354.387.539)
Depreciations of fixed assets (Note C.8)	(4.963.036.763)	(6.673.668.235)
Amortization of deferred charges (Note C.9)	(4.920.737.646)	(6.402.853.524)
Others	(5.640.224.256)	(5.024.924.139)
From valuation of other assets and liabilities in foreign currency – net (Note G.2)	0	(239.806.728)
<b>NET OPERATING RESULT - INCOME</b>	<b>83.758.990.148</b>	<b>144.547.744.550</b>
<b>EXTRAORDINARY RESULTS</b>	<b>16.678.317.056</b>	<b>7.124.273.608</b>
Extraordinary income	17.670.601.054	7.799.204.541
Extraordinary losses	(992.283.998)	(674.930.933)
<b>INCOME FROM THE FISCAL YEAR BEFORE INCOME TAX</b>	<b>100.437.307.204</b>	<b>151.672.018.158</b>
<b>INCOME TAX (Note G.4)</b>	<b>(10.319.184.012)</b>	<b>(16.573.279.518)</b>
<b>NET INCOME FROM THE FISCAL YEAR</b>	<b>90.118.123.192</b>	<b>135.098.738.640</b>
<b>NET INCOME PER SHARE (Note E)</b>	<b>2.857</b>	<b>4.883</b>

The accompanying Notes A to L are integral parts of these financial statements.

# OFF-BALANCE AND CONTINGENT ACCOUNTS

OFF-BALANCE AND CONTINGENT ACCOUNTS	December 31, 2020 PYG.	December 31, 2019 PYG
Total Contingent Accounts (Note F)	346.277.780.545	392.794.434.059
Total Off-balance accounts (Note F)	2.644.303.359.796	2.351.385.218.761
<b>CASH FLOW STATEMENT</b>		
CASH FLOW STATEMENT	December 31, 2020 PYG.	December 31, 2019 PYG
<b>FLOW FROM OPERATIONAL ACTIVITIES</b>		
Collected interest and other financial income	656.536.476.923	724.634.083.632
Paid interest and other financial expenses	(115.744.914.197)	(90.315.556.046)
Income from collected services and other sundry income	116.856.411.017	156.869.249.085
Payments to providers and employees and others	(333.932.042.820)	(317.145.923.368)
Income tax payment	(11.097.511.095)	(19.443.806.945)
Net variation of the public and private securities portfolio	(171.405.709.814)	(68.764.356.288)
Net variation of term placements in other financial entities	75.982.154.474	(11.444.253.154)
Net increase of loans granted to clients of the financial sector and non-financial sectors	(405.320.431.234)	(721.724.041.422)
Net increase of deposits received from clients of the financial sector and non-financial sectors	462.323.789.085	492.684.344.975
Net cash flow from regular operating activities	274.198.222.339	145.349.740.469
Extraordinary net income – Others	0	1.889.472.136
Net cash flow from operating activities	274.198.222.339	147.239.212.605
<b>FLOW FROM INVESTMENT ACTIVITIES</b>		
Paying-in cash in Etica S.A.	(4.975.000.000)	0
Extraordinary net income – dividends of Bancard S.A. and Familiar Seguros S.A.	13.061.984.704	5.234.801.472
Purchase of fixed assets and deferred charges	(11.982.640.409)	(16.117.455.972)
Net cash flow used in investment activities	(3.895.655.705)	(10.882.654.500)
<b>CASH FLOW FROM FINANCIAL ACTIVITIES</b>		
Net variation of loans received from other financial entities	138.518.515.223	22.355.607.760
Interest paid over loans received from other financial entities	(50.099.028.082)	(56.415.168.985)
Issue of financial bonds	0	40.000.000.000
Payment of financial bonds	(2.083.333.330)	(2.083.333.330)
Payment of dividends	(49.053.738.252)	(51.741.918.990)
Net flow from financial activities	37.282.415.559	(47.884.813.545)
Net increase of cash	307.584.982.193	88.471.744.560
Result from the variation of availabilities	27.209.884.406	31.235.246.778
Variation of allowances over cash	(165.125)	1.256.500
<b>CASH AT THE START OF THE YEAR</b>	<b>817.100.986.140</b>	<b>697.392.738.302</b>
<b>CASH AT THE END OF THE YEAR</b>	<b>1.151.895.687.614</b>	<b>817.100.986.140</b>

The accompanying Notes A to L are integral parts of these financial statements.

# STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY

Concept	Paid-Up Capital	Equity Adjustments (Revaluation Reserve)	Legal Reserve	Retained Earnings	Result from the Fiscal Year	Total
<b>BALANCE AS OF DECEMBER 31, 2018</b>	<b>300.000.000.000</b>	<b>20.322.751.086</b>	<b>159.474.799.097</b>	<b>104.698.145.128</b>	<b>141.111.051.041</b>	<b>725.606.746.352</b>
- Transfer	0	0	0	0	141.111.051.041	(141.111.051.041)
- Capitalization of results (a)	30.000.000.000	0	0	0	(30.000.000.000)	0
- Establishment of legal reserve (a)	0	0	28.222.210.208	(28.222.210.208)	0	0
- Distribution of dividends in cash (a)	0	0	0	(52.200.000.000)	0	(52.200.000.000)
- Establishment of revaluation reserve	0	801.852.414	0	0	0	801.852.414
- Net Income from the Fiscal Year	0	0	0	0	135.098.738.640	135.098.738.640
<b>BALANCE AS OF DECEMBER 31, 2019</b>	<b>330.000.000.000</b>	<b>21.124.603.500</b>	<b>187.697.009.305</b>	<b>135.386.985.961</b>	<b>135.098.738.640</b>	<b>809.307.337.406</b>
- Transfer	0	0	0	0	135.098.738.640	(135.098.738.640)
- Capitalization of results (b)	30.000.000.000	0	0	0	(30.000.000.000)	0
- Establishment of legal reserve (b)	0	0	27.019.747.728	(27.019.747.728)	0	0
- Distribution of dividends in cash (b)	0	0	0	(49.306.000.000)	0	(49.306.000.000)
- Net Income from the Fiscal Year	0	0	0	0	90.118.123.192	90.118.123.192
<b>BALANCE AS OF DECEMBER 31, 2020</b>	<b>360.000.000.000</b>	<b>21.124.603.500</b>	<b>214.716.757.003</b>	<b>164.159.976.873</b>	<b>90.118.123.192</b>	<b>850.119.460.598</b>

(a) Issue of regular capital approved by the General Meeting of Shareholders held on April 9, 2019 (Minutes N°. 48)

(b) Issue of regular capital approved by the General Meeting of Shareholders held on April 30, 2020 (Minutes N°. 49)

The accompanying notes A-L are integral parts of these financial statements.

# TRUSTEE'S REPORT



Fiorio  
Cardozo  
& Alvarado  
LAW FIRM

## TRUSTEE'S REPORT CORRESPONDING TO THE FISCAL YEAR THAT ENDED ON DECEMBER 31, 2020 OF THE COMPANY BANCO FAMILIAR S.A.E.C.A.

### **TO THE SHAREHOLDERS OF BANCO FAMILIAR S.A.E.C.A., GATHERED IN REGULAR MEETING OF SHAREHOLDERS ON APRIL 26, 2021**

Dear Messrs.,

In compliance with the mandate given to me as **REGULAR TRUSTEE**, I have supervised the direction and management of Banco Familiar S.A.E.C.A. during the fiscal year of 2020.

In order to verify the internal system of control and the financial statements, and in compliance with the legal obligations for Financial and Publicly-Traded Institutions, the Board hired the services of the independent external audit firm **DELOITTE PARAGUAY SRL**.

According to the opinion of the aforementioned auditors dated February 26, 2021, the **BALANCE SHEET** and the **INCOME STATEMENT** are a reasonable representation, in all significant aspects, of the financial position of Banco Familiar Sociedad Anónima Emisora de Capital Abierto as of December 31, 2020, and the results of its operations from the year that ended on said date, in accordance with regulations of the Central Bank of Paraguay.

In my opinion:

**1) THE REPORT OF THE BOARD** is a reasonable representation of the relevant facts of the company during the year 2020;

**2) THE EXTERNAL AUDIT** has been performed in accordance with generally accepted standards in the area;

**3) THE FINANCIAL STATEMENTS** presented by the Board and verified by external auditors are a reasonable representation of the economic and financial position of the company.

Sincerely,



**Dr. Juan Fiorio**

Regular Trustee

# AUDITORS' OPINION

**Deloitte.**

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## INDEPENDENT AUDITORS' OPINION

Messrs. President and Members of the Board of  
**Banco Familiar Sociedad Anónima Emisora de Capital Abierto**  
Asunción, Paraguay

### 1. Identification of the financial statements subjected to audit

We have audited the attached financial statements of **Banco Familiar Sociedad Anónima Emisora de Capital Abierto** (hereinafter, mentioned indistinctly as "Banco Familiar S.A.E.C.A." or "the Institution"), that are comprised by the general balance sheet as of December 31, 2020, the income statement, the statement of changes in shareholders' equity and cash flow statement for the fiscal years ended on said dates, as well as a summary of important accounting policies and other explanatory notes included in notes A to L (notes B, C and G describe the main accounting policies used in the preparation of the attached financial statements).

The figures and other information corresponding to the fiscal year ended on December 31, 2019 are an integral part of the aforementioned financial statements and are presented with the purpose of being interpreted exclusively as to the figures and other information of the current fiscal year.

### 2. Responsibility of the Board of the Institution for the financial statements

The Board of the Institution is responsible for the reasonable preparation and presentation of the attached financial statements in accordance with the accounting norms, regulations and provisions issued by the Central Bank of Paraguay, as well as the internal control that the Board of the Institution considers as necessary to allow the preparation of the financial statements free from significant misstatements.

### 3. Responsibility of the auditors

Our responsibility is to express an opinion on the attached financial statements based on our audit. We have carried out our exam in accordance with Audit Standards in force in Paraguay issued by the Association of Public Accountants of Paraguay with the independent audit standards set out by the Superintendency of Banks in Resolution SB SG 313/01 dated November 30, 2001 and basic standards for external audit of financial statements set by the National Securities Commission. Said standards demand that we comply with the requirements of ethics, and also that we plan and execute the audit to obtain a reasonable security that the financial statements are free from significant misstatements.

An audit involves the application of procedures, substantially on selective basis, to obtain evidence on the amounts and other information presented in the financial statements. The selected procedures, as well as the assessment of risks of significant misstatements in financial statements, depend on the professional judgment of the auditor. By performing said risk assessments, the auditor considers the relevant internal control for the reasonable preparation and presentation of the financial statements by the Institution. This is done in order to design the appropriate audit procedures for the circumstances, but not to express an opinion on the effectiveness of said internal control of the Institution. An audit also includes an assessment of the suitability of the adopted accounting policies and the reasonability of the estimations made by the Board and the Management of the Institution, as well as an evaluation on the general presentation of the financial statements.

We believe that the evidence we gathered provide for a sufficient and adequate basis for our audit opinion.

### 4. Opinion

In our opinion, the financial statements mentioned in the first paragraph of chapter 1 of this report are a reasonable representation, on the important issues, of the balance sheet of **Banco Familiar Sociedad Anónima Emisora de Capital Abierto** as of December 31, 2020, as well as the income statement, the statement of changes of shareholders' equity and the cash flow for the fiscal year ended on that date, in accordance with the accounting standards, regulations and provisions of the Central Bank of Paraguay.

Asunción, February 26, 2021

Deloitte Paraguay SRL  
CNV Registry No. AE 021



**Edgar Martínez**  
Partner

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# AUDITORS' OPINION



## Banco Familiar S.A.E.C.A.

### Profile

Banco Familiar S.A.E.C.A. (Familiar) is a commercial bank with local capital, owned by 12 families (102 shareholders). It is a medium company of the financial system that historically has been specialized in serving retail banking.

### Relevant factors of the rating

**Deterioration of the operating context.** Based on the situation of uncertainty generated by the global expansion of COVID-19, in 2020, there was a deterioration of the economic activity and the chain of payments. Although for 2021 a recovery is expected for the rate of growth of the GDP, difficulties may persist in some sectors of the economy. FIX will monitor the performance of companies and their likely effect in ratings in force.

**Good capitalization.** Familiar has historically preserved a good position of capitals, based on its business model, sustained by its consistent generation of results which allowed it to feed the expansion of its business. FIX estimates as likely that in the long term, the capitalization of the institution will converge at levels close to those seen for the average of the banking system, as the strategy of the Bank for the diversification of its client segments materializes, its business scale increases, and the compression of spreads consolidates.

**Adequate profitability.** The profitability of Familiar is sustained in the sustained and good intermediation margin, a product of its business model which is mostly oriented to retail banking (characterized by wide margins, high atomization and higher cost of allowances) and its capacity to generate income from its wide base of clients. The Bank has margins for improvement in its operating efficiency and the diversification of its client segment, central aspects of the strategy of the company on which it has been working on, which will allow to sustain adequate operating profitability indicators before the pressure suffered by spreads of intermediation given the strong competition in the system.

In 2020, the profitability of Familiar was reduced as a consequence of the compression of the margin of intermediation upon the contraction of the credit and the deferral of maturities, to which the non-deferral of allowances by the Bank followed. FIX foresees that the context will remain challenging for the financial institutions considering the scenario of the second wave of contagion. However, the progressive process of vaccination globally and in the region foresees an improvement in the recovery of the economic activity and the demand for credit in the mid-term. On that regard, the Risk Rating Company assesses that Familiar should record an improvement of the profitability alongside the return of the demand of credit for the exercise and exploitation of income of operating efficiencies.

**Managed risk of liquidity.** Familiar manages the risk of liquidity prudently with adequate limits of coverage of liquidity that minimize the costs linked to a potential exit of deposits. During 2020, the coverage of liquid assets was preserved above 30% of the placements both in local and foreign currency, and as of January 2021, it reached 37% and 50%, respectively.

**Quality of assets according to the business model.** The credit risk of Familiar is adjusted to its client segments. As of December 2020, the past-due portfolio represented 5.4% of the gross loans (private banks: 2.3%). The defaulting of the portfolio is mainly a response to the consumption portfolio (11%) with heavier weight over the financing portfolio, which is in part offset by the lower risk of credit of middle market (3%) and corporate segments (0.7%). Likewise, the impact of the health emergency in the portfolio of banks has been reflected in the proportion of the portfolio of loans included in the COVID



### Integral Report

#### Ratings

Long-term national rating A+py

Trend Stable

#### Financial Summary

##### Banco Familiar S.A.E.C.A.

	31/12/20	31/12/19
Assets (Millions of USD)*	853	815
Assets (Guarani)	5,890	5,259
Shareholders' Equity (PYG)	850	809
Net Income (PYG)	90	135
ROA (%)	1.6	3.5
ROE (%)	10.9	22.2
Shareholders' Equity/Assets	14.4	15.4

\*Exchange Rate of the Central Bank of Paraguay: December 2020: 6,900 and December 2019: 6,453.

#### Related Criteria

Manual of Procedures of Rating of Financial Institutions, March 2020, Registered before the CNY Paraguay

#### Analysts

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measures adopted which represented approximately 17% of the stock for private banks (6.4% in Familiar). If we add the past-due, renewed with refinancing or restructuring portfolio, the credit portfolio with some stress over its ability of payment is approximately 31% (35% for the average of private banks).

**Adequate funding structure.** The main source of resources comes from deposits of the non-financial private sector (65% of assets) which is supplemented by the own capital (14% of assets), funding facilities with local and foreign financial institutions (11%) and issues of bonds in the capital market (1.5%). The deposit funding is mostly in local currency (74%) with a good combination of demand deposits (62%) and remunerated (38%) providing the Bank with a managed cost of funding and a moderate concentration per creditor (24% of the ten largest depositors).

#### Sensitivity of the rating

**Business scale, diversification of clients and funding and efficiency.** A success in the execution of the change of strategy of the institution leading to increase its scale of business in the system, as well as more diversification of its segments of clients and sources of funding and the improvement of the operating efficiency that allows to consolidate its performance facing the strong competition in the sector may lead to a review on the rise of the rating of the institution.

**Deterioration of the performance impacting its solvency as well as limitation to fund growth.** A marked or sustained deterioration in its performance affecting its solvency negatively, as well as limitations to fund the expansion of operations may lead to reduce the ratings.



# NOTES TO THE FINANCIAL STATEMENTS CORRESPONDING TO THE YEAR ENDED ON DECEMBER 31, 2020

PRESENTED COMPARATIVELY WITH THE PREVIOUS YEAR (DESIGNATED IN GUARANIES)

## A. CONSIDERATION BY THE MEETING OF SHAREHOLDERS

These financial statements of Banco Familiar Sociedad Anonima Emisora de Capital Abierto (hereinafter referred to as "Banco Familiar SAECA" or "the Institution") will be studied by the next Regular General Meeting of Shareholders to be held in 2021, within the term established by Article 32 of the Articles of Association and in accordance with provisions of the Paraguayan Civil Code.

The financial statements corresponding to the fiscal year of 2019 were approved by the Regular General Meeting of Shareholders held on April 30, 2020, according to Minutes of the Meeting N°. 49.

## B. BASIC INFORMATION ON THE FINANCIAL INSTITUTION

### B.1. Legal Nature

The Institution was established as a Corporation on January 21, 1992. Presidential Decree No. 13239 dated April 14, 1992 recognized its legal personality and approved its Articles of Association. It began operations on July 1, 1992, performing activities allowed for financial institutions in accordance with Paraguayan law and provisions set out in regulations by the Central Bank of Paraguay.

The Articles of Association were amended on December 15, 1995 for the Institution to become a publicly traded company, and again on July 17, 2008 to become a bank. On November 17, 2008,

Board Resolution No. 2, Act No. 95 of the Central Bank of Paraguay approved the conversion of Financiera Familiar S.A.E.C.A. into a Bank and granted the license to operate as Banco Familiar Sociedad Anonima Emisora de Capital Abierto, which began operations under that name on January 1, 2009.

The Institution performs all the operations that are allowed to commercial banks in accordance with Paraguayan laws and provisions set out by the Central Bank of Paraguay and the Superintendency of Banks.

On December 20, 2011, Banco Familiar S.A.E.C.A. acquired 100% of the shares of Brios S.A. de Finanzas, widening its commercial activities. On May 2, 2012, the merger by absorption of this Company was done.

Resolution SS.SG No. 053/14 dated September 1, 2014, issued by the Superintendency of Insurance, registered Banco Familiar S.A.E.C.A. in the Registry to operate as an insurance broker, under license No. 062. On November 12, 2019, upon request of the Institution, according to Resolution SS.SG No. 230/19, it revoked the registration on the registry of insurance ancillaries as the company FAMILIAR SEGUROS S.A. was fully operational, so the authorization to act as Insurance Broker was withdrawn. As of the date of issue of these financial statements, the Institution maintains a permanent participation in one insurance company - see note b.4.

As of December 31, 2020, the Institution had forty-seven customer service offices in Paraguay (fifty-four branches as of December 31, 2019).

### B.2. Basis for the preparation of the financial statements

These financial statements have been prepared in accordance with the accounting standards, regulations and instructions set out by the Central Bank of Paraguay and the Superintendency of Banks. The model is based on a conventional basis of historical costs, except for foreign currency accounts and fixed assets, as explained in note c.1, and as mentioned in the following paragraph.

Until December 31, 2019, there was an additional exception to the model of historical cost related to the measurement of value of fixed assets, which are exposed until that date, at their values updated as explained in note c.8, without fully recognizing the effects of inflation in the balance sheet of the Institution nor in the income statement. If a full currency correction was applied to the financial statements, there could have been differences in the presentation of the balance sheet, the income statement and the cash flow statement of the institution as of December 31, 2019.

According to the Consumer Price Index (CPI) published by the Central Bank of Paraguay, the cumulative inflation of the year 2019 was 2.80%.

In addition to the requirements of the Central Bank of Paraguay, the following relevant accounting policies have been considered:

- For the purposes of preparing the Cash Flow Statement, the net balances of cash and cash equivalents of the corresponding allowances are considered cash;
- Comparative figures are presented;
- The Statement of Changes of Shareholders' Equity is presented; and
- Additional disclosures to the notes of the financial statements are included.

#### (i) Estimations:

The preparation of these financial statements requires the Board and the Management of the Institution to perform some estimations and assumptions that affect the balances of assets and liabilities, the exposure of contingencies and

the acknowledgement of income and expenses. The assets and liabilities are acknowledged in the financial statements when it is likely that future economic benefits flow from or to the Institution and that the accounts have a cost or value that can be reliably assessed. If in the future, these estimations and assumptions, which are based on the best judgment of the Board and the Management as of the date of these financial statements, were to be modified regarding the current circumstances, the original estimations and assumptions will be adequately changed in the date of said changes. The main estimations related to the financial statements are referred to allowances on assets and doubtful loan risks, depreciations of fixed assets, amortization of deferred charges, allowances for lawsuits against the Institution and allowances to cover other contingencies.

#### (ii) Comparative information:

The financial statements as of December 31, 2020 and the complementary information related to them, are presented in a comparative manner with the corresponding statements and complementary information corresponding to the fiscal year that ended on December 31, 2019. See note c.8.

### B.3 Branches abroad

As of December 31, 2020 and 2019, the Institution does not have branches abroad.

### B.4. Participation in other companies

As of December 31, 2020, the Institution kept a participation in the share capital of Bancard S.A. Familiar Seguros S.A. and Etica S.A. (successor company of Tracem S.A.).

Familiar Seguros S.A. has received the authorization to operate on March 14, 2019 according to Resolution SS.SG No. 046/2019 and has formally started its operations on April 22, 2019.

The shares are valued at acquisition cost (see note c.7). The data on said Companies is as follows:

As of December 31, 2020				
Company	Share Capital	Face Value Guarantees	Accounting value Guarantees	% of participation
Bancard S.A.	135450.000.000	9.675.000.000	9.675.000.000	7,14%
Familiar Seguros S.A.	17.000.000.000	16.915.000.000	16.915.000.000	99,50%
Etica S.A.	5.000.000.000	4.975.000.000	4.975.000.000	99,50%
<b>Total</b>	<b>157450.000.000</b>	<b>31.565.000.000</b>	<b>31.565.000.000</b>	

In October 2020, the Board approved by Minutes N°. 1660, the acquisition of a company under organization process, named "Tracem S.A.", which after a modification of the Articles of Association, became "Etica S.A." Said company did not perform commercial operations in 2020. Its purpose is to provide digital services and the development of digital platforms. It is projected that it will start operations in 2021.

As of December 31, 2019				
Company	Share Capital	Face Value Guarantees	Accounting value Guarantees	% of participation
Bancard S.A.	135450.000.000	9.675.000.000	9.675.000.000	7,14%
Familiar Seguros S.A.	10.000.000.000	9.950.000.000	9.950.000.000	99,50%
<b>Total</b>	<b>145450.000.000</b>	<b>19.625.000.000</b>	<b>19.625.000.000</b>	

## B.5 Composition of the capital and characteristics of the shares

The composition of the paid-up capital per types of shares as of December 31, 2020 and 2019, is as follows:

Subscribed and paid-up shares as of December 31, 2020				
Type of Shares	No. of votes per share	Value per share	Number	Total
Ordinary Registered Class "A" Shares	5 (five)	10.000	30.000.000	300.000.000.000
Preferred Registered Class "A" Shares (*)	None	10.000	3.000.000	30.000.000.000
Preferred Registered Class "B" Shares (*)	None	10.000	3.000.000	30.000.000.000
<b>Total</b>		<b>36.000.000</b>	<b>360.000.000.000</b>	

Subscribed and paid-up shares as of December 31, 2019				
Type of Shares	No. of votes per share	Value per share	Number	Total
Ordinary Registered Class "A" Shares	5 (five)	10.000	27.000.000	270.000.000.000
Preferred Registered Class "A" Shares (*)	None	10.000	3.000.000	30.000.000.000
Preferred Registered Class "B" Shares (*)	None	10.000	3.000.000	30.000.000.000
<b>Totales</b>		<b>33.000.000</b>	<b>330.000.000.000</b>	

(\*)It is the power of the Meeting of Shareholders to decide to recover preferred shares issued in the years 2010 and 2011 definitively in a partial or full manner from the fifth year after their issue, setting the conditions for said transactions. As exposed in note D, the level of capital paid-in as of the date of the closure of financial statements, is above the minimum capital required by the Central Bank of Paraguay for banks.

On December 3, 2020, the Special General Meeting of Shareholders, as seen in Minutes No. 51, decided to start the process of recovery of all preferred shares of Class "A" and Class "B", approved by the Regular General Meetings held on April 22, 2010 and March 7, 2011, respectively, as part of a plan of strengthening of the financial solvency of the Institution. On said occasion, it was approved to pay holders for the registered value of shares, for a total of PYG 60,000 million (PYG 30,000 million for each class), following that with the annulment of shares recovered and a reduction of the share capital for the same amount, as stated in article 1072 of the Paraguayan Civil Code. Said recovery is projected for May 20, 2021, subject to the authorization of the Central Bank of Paraguay. Additionally, the profit from the year 2020 would be paid subject to the approval in the following Regular General Meeting of Shareholders and the approval of the Central Bank of Paraguay.

## B.6 Composición accionaria conforme a la Circular SB.SG.N° 00224/2018

Shareholding as of December 31, 2020 and 2019, was as follows:

Shareholder	Percentage of participation in votes	Nationality or country of incorporation
Alberto Enrique Acosta Garbarino	3,62%	Paraguayan
Alejandro Daniel Laufer Beissinger	1,50%	Paraguayan
Alexis Manuel Emiliano Frutos Ruiz	0,51%	Paraguayan
Alfredo R. Steinmann Rosenbaum	6,17%	Paraguayan
Ana Elizabeth Fadlala de Del Valle	1,16%	Paraguayan
Celia Ismajovicz de Steinmann	1,50%	Paraguayan
César Amado Barreto Otazú	1,24%	Paraguayan
Chulamit Estrella Cohenca de Arditi	0,27%	Paraguayan
Daniel Beissinger Plate	0,29%	Paraguayan
Diana Fadlala Rezk	1,34%	Paraguayan
Fabián Ari Laufer Beissinger	1,01%	Paraguayan
Fundadores S.A.	0,14%	Paraguayan
Gabriel Laufer Beissinger	1,08%	Paraguayan
Graciela Fadlala Rezk	1,34%	Paraguayan
Grisel María Aurora Camperchioli de Obelar	4,39%	Paraguayan
Gudrun Margrete Wismann de Fadlala	2,29%	Paraguayan
Héctor Fadlala Wismann	2,29%	Paraguayan
Hugo F. Camperchioli Chamorro	4,39%	Paraguayan
Irene Steinmann de Arditi	2,55%	Paraguayan
Jaime Laufer	1,61%	Argentine
Jorge R. Camperchioli Chamorro	4,39%	Paraguayan
Lucia A. Chamorro de Camperchioli	4,39%	Paraguayan
María Del Pilar Frutos de Elizche	0,51%	Paraguayan
Pedro Beissinger Baum	3,97%	Paraguayan
Rossana Ma. Camperchioli Chamorro	4,39%	Paraguayan
Samuel Arditi Palombo	5,59%	Paraguayan
Sergio Samuel Beissinger Loy	0,29%	Paraguayan
Silvia María Alicia Camperchioli de Martín	4,39%	Paraguayan
Sonia Fadlala de Gallagher	1,34%	Paraguayan
Víctor Fadlala Rezk	1,34%	Paraguayan
Wilma Patricia Frutos Ruiz	0,51%	Paraguayan
Wylma Inés Ruiz Vda. De Frutos	5,44%	Paraguayan
Others	24,76%	
<b>Total</b>	<b>100,00%</b>	

## B.7 List of Directors of the Board and Executives

As of December 31, 2020, the List of Directors of the Board and Upper Management is as follows:

Board	
President	Alberto Enrique Acosta Garbarino
First Vice-President	Hugo Fernando Camperchioli Chamorro
Second Vice-President	Alejandro Laufer Beissinger
Regular Directors	Alfredo Rodolfo Steinmann Rosenbaum Pedro Beissinger Baum Jorge Rodolfo Camperchioli Chamorro César Amado Barreto Otazú
Alternate Directors	Roberto Daniel Amigo Marcet Silvia María Alicia Camperchioli de Martín Héctor Fadlala Wismann
Regular Trustee	Juan B. Fiorio
Alternate Trustee	Diana Fadlala Rezk

Upper Management	
General Manager	Hilton Giardina Varela
Commercial Manager	Arsenio Vasconcellos Spezzini
Financial Manager	Diego Balanovsky Balbuena
Risks Manager	Wilson Castro Burgos
Branches Manager	Graciela Arias Ríos
Corporate Banking Manager	Nery Aguirre Valiente
Consumption and Digital Banking Manager	Fabio Najmanovich Campo
Marketing and Product Development Manager	Luján del Castillo Cordero
Administrative Manager	Gladys Velázquez Franco
Operations Manager	Sandra Hirschfeld Spicker
Technology Manager	Nancy Benet de Quintana
People and Organizational Development Manager	Mabel Gómez de la Fuente
Internal Audit Manager	Venancio Paredes Alarcón
Compliance Manager	Oscar Daniel Fernández

## C. INFORMATION RELATED TO THE MAIN ASSETS AND LIABILITIES

### C.1 Valuation of foreign currency and exchange position

The assets and liabilities in foreign currency are valued at the exchange rate as of the end of the fiscal years of 2020 and 2019, as reported by the Exchange Desk of the Department of International Operations of the Central Bank of Paraguay, which do not differ significantly from those in the free exchange market:

Currency	December 31, 2020 (*)	December 31, 2019 (*)
U.S. Dollar	6.900,11	6.453,14
Euro	8.476,10	7.228,81
Argentine Peso	82,00	107,83
Real	1.329,83	1.597,67

(\*) Guararies per unit of foreign currency

The differences in exchange from fluctuations in exchange rates, between the dates of execution of operations and their liquidations and valuation as of the end of the fiscal year, are presented in the results of each fiscal year with the exceptions made in note g1. The position of changes as of December 31, 2020 and 2019 is as follows:

Description	December 31, 2020		December 31, 2019	
	Dollars	Guaranes	Dollars	Guaranes
Total Assets in foreign currency	208.846.818,59	1.440.984.425.305	182.163.891,89	1.175.529.097.311
Total Liabilities in foreign currency	(209.878.104,66)	(1.448.182.008.747)	(183.332.950,57)	(1.183.073.427.840)
<b>Net Position in foreign currency</b>		<b>(1.031.286,07)</b>	<b>(7.197.583.442)</b>	<b>(1.169.058,68)</b>
<b>(7.544.330.529)</b>				

As of December 2020 and 2019, the net position in foreign currency did not exceed the position limit established by the Central Bank of Paraguay according to regulations in force.

### C.2 Deposits in the Central Bank of Paraguay

The deposits in the Central Bank of Paraguay as of December 31, 2020 and 2019, are as follows:

Description	December 31, 2018		December 31, 2019	
	Foreign Currency	Local Currency	Foreign Currency	Local Currency
Required reserve - PYG	0	312.184.069.367	0	283.429.429.292
Required reserve - USD	21.240.580,87	146.562.344.467	18.202.397,26	117.462.617.854
Special reserve Resolution 1/131	0	434.161.498	0	623.538.018
Required reserve - Early redemption USD	16.800,00	115.921.848	122.726,52	791.971.415
Other reserves - USD	0	0	1.452.524,96	9.373.346.920
<b>Sub-total (*)</b>	<b>21.257.380,87</b>	<b>459.296.497.180</b>	<b>19.777.648,74</b>	<b>411.680.903.499</b>
Current account - PYG	0	2.140.367.097	0	11.275.924.941
Current account - USD	32.125.397,92	221.668.779.442	10.017.556,11	64.644.692.036
<b>Sub-total</b>	<b>32.125.397,92</b>	<b>223.809.146.539</b>	<b>10.017.556,11</b>	<b>75.920.616.977</b>
Deposits for Monetary Operations	0	43.808.436.574	0	28.170.620.143
<b>Sub-total</b>	<b>0</b>	<b>43.808.436.574</b>	<b>0</b>	<b>28.170.620.143</b>
<b>TOTAL</b>	<b>53.382.778,79</b>	<b>726.914.080.293</b>	<b>29.795.204,85</b>	<b>515.772.140.619</b>

(\*) See also section a) of note C.11.

### C.3 Public securities

Public securities acquired by the Institution are valued at their cost value plus accrued revenue to be collected at the end of every period. It should be noted that the Management's intention is to keep the securities until their maturity. The Board and the Management of the Institution estimate that the calculated amount does not exceed its likely value of execution.

The securities in the portfolio as of December 31, 2020 and 2019 are composed as follows:

Unlisted public securities issued	December 31, 2018		December 31, 2019	
	Capital Value	Capital plus Interest Value	Capital Value	Capital plus Interest Value
Treasury Bonds (*)	31.000.000.000	31.272.925.790	11.207.500.000	11.262.439.325
Letters of Monetary Regulation (**)	516.430.000.000	505.128.441.472	418.100.000.000	401.837.948.031
<b>Total</b>	<b>547.430.000.000</b>	<b>536.401.367.262</b>	<b>429.307.500.000</b>	<b>413.100.387.356</b>

(\*) Including letters of monetary regulation with restricted availability, maintained by the Central Bank of Paraguay, which guarantee operations made through the SIPAP for the value of PYG 155,000,000,000 and 275,000,000,000 as of December 31, 2020 and 2019, respectively. As of December 31, 2020, it also includes letters of monetary regulation received from yielding operations for the amount of PYG 48,100,000,000. Letters of Monetary Regulation received for yielding operations for value of PYG 48,100,000,000.

The schedule for maturity of public securities in the portfolio as of December 31, 2020 and 2019 is as follows:

Capital plus interest value:

Period	December 31, 2020	December 31, 2019
2020	0	305.563.545.150
2021	354.598.587.854	107.536.842.206
2022	155.581.096.721	0
2025	13.534.491.696	0
2028	12.687.190.991	0
<b>Total</b>	<b>536.401.367.262</b>	<b>413.100.387.356</b>

### C.4 Assets and liabilities with adjustment clause

As of December 31, 2020 and 2019, there are no assets nor liabilities with capital adjustment clause. The loans from Financial Agency for Development [Agencia Financiera de Desarrollo (AFD)], Oikocredit, International Finance Corporation (IFC), financial bonds issued and certain loans granted

(with funds from the AFD and with funds from financial bonds issued) include contractual clauses of eventual adjustments of annual interest rates. As of December 31, 2020, the full amount of the loan obtained from the institution Oikocredit has been repaid.

### C.5 Loan portfolio

Loan risk is controlled by the Management of the Institution, mainly through the evaluation and analysis of individual transactions, for which certain aspects clearly defined in the loan policies of the Institution are considered, such as: proven ability to pay and indebtedness of the debtor, loan concentration of economic groups, individual limits to grant loans, evaluation of economic sectors, calculable guarantees and the requirement of a working capital, in accordance with market risks.

The loan portfolio has been valued at face value plus accrued interest, net of allowances, which have been calculated in accordance with Resolution 1, Act 60 of the Board of the Central Bank of Paraguay dated September 28, 2007 and its subsequent amendments, for which:

- a) Debtors are classified in the following groups: (i) big debtors; (ii) medium and small debtors; (iii) personal –consumer and housing- debtors; and (iv) microcredits;
- b) Debtors have been classified in six risk categories based on the evaluation and rating of the ability to pay of a debtor or a group of debtors composed of related people, in respect to its total debts. Since January 2012, an amendment of Resolution 1/2007 from the Central Bank of Paraguay requires the first category (category 1) to be sub-classified in three sub-categories for the purposes of the calculation of allowances.
- c) Accrued interests from current loans classified in the lower-risk categories "1" and "2" have been assigned to revenues in their whole. Non-collected accrued interests as of the date of end of the period from past-due loans and/or current loans classified in categories higher than "2" have been considered income until their default, have been fully provisioned.
- d) Earnings from valuation and non-collected accrued interests from debtors with past-due loans and/or current loans classified in categories "3", "4", "5" and "6" are kept on hold and are recognized as earning at the moment of collection.
- e) Allowances have been established to cover eventual losses that may arise from the non-recovery of the portfolio, following the methodology included in the aforementioned Resolution 1/2007, considering its amendments and complementary rules.
- f) As of December 31, 2020 and 2019, the Institution keeps generic allowances on its loan risks portfolio, distributed as follows:
  - Generic allowances on the loan portfolio, net of specific allowances according to requirements set by the aforementioned Resolution No. 1/2007;
  - Additional generic allowances for the portfolio of the Retail Banking based on a model of expected loss, authorized by the Superintendence of Banks on January 12, 2017, and;
  - Additionally, voluntary generic allowances have been set according to provisions of the Board of the Institution.

g) Bad loans that are discharged from the assets, in the conditions established in the applicable regulation of the Central Bank of Paraguay in the subject, are registered and exposed as off-balance accounts.

In addition to the criteria mentioned above, the Institution has considered performing certain operations and reprogramming of clients under exceptional measures of support to sectors affected economically by the spread of coronavirus (COVID-19), according to the conditions set by Resolution No. 4, Minutes No. 18 dated March 18, 2020 of the Board of the Central Bank of Paraguay. The amounts are stated as "Exceptional measures of support issued by the Central Bank of Paraguay – Reprogramming" in note C.5.2.

The mentioned resolution states that the risk of spread of COVID-19 had a predictable adverse economic impact in commercial, financial, industrial and productive activities of the country, especially for Micro, Small and Medium Enterprises and also individuals. After the stoppage of all productive activities, the bank opted for a scheme of reprogramming of installments until August 2020, taking them to the end of the loans for benefited clients.

Banco Familiar did not take the benefit stated in the Resolutions issued by the Central Bank of Paraguay related to Exceptional Measures, which allow the deferral of the charges generated by the allowances calculated over the balance of the portfolio benefited up to sixty (60) months. The Bank has registered as a result the full impact of said allowances in the year 2020.

#### C.5.1 Current loans to the financial sector

This item includes short-term placements in local financial institutions in national and foreign currency, as well as short-term loans granted to local financial institutions and cooperatives.

Current loans to the financial sector as of December 31, 2020 and 2019 are as follows:

##### According to the type of product:

Accounts	December 31, 2020	December 31, 2019
Fixed-term loans	80.537.379.921	114.862.386.926
Amortizable loans	117.255.247.844	99.030.095.876
Placements in Financial Institutions	47.196.661.865	52.750.366.871
Operations to settle	0	45.446.206.349
Allowances	0	0
<b>Total</b>	<b>244.989.289.630</b>	<b>312.089.056.022</b>

##### According to the risk category:

As of December 31, 2020

Risk category	Accounting balance before allowances	Guarantees for allowances	Allowances		Accounting balance after allowances
			Minimum %	Established	
Category 1	244.989.289.630	0	0	0	244.989.289.630
<b>Total</b>	<b>244.989.289.630</b>	<b>0</b>		<b>0</b>	<b>244.989.289.630</b>

As of December 31, 2019

Risk category	Accounting balance before allowances	Guarantees for allowances	Allowances		Accounting balance after allowances
			Minimum %	Established	
Category 1	312.089.056.022	0	0	0	312.089.056.022
<b>Total</b>	<b>312.089.056.022</b>	<b>0</b>		<b>0</b>	<b>312.089.056.022</b>

#### C.5.2 Current loans to the non-financial sector

Current loans to the non-financial sector as of December 31, 2020 and 2019 are as follows:

##### According to the type of product:

Accounts	December 31, 2020	December 31, 2019
Non-adjustable fixed-term loans	465.596.079.973	615.649.272.700
Non-adjustable amortizable loans	2.461.431.297.047	2.380.299.461.745
Credits used in Checking Account – Overdraft	7.026.229.320	10.588.479.008
Debtors from use of Credit Cards	160.462.521.322	162.346.951.725
Discounted deferred checks	60.262.819.524	92.721.233.237
Loans with administered resources – Agencia Financiera de Desarrollo (AFD)	273.712.294.658	218.011.313.212
Housing loans with funds of the Social Security Institution (IPS)	23.043.139.000	20.698.286.776
Discounted documents	26.990.494	427.067.653
Exceptional Measures of Support issued by the Central Bank of Paraguay - Reprogramming	266.868.170.847	0
Debtors from accrued financial products	45.516.696.860	52.347.778.614
Income from valuation on hold	(873.293)	(204.486)
Allowances	(161.916.532.362)	(145.137.662.345)
<b>Total</b>	<b>3.602.028.833.390</b>	<b>3.407.951.977.839</b>

**According to the risk category:**

As of December 31, 2020

Risk Category	Accounting balance before allowances (a)	Guarantees for allowances	Allowances		Accounting balance after allowances
			Minimum % (b)	Established	
Category 1	3.254.517.736.121	466.445.313.372	0	(407.566.023)	3.254.110.170.098
Category 1a	347.047.868.490	50.804.040.121	0,5	(1.025.680.621)	346.022.187.869
Category 1b	112.518.511.321	22.985.542.488	1,5	(1.156.911.687)	111.361.599.634
Category 2	32.284.473.048	0	5	(1.419.390.205)	30.865.082.843
Category 3	6.803.912.152	0	25	(1.661.114.663)	5.142.797.489
Category 4	9.434.130.824	0	50	(3.806.789.681)	5.627.341.143
Category 5	1.265.399.096	0	75	(950.697.646)	314.701.450
Category 6	73.334.700	0	100	(73.334.700)	-
Generic allowances (c)				(151.415.047.136)	(151.415.047.136)
<b>Total</b>	<b>3.763.945.365.752</b>	<b>540.234.895.981</b>		<b>(161.916.532.362)</b>	<b>3.602.028.833.390</b>

As of December 31, 2019

Risk Category	Accounting balance before allowances (a)	Guarantees for allowances	Allowances		Accounting balance after allowances
			Minimum % (b)	Established	
Category 1	3.080.606.303.106	392.646.156.676	0	(84.216.441)	3.080.522.086.665
Category 1a	328.622.312.983	50.287.577.834	0,5	(1.131.696.527)	327.490.616.456
Category 1b	100.648.056.521	17.946.054.434	1,5	(1.222.468.393)	99.425.588.128
Category 2	20.649.118.368	0	5	(966.542.262)	19.682.576.106
Category 3	5.308.471.894	0	25	(1.207.645.616)	4.100.826.278
Category 4	15.237.462.915	0	50	(7.223.916.134)	8.013.546.781
Category 5	2.000.898.045	0	75	(1.500.949.335)	499.948.710
Category 6	17.016.352	0	100	(17.016.352)	0
Generic allowances (c)				(131.783.211.285)	(131.783.211.285)
<b>Total</b>	<b>3.553.089.640.184</b>	<b>460.879.788.944</b>		<b>(145.137.662.345)</b>	<b>3.407.951.977.839</b>

(a) Including capital and interest (net of revenue from valuation on hold).

(b) For debtors without calculable guarantees, the percentage is applied on the total risk (cash debt plus contingent debt). For other debtors, the allowance is calculated in two ways, including the guarantees only for the second segment.

(c) This amount includes generic allowances in accordance with requirements of Resolution SB.SG. No. 1, Act No. 60 dated September 28, 2007, allowances for internal models of expected loss for the portfolio of Retail Banking and additional allowances defined by the Board of the Institution.

### C.5.3 Past-due loans to the financial and non-financial sectors

Past-due loans to the financial and non-financial sectors as of December 31, 2020 and 2019 are as follows:

As of December 31, 2020

Risk Category	Accounting balance before allowances (a)	Guarantees for allowances	Allowances		Accounting balance after allowances
			Minimum % (b)	Constituidas	
Category 1	119.640.901	0	% (b)	Established	
Category 1a	74.069.674	0	0,5	(10.993.215)	63.076.459
Category 1b	2.200.503.588	0	1,5	(48.380.758)	2.152.122.830
Category 2	48.233.841.126	8.796.713.476	5	(4.031.401.988)	44.202.439.138
Category 3	91.813.520.983	1.012.943.188	25	(25.173.577.732)	66.639.943.251
Category 4	39.325.865.005	3.395.066.351	50	(20.202.543.777)	19.123.321.228
Category 5	22.549.967.587	1.599.326.113	75	(16.178.288.196)	6.371.679.391
Category 6	12.199.367.076	3.324.842.861	100	(8.874.524.213)	3.324.842.863
<b>Total</b>	<b>216.516.775.940</b>	<b>18.128.891.989</b>		<b>(74.533.798.891)</b>	<b>141.982.977.049</b>



As of December 31, 2019

Risk Category	Accounting balance before allowances (a)	Guarantees for allowances	Allowances		Accounting balance after allowances
			Minimum % (b)	Constituidas	
Category 1	0	0	0	0	0
Category 1a	0	0	0,5	0	0
Category 1b	2.763.451.110	0	1,5	(41.451.836)	2.721.999.274
Category 2	40.386.370.148	3.371.399.237	5	(3.928.446.220)	36.457.923.928
Category 3	49.810.046.818	1.476.184.797	25	(14.099.460.679)	35.710.586.139
Category 4	25.484.513.431	4.003.023.124	50	(12.528.316.218)	12.956.197.213
Category 5	42.228.878.442	2.021.732.781	75	(31.210.474.913)	11.018.403.529
Category 6	7.487.078.543	2.022.528.325	100	(5.464.550.280)	2.022.528.263
<b>Total</b>	<b>168.160.338.492</b>	<b>12.894.868.264</b>		<b>(67.272.700.146)</b>	<b>100.887.638.346</b>

(a) Including capital and interest (net of profit from valuation on hold).

(b) For debtors without calculable guarantees, the percentage is applied on the total risk (cash debt plus contingent debt). For other debtors, the allowances are calculated in two ways, including the guarantees only for the second segment.

As of December 31, 2020

Concept	Balance as of the start of the period	Establishment of allowances in the period	Execution of allowances in the period	Cancellation of allowances in the period	Variation from Valuation in foreign currency	Balance as of the end of the period
Cash and cash equivalents	0	(165.125)	0	0	0	(165.125)
Current loans from financial intermediation -Financial sector	0	-	0	0	0	0
Current loans from financial intermediation – Non-financial sector	(145.137.662.345)	(27.276.208.593)	27.822.954	10.459.606.869	9.908.753	(161.916.532.362)
Sundry loans (Note C.15)	(4.993.012.685)	(888.392.641)	271.882.717	62.187.565	(177.913.525)	(5.725.248.569)
Past-due loans from financial intermediation - Financial and non-financial sectors	(67.272.700.146)	(198.476.772.402)	190.757.679.875	480.870.344	(22.876.562)	(74.533.798.891)
Investments	(7.409.494.821)	(133.995.584)	0	0	0	(7.543.490.405)
Contingencies (*)	(142.336.764)	(24.973.637)	0	71.199.627	0	(96.110.774)
<b>Total</b>	<b>(224.955.206.761)</b>	<b>(226.800.507.982)</b>	<b>191.057.385.546</b>	<b>11.073.864.405</b>	<b>(190.881.334)</b>	<b>(249.815.346.126)</b>

(\*) These allowances are included in the item "Provisions" in Liabilities.

## C.6 Allowances for direct and contingent risks

Periodically, the Board and the Management of the Institution make, in accordance with rules of credit valuation established by the Superintendency of Banks of the Central Bank of Paraguay and criteria and policies of the Institution, reviews and analysis of the loan portfolio for the purposes of adjusting the allowances for doubtful accounts. All allowances necessary to cover eventual losses over direct and contingent risks have been established, in accordance with the requirements of Resolution No. 1, Act No. 60 of the Board of the Central Bank of Paraguay dated September 28, 2007 and its subsequent modifications and the criterion of the Board and the Management of the Institution.

Changes in the allowances accounts of the fiscal years that ended on December 31, 2020 and 2019 are as follows:

As of December 31, 2019

Concept	Balance as of the start of the period	Establishment of allowances in the period	Execution of allowances in the period	Cancellation of allowances in the period	Variation from Valuation in foreign currency	Balance as of the end of the period
Cash and cash equivalents	(1.256.500)	0	0	1.256.500	0	0
Current loans from financial intermediation -Financial sector	(10.447.635)	0	0	10.481.586	(33.951)	0
Current loans from financial intermediation – Non-financial sector	(138.569.454.131)	(12.883.425.787)	0	6.315.026.729	190.844	(145.137.662.345)
Sundry loans (Note C.15)	(4.357.740.067)	(1.054.604.412)	513.055.185	94.140.000	(187.863.391)	(4.993.012.685)
Past-due loans from financial intermediation - Financial and non-financial sectors	(66.917.221.725)	(206.453.085.718)	205.136.348.907	992.085.776	(30.827.386)	(67.272.700.146)
Investments	(332.328.255)	(7.237.059.235)	159.892.669	0	0	(7.409.494.821)
Contingencies (*)	(142.155.403)	(23.399.935)	0	23.218.574	0	(142.336.764)
<b>Total</b>	<b>(210.330.603.716)</b>	<b>(227.651.575.087)</b>	<b>205.809.296.761</b>	<b>7.436.209.165</b>	<b>(218.533.884)</b>	<b>(224.955.206.761)</b>

(\*) These allowances are included in the item "Provisions" in Liabilities.

## C.7 Investments

The Investment item includes the possession of capital securities issued by the national private sector and private debt securities. The investments are valued according to their nature, in accordance with valuation standards set forth by the Central Bank of Paraguay (the lower value that arises from comparing its historical cost and its market value or estimated execution value).

Additionally, this item includes awarded or received goods in discharge of receivables. These goods are valued at the lowest of the following values: valuation value, award value and balance of the debt immediately before the award, in accordance with provisions of the Central Bank of Paraguay. For goods that exceed the established terms set forth by the Central Bank of Paraguay regarding their possession, allowances are established pursuant to provisions of Resolution No. 1, Act 60 of September 28, 2007 of the Board of the Central Bank of Paraguay and its modifications.

The investments of the Institution are detailed as follows:

As of December 31, 2020

Concept	Accounting balance before allowances	Allowances	Accounting balance after allowances
Received goods in discharge of receivables	16.604.175.696	(7.382.278.075)	9.221.897.621
Investments in Bancard S.A. (Note b.4) (*)	9.675.000.000	0	9.675.000.000
Investments in Familiar Seguros S.A. (Note b.4) and (Note c.12) (*)	16.915.000.000	0	16.915.000.000
Investments in Etica S.A: (Note b.4) and (Note c.12)	4.975.000.000	0	4.975.000.000
Investments in securities issued by the national private sector	99.567.213.830	(161.212.330)	99.406.001.500
Income from securities issued by the private sector	613.366.341	0	613.366.341
<b>Total</b>	<b>148.349.755.867</b>	<b>(7.543.490.405)</b>	<b>140.806.265.462</b>

As of December 31, 2019

Concept	Accounting balance before allowances	Allowances	Accounting balance after allowances
Received goods in discharge of receivables	14.107.581.422	(7.248.282.491)	6.859.298.931
Investments in Bancard S.A. (Note b.4) (*)	9.675.000.000	0	9.675.000.000
Investments in Familiar Seguros S.A. (Note b.4) and (Note c.12) (*)	9.950.000.000	0	9.950.000.000
Investments in securities issued by the national private sector	100.094.357.330	(161.212.330)	99.933.145.000
Income from securities issued by the private sector	603.614.574	0	603.614.574
<b>Total</b>	<b>134.430.553.326</b>	<b>(7.409.494.821)</b>	<b>127.021.058.505</b>

(\*) For its stake in investments, the Institution received as of December 31, 2020 and 2019, dividends for PYG 13,061,984,704 and PYG 5,234,801,472, respectively; which are part of the balance of "Extraordinary Income" according to the following table.

Concept	In cash	For capitalization of profits	Total Registered in Extraordinary Income
Dividends received from Bancard S.A.	6.096.984.704	0	6.096.984.704
Dividends received from Familiar Seguros S.A.	0	6.965.000.000	6.965.000.000
<b>Total 2020</b>	<b>6.096.984.704</b>	<b>6.965.000.000</b>	<b>13.061.984.704</b>
<b>Total 2019</b>	<b>5.234.801.472</b>	<b>0</b>	<b>5.234.801.472</b>

## C.8 Fixed assets

The initial recognition of these goods corresponds to the cost of purchase. The subsequent valuation of these assets is presented net of cumulative depreciation and, if corresponding, deterioration.

As of December 31, 2020, and due to the entry into force of Law No. 6380/2019, it is mandatory to determine the residual value set by the regulation which includes, also, the estimations of useful life for each type or class of good that can depreciate. The Executive Branch may set the mandatory revaluation of the fixed assets goods when the variation of the Consumer Price Index determined by the Central Bank of Paraguay reaches at least 20% (twenty percent), accumulated since the year in which the last adjustment for revaluation has been set. The recognition of the mandatory revaluation set by the Executive Branch will be part of an equity reserve with the sole purpose of capitalization. Until December 31, 2019, the values of fixed assets are revalued according to the variation of the Consumer Price Index published by the Central Bank of Paraguay (see Note b.2). The net increase in the revaluation reserve for the year ended on December 31, 2019 was PYG 801,852,414 and it is shown in the account "Adjustments to the Shareholders' Equity" in the Statement of Changes in Shareholders' Equity of the Institution.

As of December 31, 2020 and 2019, the improvements or additions are included, while the maintenance and repair expenses that do not increase the value of the assets nor their useful life are charged to the results of the fiscal year they are incurred. The depreciations are calculated starting from the month after their incorporation to the estate of the Institution, through monthly charges to results based on a lineal method in the estimated months of useful life.

As of December 31, 2020 and 2019, the residual value of the goods, considered as a whole, does not exceed its recoverable value.

The composition and variation of fixed assets for the years that ended on December 31, 2020 and 2019 are as follows:

Accounts	Acquisition value				
	Balance at the start of the year	Bought	Sold and adjustments	Revaluation	Balance at the end of the year
Real Estate - Buildings	6.680.664.007	28.896.760	0	0	6.709.560.767
Real Estate - Land	4.816.834.293	0	0	0	4.816.834.293
Furniture	18.493.250.977	61.288.161	(247.408.925)	0	18.307.130.213
Machines and equipment	30.636.826.072	172.459.772	(511.676.708)	0	30.297.609.136
Facilities in owned property	3.840.516.227	34.124.495	(33.856.329)	0	3.840.784.393
IT equipment	45.556.072.368	3.068.098.947	0	0	48.624.171.315
Transport	848.208.351	195.454.546	0	0	1.043.662.897
<b>Total as of December 31, 2020</b>	<b>110.872.372.295</b>	<b>3.560.322.681</b>	<b>(792.941.962)</b>	<b>0</b>	<b>113.639.753.014</b>
<b>Total as of December 31, 2019</b>	<b>103.634.985.272</b>	<b>7.060.694.573</b>	<b>(625.159.964)</b>	<b>801.852.414</b>	<b>110.872.372.295</b>

Accounts	Annual rate %	Depreciation				Net value at the end of the fiscal year
		Balance at the start of the year	From the fiscal year	Sold / adjustments	Cumulative as of the end of the fiscal year	
Real Estate – Building	2,5	(2.098.740.652)	(139.947.733)	0	(2.238.688.385)	4.470.872.382
Real Estate – Land	0	0	0	0	0	4.816.834.293
Furniture	10	(14.954.474.765)	(1.030.227.916)	227.898.392	(15.756.804.289)	2.550.325.924
Machines and equipment	10	(22.511.686.725)	(1.673.444.100)	348.270.375	(23.836.860.450)	6.460.748.686
Facilities in owned property	10	(3.058.470.658)	(116.502.802)	33.856.329	(3.141.117.131)	699.667.262
IT equipment	25	(39.742.128.766)	(2.002.914.212)	0	(41.745.042.978)	6.879.128.337
Transport	20	(848.208.351)	0	0	(848.208.351)	195.454.546
<b>Total as of December 31, 2020</b>		<b>(83.213.709.917)</b>	<b>(4.963.036.763)</b>	<b>610.025.096</b>	<b>(87.566.721.584)</b>	<b>26.073.031.430</b>
<b>Total as of December 31, 2019</b>		<b>(77.130.862.999)</b>	<b>(6.673.668.235)</b>	<b>590.821.317</b>	<b>(83.213.709.917)</b>	<b>27.658.662.378</b>

According to banking legislation, the financial institutions that work in Paraguay are forbidden from granting fixed assets as guarantee except those affected supporting operations of financial leasing and to the Central Bank of Paraguay. The banking legislation sets a limit for the investment in fixed assets which is 50% of the effective shareholders' equity. The investment in fixed assets of the Institution as of December 31, 2020 and 2019 is within the set limit.

## C.9 Deferred charges

The deferred charges as of December 31, 2020 and 2019 are as follows:

As of December 31, 2020

Concept	Net initial balance	Bought / Sold (net)	Amortization - use in the fiscal year	Net balance as of December 31, 2020
Improvements and installations in leased real estate (*)	3.511.494.737	23.760.640	(1.318.528.268)	2.216.727.109
Intangible	8.557.319.028	5.440.187.657	(3.602.209.378)	10.395.297.307
<b>Subtotal</b>	<b>12.068.813.765</b>	<b>5.463.948.297</b>	<b>(4.920.737.646)</b>	<b>12.612.024.416</b>
Desktop utilities and others	3.046.014.268	3.141.284.277	(3.716.331.277)	2.470.967.268
<b>Subtotal</b>	<b>3.046.014.268</b>	<b>3.141.284.277</b>	<b>(3.716.331.277)</b>	<b>2.470.967.268</b>
<b>Total</b>	<b>15.114.828.033</b>	<b>8.605.232.574</b>	<b>(8.637.068.923)</b>	<b>15.082.991.684</b>

As of December 31, 2019

Concept	Net initial balance	Bought / Sold (net)	Amortization - use in the fiscal year	Net balance as of December 31, 2020
Improvements and installations in leased real estate (*)	5.559.824.907	751.373.147	(2.799.703.317)	3.511.494.737
Intangible	8.291.041.879	3.869.427.356	(3.603.150.207)	8.557.319.028
<b>Subtotal</b>	<b>13.850.866.786</b>	<b>4.620.800.503</b>	<b>(6.402.853.524)</b>	<b>12.068.813.765</b>
Desktop utilities and others	1.983.903.128	4.470.299.543	(3.408.188.403)	3.046.014.268
<b>Subtotal</b>	<b>1.983.903.128</b>	<b>4.470.299.543</b>	<b>(3.408.188.403)</b>	<b>3.046.014.268</b>
<b>Total</b>	<b>15.834.769.914</b>	<b>9.091.100.046</b>	<b>(9.811.041.927)</b>	<b>15.114.828.033</b>

(\*) The Institution amortizes improvements and installations in leased estate linearly considering a useful life of 5 years.

(\*\*) The purchases of the year 2020, corresponding to improvements and installations in leased real estate owned by third parties will be amortized starting in the following year according to the duration of rent contracts.

## C.10 Subordinated liabilities

As of December 31, 2020 and 2019, there are no subordinated liabilities.

## C.11 Limitations to the free availability of assets and equity and any other property right restriction

In general, there are no restricted availability goods nor property right restrictions, except for:

### a) Required Reserve:

The account Central Bank of Paraguay as of December 31, 2020 and 2019 includes the sums of PYG 459,296,497,180 and PYG 411,680,903,499, respectively, corresponding to restricted availability accounts, kept in said bank in concept of required reserve.

### b) Guarantees in the Central Bank of Paraguay:

As of December 31, 2020 and 2019, Letters of Monetary Regulation for the value of PYG 155,000,000,000 and PYG 275,000,000,000, respectively, are restricted as Guarantees in compliance with the General Regulation of Payment Systems (SIPAP).

### c) Statutory Reserve:

According to Article 27 of Law 861/96, financial institutions must have a minimum reserve equivalent to one-hundred percent (100%) of their capital or more, to be established with annual transfers of at least 20% of the net income of each fiscal year.

### d) Monetary Correction of Capital:

According to Law 5787/16, "Of Modernization and Strengthening of Regulations Governing the Functioning of the Paraguayan Financial System", financial institutions must update their capital annually, considering the Consumer Price Index as calculated by the Central Bank of Paraguay. The updated value of the minimum capital for the year of 2020 was PYG 55,445,000,000, according to Circular SB SG N° 13/2020. The updated value of the minimum capital for 2019 was PYG 53,930,000,000, according to Circular SB SG N° 7/2019.

The paid-up capital of the Institution as of December 31, 2020 and 2019 (Note b.5) is above the legal minimum required as of said dates.

### e) Distribution of profits:

According to provisions of Law 861/96 "General of Banks, Financial Institutions and other Credit Institutions", financial institutions can distribute their profits after the approval of their annual financial statements audited by the Superintendence of Banks within 120 days of the end of the fiscal year. If the Superintendence does not refer to the statements within said term, profits can be distributed.

### f) Dividends of preferred shares:

Preferred Registered Class "A" and "B" Shares pay preferred annual dividends on the face value of each share, which shall be determined by the annual rate of inflation as measured by the Central Bank of Paraguay, to which 6% (six percent) shall be added. For the calculation, the valuation of annual inflation corresponding to the end of each year will be considered, setting a minimum rate of 12% and a maximum rate of 20%.

The number of shares for each class is detailed in Note b.5. The dividends to be paid for Preferred Registered Class "A" and "B" Shares amount to PYG 7,200,000,000 as of December 31, 2020 and 2019 and are deducted from the retained earnings after their approval by the respective Meeting.

Also see note b.5 to these financial statements.

## C.12 Guarantees pledged in respect to liabilities

**Bancard:** To guarantee the obligations with Bancard S.A. and/or Visa International and/or Mastercard and/or participating establishments that could arise from its condition of issuer of credit cards and for balances arising from transactions with ATMs of users, Banco Familiar S.A.E.C.A. pledged a guarantee on part of the shares of Bancard S.A. it owns in favor of Bancard S.A. for an amount of PYG 6,619,800,000 for 2020 and 2019.

**AFD:** To guarantee the obligations with the Financial Agency for Development, promissory notes of clients have been endorsed to said institution for the value of PYG 20,292,982,193 and PYG 26,426,274,151 as of December 31, 2020 and 2019.

**Oikocredit:** As of December 31, 2020, the loans obtained from the company Oikocredit were fully repaid. For the year 2019, the financial obligations contracted to the foreign institution Oikocredit were guaranteed with instruments from the loan portfolio of Banco Familiar S.A.E.C.A. for the value of USD 5,722,742.53, covering as a minimum 150% of the balance of the debts maintained to said Institution.

## C.13 Distribution of loans and obligations from financial intermediation according to their maturity

As of December 31, 2020

Concept	Remaining term to maturity					
	Up to 30 days	31-180 days	181 days-1 year	More than 1 year to 3 years	More than 3 years	Total
Current loans from financial intermediation - Financial sector (*)	19,488,284.736	82,686,394.042	35,452,586.606	107,362,024.246	0	244,989,289,630
Current loans from financial intermediation - Non-financial sector (*)	288,793,955.561	1,248,064,930.204	848,977,415.709	694,265,654.151	521,926,877,765	3,602,028,833,390
<b>Total Current Loans</b>	<b>308,282,240.297</b>	<b>1,330,751,324.246</b>	<b>884,430,002.315</b>	<b>801,627,678.397</b>	<b>521,926,877,765</b>	<b>3,847,018,123,020</b>
Obligations from financial intermediation - Financial sector	143,033,891.692	243,141,973.659	142,862,807.968	225,710,922.640	231,635,015.521	986,384,611,480
Obligations from financial intermediation - Non-financial sector	2,473,555,358.215	363,278,935.899	392,580,911.638	539,910,474.650	225,569,647.119	3,994,895,327,521
<b>Total Obligations</b>	<b>2,616,589,249.907</b>	<b>606,420,909.558</b>	<b>535,443,719.606</b>	<b>765,621,397.290</b>	<b>457,204,662.640</b>	<b>4,981,279,939.001</b>

(\*) Amounts net of provisions.

As of December 31, 2020

Concept	Remaining term to maturity					
	Up to 30 days	31-180 days	181 days-1 year	More than 1 year to 3 years	More than 3 years	Total
Current loans from financial intermediation - Financial sector (*)	85.554.479.429	107.299.569.948	18.631.795.459	10.603.211.186	90.000.000.000	312.089.056.022
Current loans from financial intermediation - Non-financial sector (*)	317.802.227.761	1.387.232.537.298	757.284.784.662	570.645.116.076	374.987.312.042	3.407.951.977.839
<b>Total Current Loans</b>	<b>403.356.707.190</b>	<b>1.494.532.107.246</b>	<b>775.916.580.121</b>	<b>581.248.327.262</b>	<b>464.987.312.042</b>	<b>3.720.041.033.861</b>
Obligations from financial intermediation - Financial sector	165.198.212.937	67.912.500.498	163.040.685.635	274.334.823.552	217.167.927.956	887.654.150.578
Obligations from financial intermediation - Non-financial sector	1.988.004.727.839	452.682.179.399	307.541.755.848	546.125.713.249	162.141.175.194	3.456.495.551.529
<b>Total Obligations</b>	<b>2.153.202.940.776</b>	<b>520.594.679.897</b>	<b>470.582.441.483</b>	<b>820.460.536.801</b>	<b>379.309.103.150</b>	<b>4.344.149.702.107</b>

(\*) Amounts net of provisions.

#### C.14 Concentration of the portfolio and the obligations from financial intermediation

##### a) Concentration of the portfolio by number of clients - Financial sector

Number of clients	Amount and percentage of the portfolio as of December 31, 2020			
	Current (*)	%	Past-due (*)	%
10 Biggest Debtors	243.461.631.463	99%	0	0%
Other Debtors	1.527.658.167	1%	0	0%
<b>Total</b>	<b>244.989.289.630</b>	<b>100%</b>	<b>0</b>	<b>0%</b>

Number of clients	Amount and percentage of the portfolio as of December 31, 2019			
	Current (*)	%	Past-due (*)	%
10 Biggest Debtors	297.672.246.195	95%	0	0%
Other Debtors	14.416.809.827	5%	0	0%
<b>Total</b>	<b>312.089.056.022</b>	<b>100%</b>	<b>0</b>	<b>0%</b>

##### b) Concentration of the portfolio by number of clients - Non-financial sector

Number of clients	Amount and percentage of the portfolio as of December 31, 2020			
	Current (*)	%	Past-due (*)	%
10 Biggest Debtors	597.891.156.271	16%	14.000.208.854	6%
Next 50 Biggest Debtors	622.801.847.724	17%	8.787.316.483	4%
Next 100 Biggest Debtors	270.244.987.774	7%	7.130.751.619	3%
Others	2.273.007.373.983	60%	186.598.498.984	86%
<b>Total</b>	<b>3.763.945.365.752</b>	<b>100%</b>	<b>216.516.775.940</b>	<b>100%</b>

Number of clients	Amount and percentage of the portfolio as of December 31, 2019			
	Current (*)	%	Past-due (*)	%
10 Biggest Debtors	424.048.694.029	12%	10.850.861.432	6%
Next 50 Biggest Debtors	592.708.568.643	17%	8.444.543.974	5%
Next 100 Biggest Debtors	289.655.158.560	8%	7.021.737.445	4%
Others	2.246.677.218.952	63%	141.843.195.641	84%
<b>Total</b>	<b>3.553.089.640.184</b>	<b>100%</b>	<b>168.160.338.492</b>	<b>100%</b>

(\*) Amounts considered in this table include balances of capital, interests and income from valuation on hold before allowances.

c) Concentration of obligations by financial intermediation

The balance is comprised as follows:

Financial Sector	December 31, 2020	December 31, 2019
Central Bank of Paraguay	4.731.658.091	4.233.161.250
Demand deposits	68.302.944.859	57.392.630.808
Accounts Payable for Securities Purchased with Future Sale	0	48.104.729.908
Checking accounts	43.497.219.391	27.165.657.025
Savings deposit certificates	178.485.853.965	222.609.149.063
Operations pending compensation	2.849.499.830	2.255.491.351
Loans from foreign financial institutions	269.104.290.000	218.761.437.869
Loans from financial institutions - AFD	405.735.629.780	291.613.958.150
Creditors for accrued financial charges	13.677.515.564	15.517.935.154
<b>Total Financial Sector</b>	<b>986.384.611.480</b>	<b>887.654.150.578</b>

Non-financial Sector	December 31, 2020	December 31, 2019
<b>Deposits - Private Sector</b>		
Checking accounts	1.177.371.080.074	899.921.502.312
Demand deposits	1.137.185.631.761	859.556.721.742
Loans for documents to compensate	15.152.245.799	14.705.071.134
Drafts and transfers to be paid	1.973.524.215	2.267.606.388
Obligations with participating establishments in the credit card system	1.986.729.591	4.325.923.865
Savings deposit certificates	1.031.939.795.569	1.028.081.737.962
<b>Total Financial Sector</b>		

Non-financial Sector	December 31, 2020	December 31, 2019
<b>Deposits - Public Sector</b>		
Checking accounts	3.980.349.983	2.137.027.090
Demand deposits	47.108.255.016	155.289.523.580
Savings deposit certificates	438.659.638.050	338.098.690.700
Bonds issued in the market	90.833.333.340	92.916.666.670
Sundry loans in the country	15.028.571.429	22.542.857.143
<b>Total Deposits – Public Sector</b>	<b>595.610.147.818</b>	<b>610.984.765.183</b>
Creditors for accrued financial charges	33.676.172.694	36.652.222.943
<b>Total non-financial sector</b>	<b>3.994.895.327.521</b>	<b>3.456.495.551.529</b>

d) Concentration of deposits by number of clients

Balance as of December 31, 2020

Number of depositors	Financial sector	%	Non-financial sector (*)	%
10 Biggest Depositors	184.693.089.628	64%	910.332.521.634	24%
Next 50 Biggest Depositors	98.342.815.120	34%	484.768.026.840	13%
Next 100 Biggest Depositors	7.250.113.467	2%	363.281.710.196	9%
Others	0	0%	2.094.988.261.797	54%
<b>Total</b>	<b>290.286.018.215</b>	<b>100%</b>	<b>3.853.370.520.467</b>	<b>100%</b>

(\*) Including deposits from the private and public sectors.

Balance as of December 31, 2019

Number of depositors	Financial sector	%	Non-financial sector (*)	%
10 Biggest Depositors	186.039.301.909	61%	871.773.075.405	26%
Next 50 Biggest Depositors	112.542.624.264	37%	429.922.652.913	13%
Next 100 Biggest Depositors	8.585.510.723	3%	330.010.577.050	10%
Others	0	0%	1.668.351.575.540	51%
<b>Total</b>	<b>307.167.436.896</b>	<b>100%</b>	<b>3.300.057.880.908</b>	<b>100%</b>

(\*) Including deposits from the private and public sectors.

## C.15 Sundry loans

The composition of sundry loans as of December 31, 2020 and 2019 is as follows:

Concept	December 31, 2020	December 31, 2019
Accounts receivable - Pronet	6.256.191.575	5.563.458.915
Accounts receivable - Netel	1.711.183.107	2.427.429.715
Accounts receivable - Trust funds	5.691.041.144	4.496.573.158
Accounts receivable - Bancard and Infonet	1.539.364.253	2.122.676.245
Prepaid expenses	9.465.855.939	9.541.586.227
Prepayment for the purchase of assets and services	1.789.207.638	3.039.978.708
Other national taxes	670.753.584	259.677.563
Compensation claimed for accidents	110.890.799	993.673.734
Sundry - Remittances receivable	370.614.223	5.028.773.201
Sundry - Accounts receivable from related parties (Note K)	1.656.362.180	3.429.955.684
Sundry - Rental collateral	723.629.100	778.114.209
Sundry - Others	6.955.013.617	5.853.582.233
Allowances (*)	(5.725.248.569)	(4.993.012.685)
<b>Total</b>	<b>31.214.858.590</b>	<b>38.542.466.907</b>

(\*) The allowances were established in accordance with valuation standards set forth by the Central Bank of Paraguay, see Note C.6.

## C.16 Other sundry debts

Other sundry debts are composed as follows:

Concept	December 31, 2020	December 31, 2019
Management checks payable	9.545.258.907	57.386.246.184
Insurance payable	13.772.769.161	12.409.650.314
Suppliers	4.847.992.805	2.914.821.220
Seizures payable	4.780.955.789	4.645.954.215
Remittances payable	4.013.965.004	2.828.150.353
Bonuses payable	8.500.000.000	13.500.000.000
Sundry	2.475.870.300	1.995.940.102
<b>Total</b>	<b>47.936.811.966</b>	<b>95.680.762.388</b>

## C.17 Obligations or debentures and bonds issued in the market

The item "Obligations from financial intermediation – Non-financial sector" from the balance sheet includes Financial Bonds, whose balances and details as of December 31, 2020 and 2019, are as follows:

Number of Resolution of authorization	Currency of issue	Value of program of issue	Amount of issue	Term to maturity	Balance as of December 31, 2020
099/2018 (*)	PYG	200.000.000.000	25.000.000.000	25/7/2030	20.833.333.340
099/2018 (*)	PYG	30.000.000.000	30.000.000.000	21/7/2033	30.000.000.000
0033/2019 (**)	PYG	60.000.000.000	40.000.000.000	23/5/2023	40.000.000.000
<b>Total</b>	<b>PYG</b>	<b>260.000.000.000</b>	<b>95.000.000.000</b>		<b>90.833.333.340</b>

Number of Resolution of authorization	Currency of issue	Value of program of issue	Amount of issue	Term to maturity	Balance as of December 31, 2020
099/2018 (*)	PYG	200.000.000.000	25.000.000.000	25/7/2030	22.916.666.670
099/2018 (*)	PYG	30.000.000.000	30.000.000.000	21/7/2033	30.000.000.000
0033/2019 (**)	PYG	60.000.000.000	40.000.000.000	23/5/2023	40.000.000.000
<b>Total</b>	<b>PYG</b>	<b>260.000.000.000</b>	<b>95.000.000.000</b>		<b>92.916.666.670</b>



(\*) Authorized by Resolution of the Superintendency of Banks No. SB SG 99/2018 dated July 10, 2018 and Resolution of Bolsa de Valores & Productos de Asunción S.A. No. 1767/2018 dated July 31, 2018.

(\*\*) Authorized by Resolution of the Superintendency of Banks No. SB SG 0033/2019 dated March 26, 2019 and Resolution of Bolsa de Valores & Productos de Asunción S.A. No. 1882/2019 dated May 23, 2019.

The issue of the programs of global issue and their series is not covered by Law No. 2334/2003 and, as a consequence, it is not secured by the Deposit Guarantee Fund.

## C.18 Relevant events of the year

### **New tax provisions:**

On September 25, 2019, Law No. 6380/2019 "Of Modernization and Simplification of the National Tax System" was enacted, in force since January 1, 2020, which basically raises the following tax scheme:

- Business Income Tax (IRE, for its Spanish initials), a successor of the Commercial, Industrial and Service Activities Income Tax (IRACIS, for its Spanish initials), Agricultural and Livestock Activities Income Tax (IRAGRO, for its Spanish initials) and Small Taxpayer Income Tax (IRPC, for its Spanish initials), with the same taxable rates of 10%.
- Income on Dividends and Profits (IDU, for its Spanish initials), which will tax profits, dividends or performances collected as shareholder of a company established in the country. This tax is applied by way of withholding, with the agent appointed being the entities paying the profits and dividends. The rates to be applied are as follows: 8% if the beneficiary of the dividends, profits or performances is an individual, legal person or any other entity residing in the country; and 15% whenever the collector is an entity, individual or legal person that does not reside in the country. These rates shall be applied for distributions of profit generated after the entry into force of the law.
- Non-Resident Tax (INR, for its Spanish initials): Law No. 6380/2019 enacts a tax to be applicable to Non-Residents in the country, which will tax all income, profits and benefits obtained by individuals, legal persons and other types of entities residing in Paraguay.
- Value-Added Tax (VAT) as for VAT, there are no significant changes as to the operations performed by the Institution.
- Additionally, there are new regulations on prices of transfer which will enter into force in 2021.

### **Business environment:**

During the first months of 2020, a new virus started to spread causing a disease known as COVID-19, which as of the date of issue of these financial statements has extended to most countries in all continents with a significant social and economic impact. On March 11, 2020, the World Health Organization declared it a pandemic and, in early March 2020, the Paraguayan Government issued a lockdown order. The Institution has been less affected as to its operations compared to other economic agents as restrictions to keep operating where not applied to it. However, the situation affected the level of economic activity in general, which affected the payment ability of clients.

This directly impacted the Institution, reducing the level of operations in 2020, affecting the levels of profitability and increasing the position of liquidity of the company. All provisions from the government and regulators were complied with as to health measures to preserve the health of employees and the continuity of business.

As expressed in item C.5, Banco Familiar has decided not to take on the benefit stated in Resolutions issued by the Central Bank of Paraguay related to Exceptional Measures, which allow the deferral of charges generated for allowances calculated on the balance of the portfolio benefited up to sixty (60) months, meaning that the total impact of allowances has been recognized in the income statement of the year 2020.

Additionally, the institution has established voluntary generic allowances in 2020 for the value of PYG 15,500,000,000 to cover the potential deterioration of the portfolio caused by the pandemic.

## D. SHAREHOLDERS' EQUITY

### **D.1 Effective equity**

The limits for the operations of financial institutions are determined according to their effective equity. The effective equity of the Institution as of December 31, 2020 and 2019 was approximately PYG 774,574 million and PYG 684,660 million, respectively.

According to the applicable regulation, the minimum percentage of equity that financial institutions of the country must maintain, as of December 31, 2020 and 2019, is: Level 1 (Main capital) of 8% and Level 2 (Main capital plus Supplementary capital) of 12%. As of December 31, 2020 and 2019, the Company maintained this relation in Level 1 at 14.28% and 13.04%, respectively; and in Level 2 at 20.01% and 17.58%, respectively.

### **D.2. Minimum capital**

The minimum and indexed capital for inflation which, in compliance with provisions of the Central Bank of Paraguay, Banks operating in the national financial system must have as paid-in capital as of December 31, 2020 and 2019, is of PYG 55,445 million and PYG 53,930 million, respectively. The eventual deficit of capital of a financial institution as to the minimum capital required annually for financial institutions, must be covered before the end of the first semester of each year.

As of December 31, 2020 and 2019, the Company had a paid-in capital of PYG 360,000,000,000 and 330,000,000,000, amounts that are higher than the minimum required by Central Bank of Paraguay regulations.

In the General Meeting of Shareholders held on April 30, 2020, according to Minutes No. 49, the capitalization of profit from the previous years was approved for the amount of PYG 30,000,000,000. The change of the Articles of Association was formalized by Notarial Document No. 100 dated June 17, 2020.

## E. NET PROFIT PER COMMON SHARE

The net profit per share attributable to common shareholders is determined based on the net profit of the year after deducting dividends attributed to preferred shares.

Concept	December 31, 2020	December 31, 2019
Net profit of the year	90.118.123.192	135.098.738.640
<b>Less</b>		
Dividends for preferred registered shares, Classes "A" and "B" (*)	(7.200.000.000)	(7.200.000.000)
<b>Basis for the determination of the net profit per common share</b>	<b>82.918.123.192</b>	<b>127.898.738.640</b>
Number of outstanding common shares in weighted average	29.021.918	26.194.521
<b>Net profit per common share</b>	<b>2.857</b>	<b>4.883</b>

(\*) Dividends of preferred shares are determined according to the descriptions in note c.11 f).

## F. OFF-BALANCE AND CONTINGENT ACCOUNTS

### Contingencies

Contingent accounts are composed as follows:

Concept	December 31, 2020	December 31, 2019
Receivables from granted guarantees	95.658.657.909	107.040.894.845
Balance of lines of credit to be used in credit cards	139.078.255.218	167.448.742.237
Balance of lines of credit for current accounts prepayments	36.794.211.286	48.400.022.045
Balance of lines of credit of letters of import-export	74.746.656.132	69.904.774.932
<b>Total</b>	<b>346.277.780.545</b>	<b>392.794.434.059</b>

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

### Off-balance accounts

Off-balance accounts are composed as follows:

Concept	December 31, 2020	December 31, 2019
Trust funds (*)	158.653.520.754	142.739.413.938
Collaterals, mortgages, pledges and others	631.473.446.814	552.845.032.666
Insurance policies taken	46.857.158.140	22.592.888.760
Bad loans	23.099.486.943	21.237.221.676
Exchange position	7.115.987.324	7.544.099.330
Businesses abroad and collections	5.425.659.962	1.374.176.675
Credit facilities available	483.915.503.537	474.813.354.964
Others – Sundry accounts	27.506.872.060	69.244.465.937
Other securities in custody	215.991.898	673.195.100
Sale of portfolio (**)	1.260.039.732.364	1.058.321.369.715
<b>Total</b>	<b>2.644.303.359.796</b>	<b>2.351.385.218.761</b>

(\*) As of December 31, 2020 and 2019, the following trust funds were in force:

Type of trust fund	December 31, 2020	December 31, 2019
Guarantee and flow management trust fund	148.391.897.033	130.593.318.288
Guarantee trust fund	10.261.623.721	12.146.095.650
<b>Total</b>	<b>158.653.520.754</b>	<b>142.739.413.938</b>

(\*\*) The balance reflects the amounts of capital and interests of past-due loans sold to Nexo S.A. since December of 2013, complying with Resolution SB. SG. No. 278/2013 of the Superintendence of Banks. The Institution has executed on March 21, 2018, a framework agreement without resources with said Company and a supplementary agreement is made for every sale.

## G. INFORMATION RELATED TO RESULTS

### G.1 Recognition of gains and losses

The Institution applied the principle of accrual to recognize income and to charge incurred expenses or costs, with the following exceptions referred to income being recognized as earnings at the moment of its receipt or collection, according to rules set forth in Resolution No. 1, Act No. 60 of September 28, 2007 of the Central Bank of Paraguay:

- a) non-collected accrued receivables from financial products ranking in categories "3", "4", "5" and "6" (see Note c.5.1.d).
- b) earnings from valuation of receivables from past-due loans.

- c) future gains from forward sales of goods.
- d) earnings from valuation of operations from forward sales of goods; and
- e) certain commissions for banking services.

The Plan and Manual of Accounts of the Central Bank of Paraguay states that the adjustments to profits of previous years are registered in the income statement of the year without affecting the accounts of the shareholders' equity of the Institution.

## G.2 Foreign exchange differences

The foreign exchange differences corresponding to the maintenance of assets and liabilities in foreign currency are shown net in the items of the Income Statement "Valuation of assets and liabilities in foreign currency", and its composition is detailed as follows:

Concept	December 31, 2020	December 31, 2019
Earnings from financial assets and liabilities valuation in foreign currency	571.839.475.406	625.106.918.542
Losses from financial assets and liabilities valuation in foreign currency	(570.868.527.634)	(624.580.170.311)
<b>Earnings - (Losses) from the exchange difference on financial assets and liabilities in foreign currency</b>	<b>970.947.772</b>	<b>526.748.231</b>
Earnings from other assets and liabilities valuation in foreign currency	3.921.720.907	4.731.167.370
Losses from other assets and liabilities valuation in foreign currency	(3.878.747.618)	(4.970.974.098)
<b>(Losses) - Earnings from the exchange difference on the total of other assets and liabilities in foreign currency</b>	<b>42.973.289</b>	<b>(239.806.728)</b>
<b>Earnings - (Losses) resulting from the exchange difference on the total assets and liabilities in foreign currency</b>	<b>1.013.921.061</b>	<b>286.941.503</b>

## G.3 Contributions to the Deposit Guarantee Fund (DGF)

In accordance with Law 2334 of December 12, 2003, financial institutions are obligated to contribute quarterly to the DGF, which is managed by the Central Bank, 0.12% of the average quarterly balances of their deposit portfolio in local and foreign currency.

The amounts contributed by the Institution for the fiscal years that ended on December 31, 2020 and 2019 are PYG 18,122,233,733 and PYG 15,804,995,086, respectively. The amounts contributed by the Institution to the DGF are non-recoverable expenses and are shown in the item "General expenses" (see Note H).

## G.4 Income Tax

The current Income Tax charged to the result of the fiscal year at a 10% rate is based on the accounting value before this concept, adjusted to the items the law and regulations include or exclude for the determination of the taxable net income.

The distribution of profit in cash is subject to withholding of income tax of 15% if shareholders are domiciled abroad and taxed with an additional income tax of 5% for the Institution.

See also note c.18.



## H. H. GENERAL EXPENSES

The composition as of December 31, 2020 and 2019 is as follows:

Description	December 31, 2020	December 31, 2019
Provision of services of call center, telemarketing and collection	15.921.147.907	19.003.467.139
Leases and expenses	14.745.456.925	16.410.985.070
Contributions to Deposit Guarantee Fund (see Note g.3)	18.122.233.733	15.804.995.086
Publicity, marketing and events	10.226.033.201	12.877.929.366
Card processing expenses	12.306.529.031	11.986.544.518
IT services	11.399.547.145	8.957.106.874
Commissions paid to non-banking correspondents and managers of payment networks	6.382.229.393	8.518.604.373
Security and vigilance	7.423.903.750	7.834.963.199
Paid insurance	7.623.049.576	7.469.985.941
Repairs and maintenance of property	4.497.646.092	5.676.168.481
Armored transport	4.389.056.740	5.236.059.204
Cleaning service	3.815.605.211	3.625.156.277
Information expenses	3.279.865.232	3.375.956.872
Papers and prints	2.528.802.077	2.898.921.412
Provision of services expenses	6.078.480.390	2.857.887.789
Electricity	2.576.879.520	2.627.787.059
Phone and communications	1.855.059.647	2.076.420.584
Travel and representation expenses	417.697.081	1.758.719.415
Shipping charges (courier)	1.315.108.742	1.740.547.441
Counsel, audit and other fees	1.541.167.891	1.558.539.999
Transport expenses	359.489.129	675.372.124
Severance and notice to staff	1.104.308.119	437.954.063
Others	11.438.234.790	10.944.315.253
<b>Total</b>	<b>149.347.531.322</b>	<b>154.354.387.539</b>

## I. INFLATIONARY EFFECTS

As of December 31, 2020, inflationary adjustments procedures have not been applied.

As of December 31, 2019, inflationary adjustments procedures have not been applied, except for those mentioned in Note c.8.

## J. RISK MANAGEMENT

The main risks managed by the Institution for the purpose of achieving its goals are:

### a) Credit risks

Banco Familiar is an institution focused on the retail segment of consumers and microbusinesses. As such, the Institution has a fragmented portfolio.

The general strategy of credit risk management is that the time of analysis, the items to be assessed, the evaluation-approval process and follow-up is higher as the risk involved is higher. Therefore, the strategy to be followed is adequate for the nature and characteristics of each business segment. In the retail and consumers segments, the statistic criteria of scoring are followed, based on our experience of 50 years in business that allows us to maintain a portfolio with defaulting indexes in accordance with the nature of the business and profitability.

In the segment of medium and large companies, the risks to be undertaken are assessed by executives and senior staffers for approval, through Credit Committees, established selectively in accordance with the amount of risk involved. The follow-up and monitoring of the credit risks is entrusted to an independent Risk Management and adequately organized for each business segment.

### b) Financial risk

**b.1) Market risk** represented by the possibility of financial loss due to the fluctuation of prices and/or interest rates of the assets of the Bank, in the manner in which their lending and borrowing portfolios can present a mismatching of terms, currencies or indexes.

#### b.1.1) Interest rate risk

The Institution performs monthly controls of the structure of assets and liabilities that are sensitive to readjustments of the interest rate, in diverse terms.

As of December 31, 2020 and 2019, all mismatches of assets and liabilities that are sensitive to interest rates are below the maximum limits recommended by the policy of Financial Risk management of the Bank.

#### b.1. 2) Exchange rate risk

The Institution actively operates in financial intermediation, as well as in the purchase and sale of foreign currency and the purchase of checks. For that, there is a division of businesses with qualified and experienced staff in currency trading, supported by IT tools for a permanent monitoring of the business and the performance of markets.

To perform the measurement of exposure of the Institution to variations in the exchange rate, the VaR (Value at Risk) methodology is followed, in which the Financial Risks staff calculates daily the likely loss from exchange rate variations considering the foreign currency positions. The Board has set out a low and conservative VaR limit for the net position in foreign currency, limiting the risk of losses due to unfavorable changes in the exchange rate.

In the opinion of the Board and the Management, the VaR limit for the net position of foreign currency is low, limiting thereby the risk of losses due to unfavorable changes in the exchange rate.

### b.2) Liquidity risk

The liquidity risk is mitigated with a very conservative policy of asset management, always maintaining a significant percentage of them as cash and highly liquid assets that allow to face extreme situations.

The monitoring of liquidity and the several associated variables to this item are managed by the Financial Risks staff, through daily and monthly reports to the Committee of Assets and Liabilities for decision-making.

As of December 31, 2020 and 2019, the levels of basic liquidity are above the recommended minimum levels for the policy, both in guaranies and dollars. As for extended liquidity, which considers in addition to net availabilities, discountable assets by the Central Bank of Paraguay (Letters of Monetary Regulation and Sovereign Bonds) through its liquidity window, the indexes are also in levels above the minimum limits recommended by the policy.

### c) Operating risks

The Institution has a Unit of Operating Risks, intended to identify, measure, evaluate, supervise, control and mitigate critical operating risks to which the Institution is exposed and managing them efficiently, as well as to mitigate operating risks events, contributing to preventing and reducing the occurrence of future related losses.

The Unit executes its annual work plan that includes the review of the Model of Internal Control, the test of control in every area and the calculation of the amounts that were lost due to operating risk with the statistics of their origin and sector. This methodology allows to adequately value the risks, to prioritize them establishing their level of criticality and to develop mitigation plans. The Institution keeps a map of risks, which allows it to adequately manage them.

### d) Environmental and Social Risk

The implementation of the Environmental and Social Management System is according to the guidelines stated in the "Guidelines for the Environmental and Social Risk Management for entities regulated and supervised by the Central Bank of Paraguay" approved by Resolution No. 8 dated November 22, 2018, issued by the Board of the Central Bank of Paraguay.

The management of this risk allows to identify, assess and monitor the likely impacts related to the activities developed by clients and set out mitigation measures, facilitating also the administration of other risks associated such as the reputational, legal, credit and other risks.

The methodology implemented, with a systemic approach that is integrated to the process of credit analysis is a Risk Matrix based on a risk estimation that supposes an activity to fund and a determination of the exposure of our institution, which allows to determine the most appropriate level of supervision and to set out conditions for the mitigation of the risks identified.

The criteria for the analysis has the basis in the national legislation, international agreements and international standards in Environmental and Social Risks and are set out in the internal standard approved by the Board (Environmental and Social Risk Analysis System).

## K. BALANCES WITH RELATED PARTIES

The balances and transactions with the related parties are as follows:

As of December 31, 2020

Institution	Demand deposits	Certificate of savings account	Loans	Sundry loans	Accounts payable	Contingencies	Interests Earned	Interests Paid	Other income and outlays
Directors	15.642.383.957	149.134.214.090	141.913.909	0	0	1.311.586.091	3.303.107	8.551.185.470	11.635.086
Fundadores S.A. (a)	904.578.013	0	0	0	0	0	0	1.418.668	(954.787.31)
Nexo S.A.E.C.A. (b)	33.915.014.508	10.000.000.000	0	1.573.573.331	0	0	0	37.387.026	35.408.949.110
Ventas y cobranzas S.A. (VEYCO) (c)	5.414.195.101	0	0	0	62.129.541	0	0	7.428.868	(21.170.827.684)
Familiar Seguros.S:A. (d)	823.860.478	0	0	0	0	0	0	3.405.768	9.819.495.500
Ética S.A. (e)	4.436.164.100	0	0	0	0	0	0	54.666	0
<b>Total</b>	<b>61.136.196.157</b>	<b>159.134.214.090</b>	<b>141.913.909</b>	<b>1.573.573.331</b>	<b>62.129.541</b>	<b>1.311.586.091</b>	<b>3.303.107</b>	<b>8.600.880.466</b>	<b>23.973.773.281</b>

As of December 31, 2019

Institution	Demand deposits	Certificate of savings account	Loans	Sundry loans	Accounts payable	Contingencies	Interests Earned	Interests Paid	Other income and outlays
Directors	13.255.575.244	118.858.604.922	4.221.835.451	0	0	1.283.185.004	10.428.807	(7048.306.978)	11.295.270
Fundadores S.A. (a)	64.771.520	0	0	0	0	0	0	(3.446.471)	(139.559.045)
Nexo S.A.E.C.A. (b)	28.702.709.614	14.000.000.000	0	3.429.955.684	0	0	0	(651.067.147)	40.382.555.145
Ventas y cobranzas S.A. (VEYCO) (c)	3.914.529.602	0	200.000	0	197.564.813	0	0	(24.663.604)	(26.438.049.342)
Familiar Seguros.S:A. (d)	248.886.967	0	0	0	0	0	0	(5.837.859)	(16.638.227.943)
<b>Total</b>	<b>46.186.472.947</b>	<b>132.858.604.922</b>	<b>4.222.035.451</b>	<b>3.429.955.684</b>	<b>197.564.813</b>	<b>1.283.185.004</b>	<b>10.428.807</b>	<b>(773.322.059)</b>	<b>(2.821.985.915)</b>

- a) Fundadores S.A. leases customer service offices and rooms to the Bank.
- b) Nexo S.A. buys portfolio from Banco Familiar S.A.E.C.A.
- c) Ventas y cobranzas S.A. provides sales services and collection arrangements to Banco Familiar S.A.E.C.A. See note H.
- d) Familiar Seguros S.A. is a company cleared by the Superintendency of Insurance; issues insurance policies since April 2019.
- e) Etica S.A. is a company under organization.

## L. SUBSEQUENT EVENTS

Between December 31, 2020 and the date of issuing of these financial statements, there were no significant financial or other events that would affect the structure of the estate and the results of the institution or its inclusion in the notes to the financial statements.



# **Annexes**

# OUR ATMS

- **HEADQUARTERS:** Chile 1080 esq. Jejuí
- **DOWNTOWN:** 25 de Mayo esq. Iturbe
- **PINOZA:** Avda. Eusebio Ayala y Bomberos Voluntarios
- **AVDA. ESPAÑA:** Avda. España 1039 c/ Washington
- **PASEO LA GALERÍA:** Avda. Santa Teresa e/ Aviadores del Chaco y Herminio Maldonado
- **VILLA MORRA:** Avda. Mcal. López esq. Cruz del Chaco
- **SAN MARTÍN:** Avda. San Martín esq. Lillo
- **ARTIGAS:** Avda. Artigas esq. Avda. Santísima Trinidad
- **LAMBARE:** Avda. Cacique Lambaré 9035 c/ Cerro Corá
- **ACCESO SUR:** Avda. Acceso Sur 1795 esq. Calle 3
- **MARIANO ROQUE ALONSO:** Ruta Transchaco y Capitán Alliana - Shopping El Portal
- **LUQUE I:** Cerro Corá c/ C. A. López
- **LUQUE II:** Avda. De las Residentas c/ Humaitá
- **LUQUE - AEROPUERTO SILVIO PETTIROSSI:** Pasaje Juan Justo 4133 Bquieras.
- **SAN LORENZO:** Ruta Mcal. Estigarribia y Sgto. Silva
- **SAN LORENZO II:** Julia Miranda Cueto
- **Y SATURIO RÍOS:** Ruta Mcal. Estigarribia esq. Iturbe
- **ITAGUÁ:** Ruta Mcal. Estigarribia esq. Caballero
- **CAPIATÁ:** Ruta 2 Mcal. José Félix Estigarribia esq. Martín Ledezma
- **NEMBY:** Ruta Acceso Sur e/ Avda. Manuel Ortiz Guerrero y Calle Santa Rosa
- **LIMPIO:** Ruta Gral. Elizardo Aquino y Mcal. José Félix Estigarribia
- **CORONEL OVIEDO:** Tuyutí 165 c/ Blas Garay
- **CORONEL OVIEDO - MACHETAZO:** Avda. Defensores del Chaco 2237 esq. Vice Pte. Sánchez
- **VILLARRICA:** Gral. Díaz esq. Rui Díaz de Melgarejo
- **CAMPO 9:** José Asunción Flores 478 esq. Enfermeras del Chaco.
- **CAAGUAZÚ:** Bernardino Caballero esq. Juan E. O`Leary.
- **CAAGUAZÚ II:** 15 de agosto 1988 y Cristobal Colón
- **CIUDAD DEL ESTE 1:** Avda. Bernardino Caballero c/ San Fernando
- **CIUDAD DEL ESTE 2:** Calle Super Carretera esq. Las Tórtolas, Km. 4
- **CIUDAD DEL ESTE 3:** Avda. Julio César Riquelme esq. R.I. 3 Corrales
- **CIUDAD DEL ESTE 4:** Avda. Adrián Jara 352 e/ Nanawa y Boquerón
- **SANTA RITA:** Ruta VI Avda. Carlos A.

# OUR BRANCHES

## METROPOLITANA

<b>CASA MATRIZ</b>	Chile 1080 esq/ Jejuí
<b>CENTRO</b>	25 de Mayo esq. Iturbe
<b>ESPAÑA</b>	Avda. España 1039 c/ Washington
<b>VILLA MORRA</b>	Mcal. López y Cruz del Chaco
<b>SAN MARTIN</b>	San Martín esq. Lillo
<b>PINOZA</b>	Av. E. Ayala y Bomberos Voluntarios
<b>ARTIGAS</b>	Avda. Artigas esq. Avda. S.Trinidad
<b>MARIANO ROQUE ALONSO</b>	Ruta Transchaco y Cap. Alliana
<b>LIMPIO</b>	Ruta Gral. Elizardo Aquino y Mcal. Estigarribia
<b>LUQUE 1</b>	Cerro Corá c/ C. A. López
<b>LUQUE 2</b>	Avda. De las Residentas c/ Humaitá
<b>LAMBARÉ</b>	Avda. C.Lambaré 9.035 c/ Cerro Cora
<b>SALEMMA SUPER CENTER</b>	Ruta Mcal. Estigarribia y Pastora Céspedes, Km. 9
<b>ACCESO SUR</b>	Avda. Acceso Sur 1.795 esq. calle 3
<b>ÑEMBY</b>	Ruta Acceso Sur e/ Avda. M. Ortiz Guerrero y Sta. Rosa
<b>SAN LORENZO 1</b>	Ruta Mcal. Estigarribia y Sgto. Silva
<b>SAN LORENZO 2</b>	J. M. Cueto y Saturio Ríos
<b>CAPIATÁ</b>	Ruta Mcal. Estigarribia esq. Martín Ledezma
<b>ITAGUA</b>	Ruta Mcal. Estigarribia esq. Cerro Corá
<b>CAACUPE</b>	Mcal. Estigarribia esq. V. Pino
<b>VILLA HAYES</b>	Avda. E. de Felice (Ruta Transchaco) esq. Avda. L.Hayes

## REGIÓN CENTRO

<b>CARAPEGUÁ</b>	Ruta 1 Mcal. Solano López esq. Avda. Fdo. de la Mora (Ramal Acahay)
<b>CNEL. OVIEDO</b>	Tuyutí 165 c/ Blas Garay
<b>MACHETAZO CNEL. OVIEDO</b>	Avda. Defensores del Chaco 2237 esq. Vice Pte. Sánchez
<b>CAAGUAZU 1</b>	B. Caballero esq. J.E. O`Leary
<b>CAAGUAZU 2</b>	15 de Agosto 1988 esq. Cristóbal Colón
<b>VILLARRICA</b>	Mcal. Estigarribia c/ Gral. Díaz
<b>CAMPO 9</b>	José A. Flores 478 esq. Enfermeras del Chaco

## REGIÓN ESTE

<b>HERNANDARIAS</b>	Mcal. López c/ Chaco Boreal
<b>CIUDAD DEL ESTE 1</b>	Avda. B. Caballero c/ San Fernando
<b>CIUDAD DEL ESTE 2</b>	Calle Super Carretera esq. Las Tórtolas Km. 4
<b>CIUDAD DEL ESTE 3</b>	Avda. J.C. Riquelme esq. R.I. 3 Corrales
<b>CIUDAD DEL ESTE 4</b>	Avda. A. Jara 352 e/ Nanawa y Boquerón
<b>SANTA RITA</b>	Ruta VI Avda. C.A. Lopez c/ E. Ayala
<b>MARIA AUXILIADORA</b>	Avda. Ma. Auxiliadora 37 esq. Ñasaindy
<b>SANTANI</b>	Cnel. Zoilo e/ Mcal. López y Adolfo Mello

## REGIÓN NORTE

<b>STA. ROSA DEL AGUARAY</b>	Ruta Gral. El. Aquino 627
<b>CONCEPCION 2</b>	Avda. Pinedo e/ Don Bosco y Padre Sarmiento
<b>HORQUETA</b>	Pte. Franco 1626 e/ Curupayty y Mcal. López
<b>PEDRO JUAN CABALLERO</b>	C.A. López esq. Curupayty
<b>CURUGUATY</b>	14 de Mayo 1016 c/ Julia Miranda Cueto
<b>KATUETÉ</b>	Las Residentas esq. Capellán Arzamendia

## REGIÓN SUR

<b>ENCARNACION</b>	Avda. Irrazabal casi Avda. Japón
<b>OBLIGADO</b>	Avda. Rodríguez de Francia e/ Fortín Toledo y Curupayty
<b>SAN IGNACIO</b>	Mcal. Estigarribia esq. Iturbe
<b>SAN JUAN</b>	Monseñor Bogarín c/ Raúl Villalba
<b>PILAR</b>	Avda. Irala 1292 esq. Alberzoni

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