



Investor
Presentation

Republic of Paraguay

January 2022

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01

Executive Summary



Paraguay Representatives



Oscar Llamosas Diaz
Minister of Finance

Education

- B.S. Economics, National University of Asuncion
- Masters in Economic Policy, National University of Tucuman-Argentina

Most Recent Professional Experience

- More than 25 years of career in Civil Service
- 2020 – Present: Minister of the Ministry of Finance of Paraguay
- 2017 – 2020: Vice Minister of Financial Administration of the Ministry of Finance of Paraguay
- Managing Director of Public Treasury in the Ministry of Finance
- Head of Macro-Fiscal Department



Jose Cantero
President of the
Central Bank

Education



- B.S. Economics and Political Science, University of Kansas
- Masters in Economic Policy, University of Illinois
- Masters in International Finance, University of Illinois

Most Recent Professional Experience

- 2018 – Present: President, Central Bank of Paraguay
- 2017 – 2018: Member of the Board of Directors, Central Bank of Paraguay
- 2014 - 2017: CEO, Interfisa Banco
- 2008 – 2014: Editor in Chief, Foco Economia y Negocios Magazine

Summary of the Offering



Issuer:	Republic of Paraguay ("Paraguay")
Expected Ratings:	BB / Ba1 / BB+ (S&P / Moody's / Fitch)
Ranking:	Senior Unsecured
Currency:	USD
Format:	144A / RegS
Securities:	New Long 12-year Notes due 2034
Transaction Size:	Benchmark
Maturity:	June 2034
Amortization:	Equal Amortizations in year 2032, 2033 and 2034
Coupon:	[TBD]
Optional Redemption:	Make-Whole Call Par Call
Use of Proceeds:	General Government Purposes and liability management of 2023 and 2026 Notes
Int. Payments Dates:	Fixed, paid semi-annually in arrears
Denominations:	USD 200,000 x USD 1,000
Listing:	Luxembourg
Governing Law:	State of New York
Bookrunners:	 

Tender Offer Target Bonds & Timeline



Tender Offer Target Bonds

Series	Maturity	Coupon (%)	Outstanding Principal Amount (USD mm)	Repurchase Price
USD Global Notes	January 2023	4.625	450	[xxx]
USD Global Notes	April 2026	5.000	600	[xxx]

Tender Offer Timeline

Date	New York Time	Event
January XX, 2022	8:00 AM	Tender Offer announcement
January XX, 2022	12:00 PM	Pricing terms for new bonds announced
January XX, 2022	1:00 PM	Tender Expiration Time
January XX, 2022	<9:00 AM	Maximum Purchase Amount and acceptance of Preferred and Non-Preferred Tenders announced
January XX, 2022	<12:00 PM	Tender Offer Settlement



02

Key Credit Highlights



Key Credit Highlights



Paraguay is a strong and stable credit with a positive perspective driven by a diversified economy, key exports, a proactive government and strong institutions

1

Resilient Economy amid a Decisive Response to COVID-19 Pandemic

2

Strong Institutional Reforms to Reinststate the Path to Fiscal Consolidation & Economic Reactivation

3

Conservative Debt Profile Supportive to Growth

4

Strong Commitment to ESG through Environmental Policy Implementation

5

Effective Counter Cyclical Policies to Achieve Post-Pandemic Stability

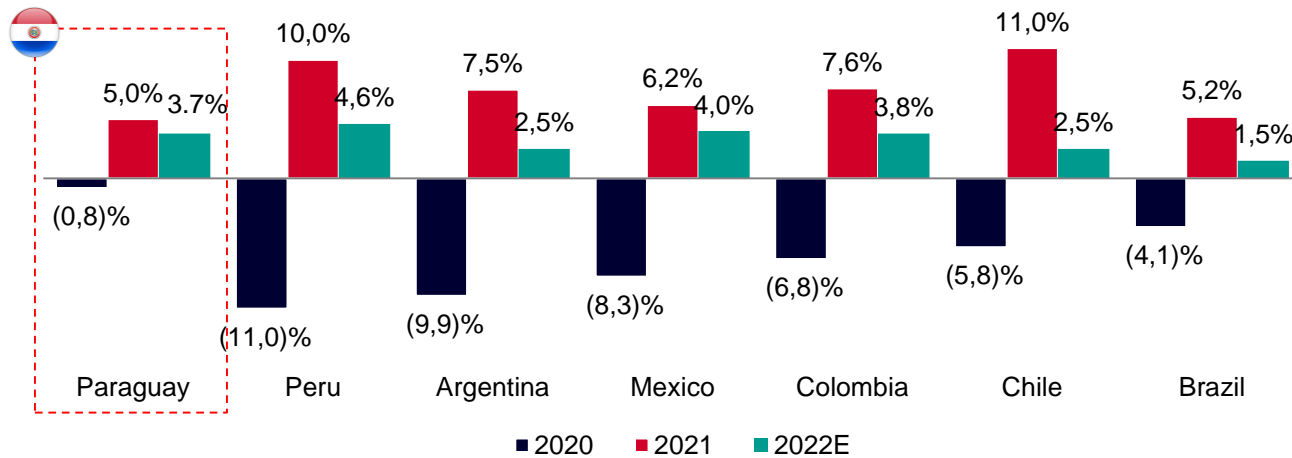
1 Resilient Economy amid Swift and Decisive Response to COVID-19 Pandemic



During 2020 and 2021, we have been implementing a reopening plan focused on economic activity which has helped maintain growth in key sections in 2021. The programs have been well received and there is no doubt that the execution of the vaccination plan has helped to reactivate our economy

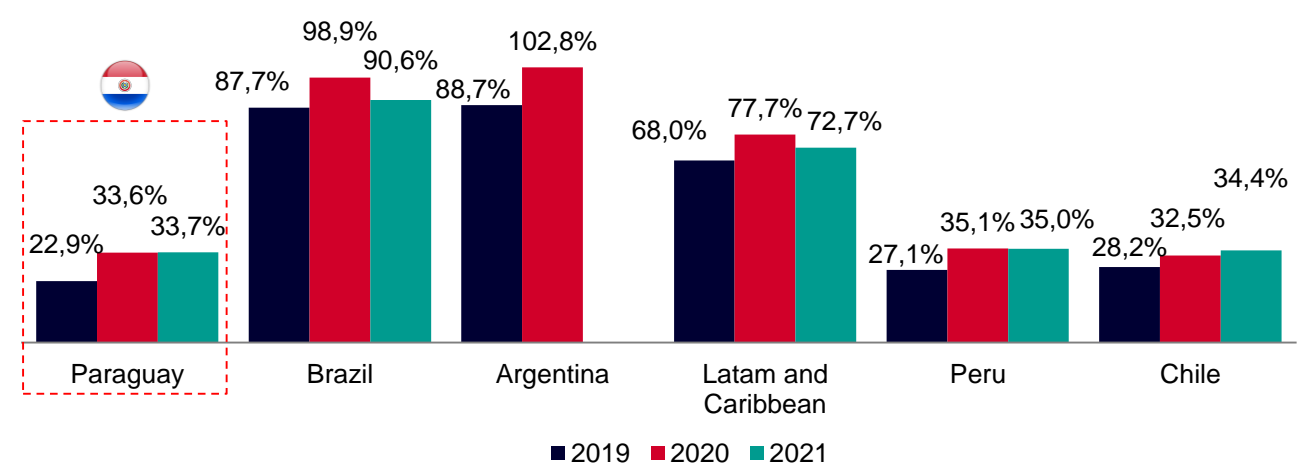
Paraguay Has Shown Greater Resilience To The Pandemic Compared To Regional Peers

Projected Economic Growth (% GDP)



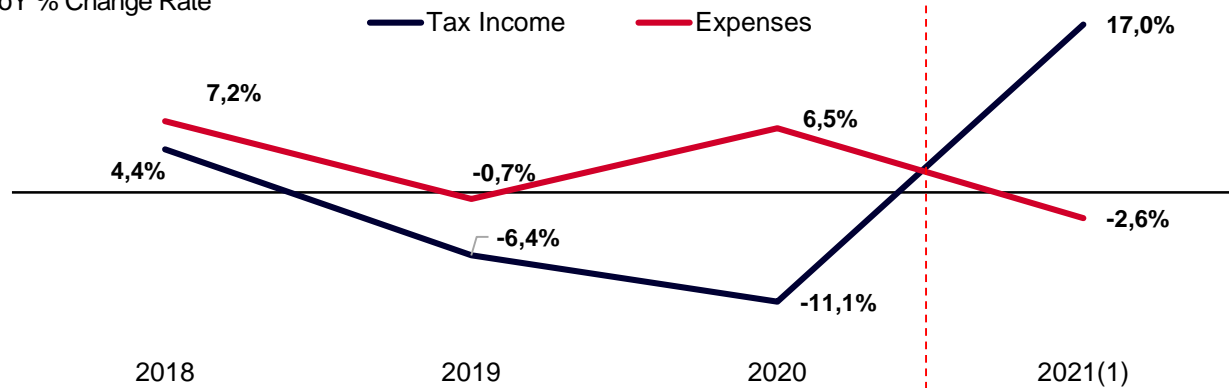
Minimizing The Impact On Public Debt

Public Debt (% of GDP)



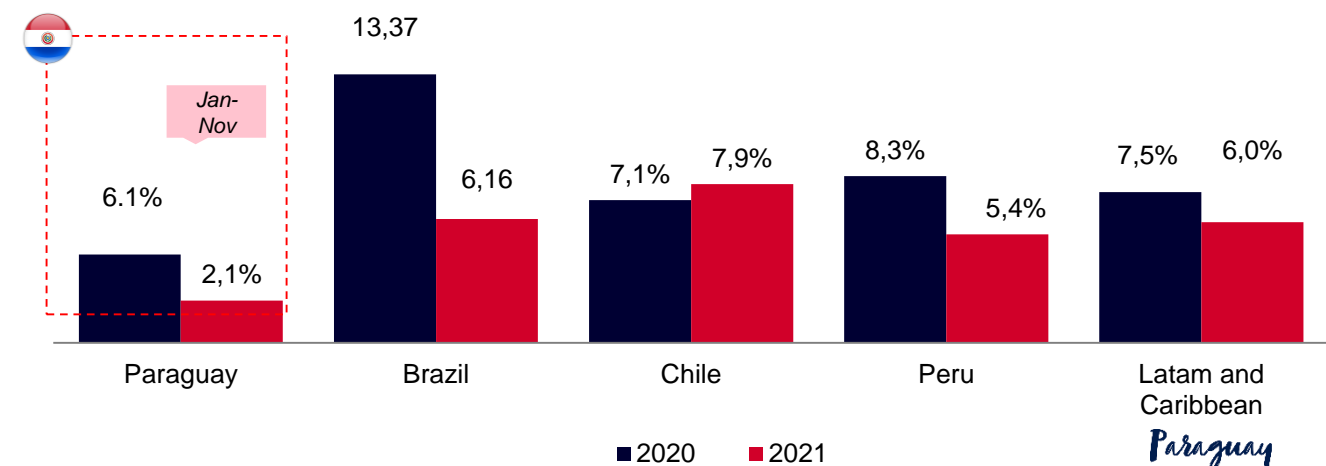
Conducive to Increasing Tax Revenues and Decreasing Expenses...

YoY % Change Rate



...While Containing Its Fiscal Balance...

Fiscal Deficit (% of GDP)

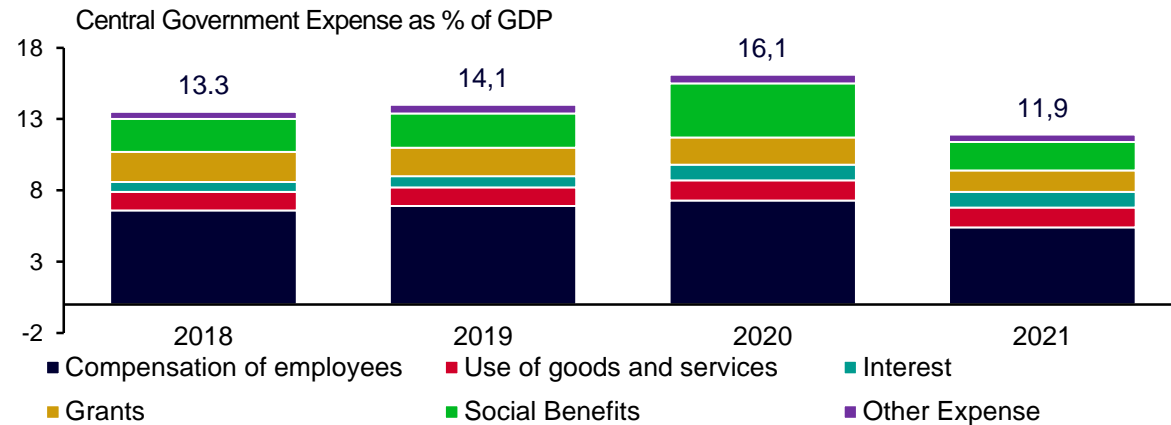


Source: Central Bank of Paraguay, IMF, Ministry of Finance. Note: 2021 figures are for the 11 month period ended November 30, 2021.

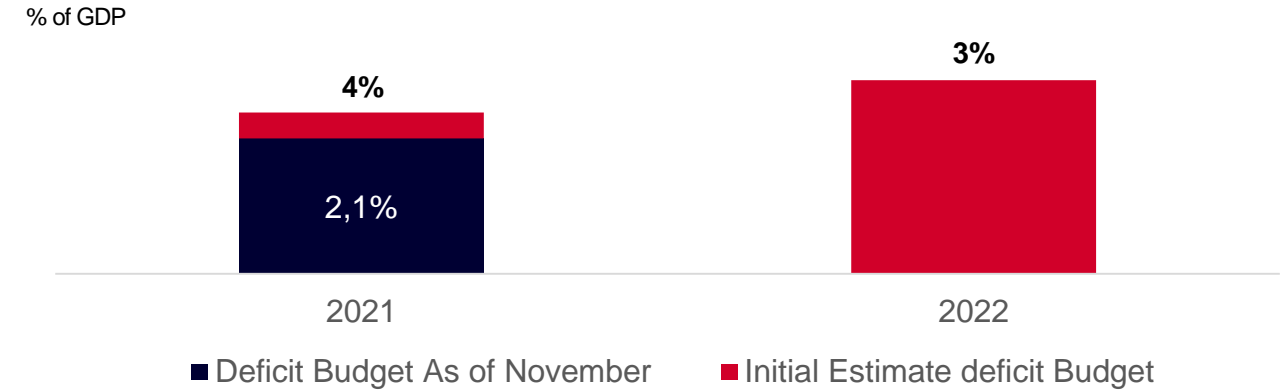


1 Resilient Economy amid Swift and Decisive Response to COVID-19 Pandemic

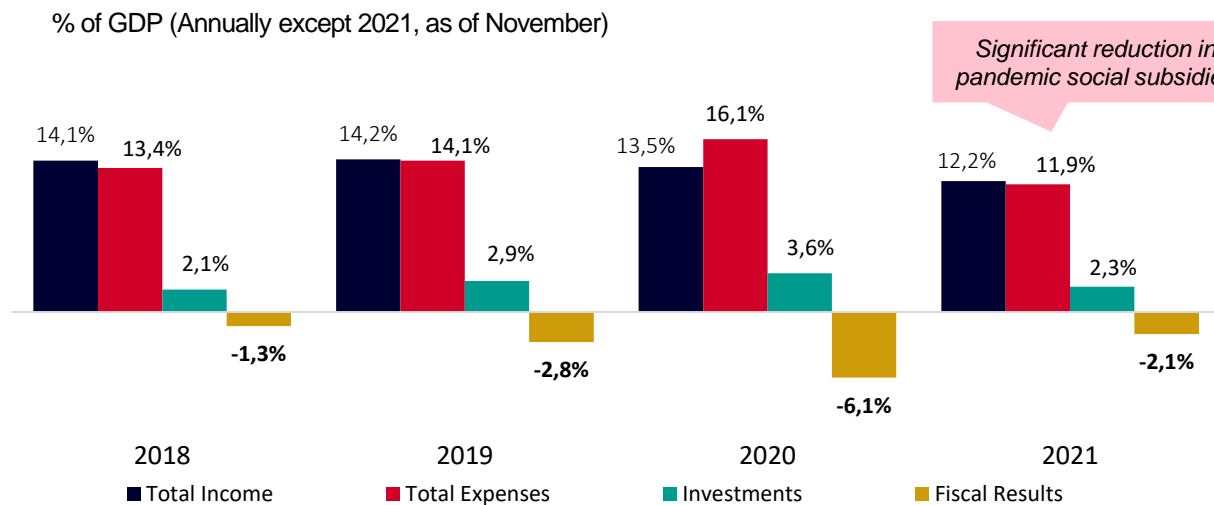
Transformation of the Government



Fiscal deficit 2021 vs 2022



Government Execution



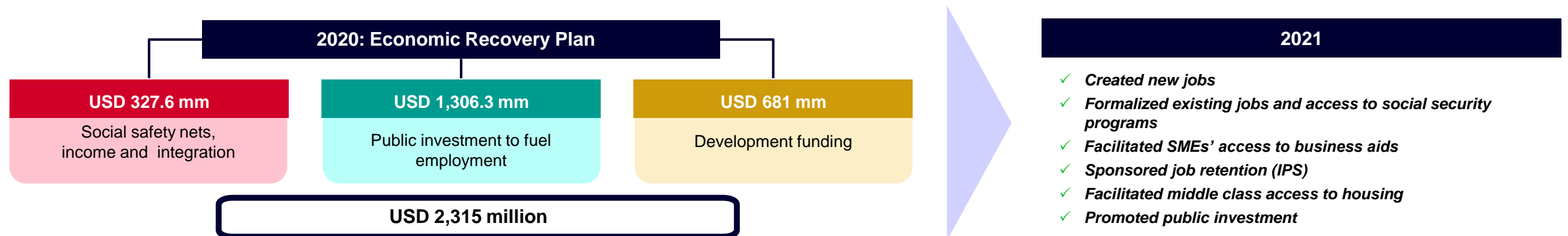
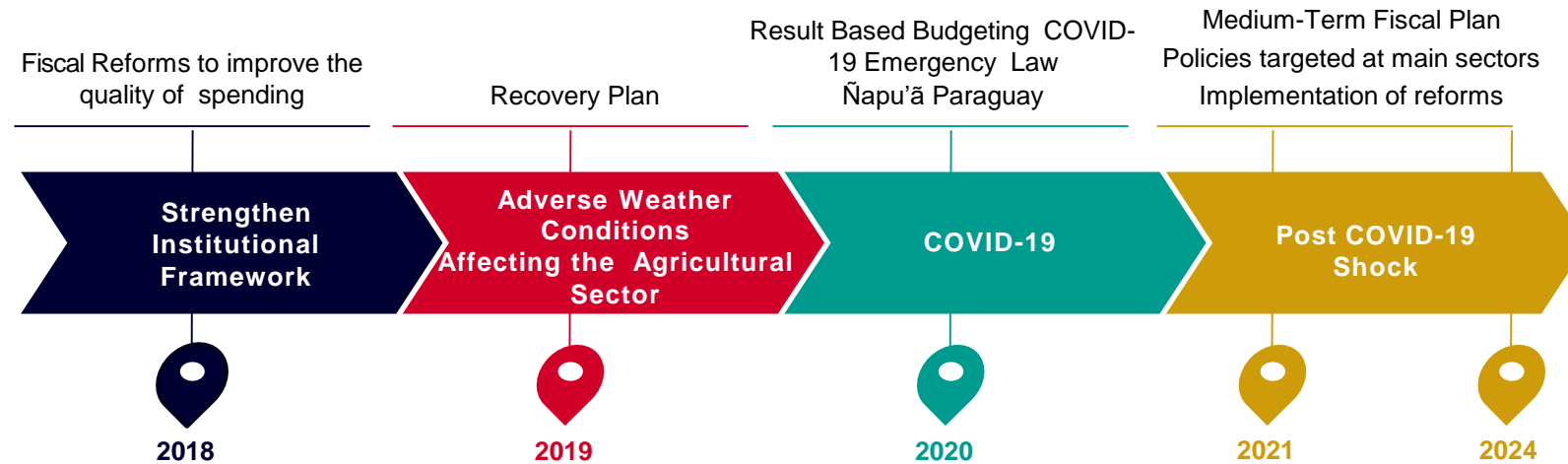
Measures for Fiscal Consolidation (2021-2024)

- ✓ 0% real growth of primary current expenditure
- ✓ Suspension of salary increases
- ✓ Keep only priority expenses; focusing on providing social aid only to vulnerable sectors, such as food and medicine
- ✓ Decentralized entities will not have increases in their budgets
- ✓ Control of number of beneficiaries and amount of social programs
- ✓ Gradual return of public investment to historical levels

Source: Ministry of Finance, Central Bank of Paraguay. Note: 2021 figures are for the 11 month period ended November 30, 2021



2 Strong Institutional Reforms to Reinststate the Path to Fiscal Consolidation & Economic Reactivation



Source: Central Bank of Paraguay, Ministry of Finance Note: 2021 figures are for the 11 month period ended November 30, 2021

2 Economic Reactivation Plan and Institutional Reforms



Economic Consolidation and Social Containment Law

The Law N° 6809/21 on Economic Consolidation and Social Containment, was approved for an amount of **USD 365 million**, which main objective was to ensure resources for programs that were in force within the 2021 General Budget of the Nation

Creation of a fund for small and medium size enterprises and self-employed workers

Exemption of basic services (ANDE and ESSAP)

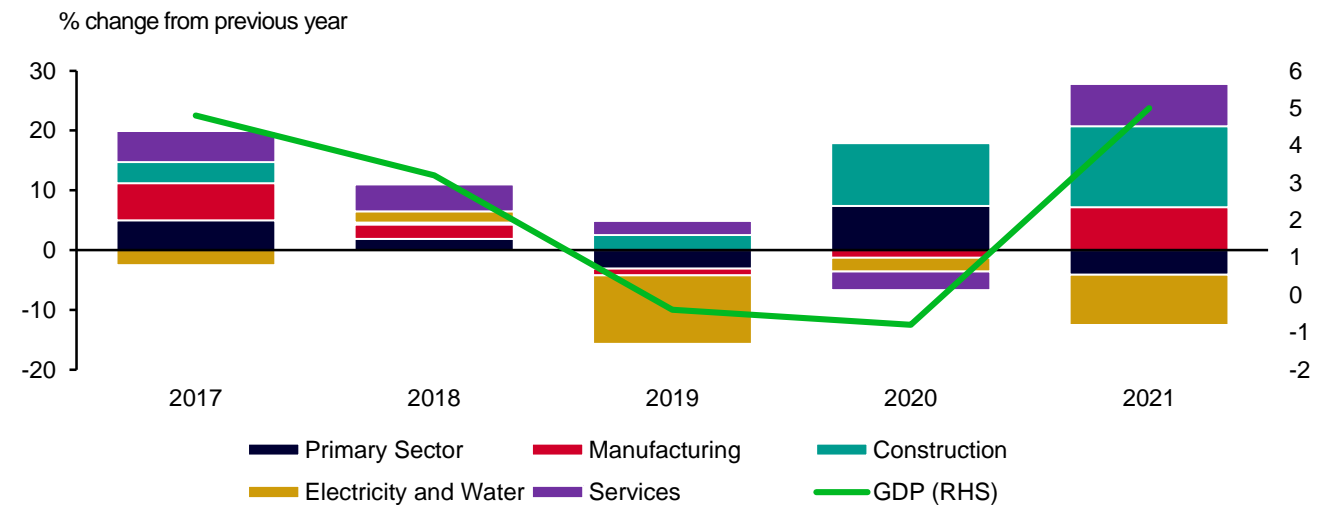
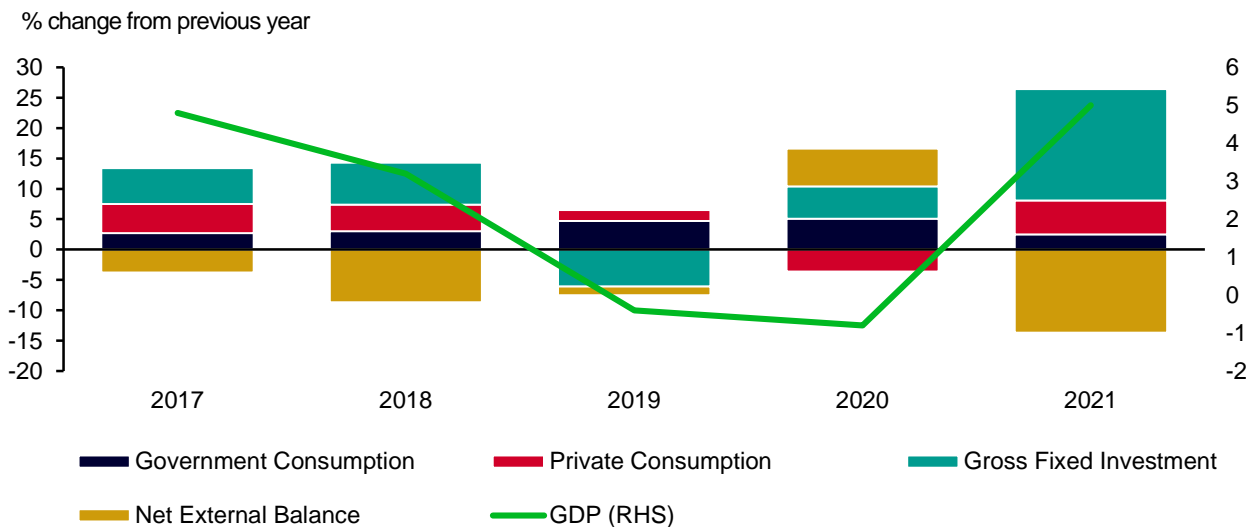
Assistance to vulnerable families

Subsidy payments for suspended formal worker

In addition, this Law seeks to continue promoting economic reactivation in it three priority areas: i) Ensuring resources for the health system; ii) Guarantee social programs, and iii) Support for workers and companies

Recovery has been driven by internal demand in the context of successful vaccination and reopening programs

...Reflected in growth across services, manufacture and construction

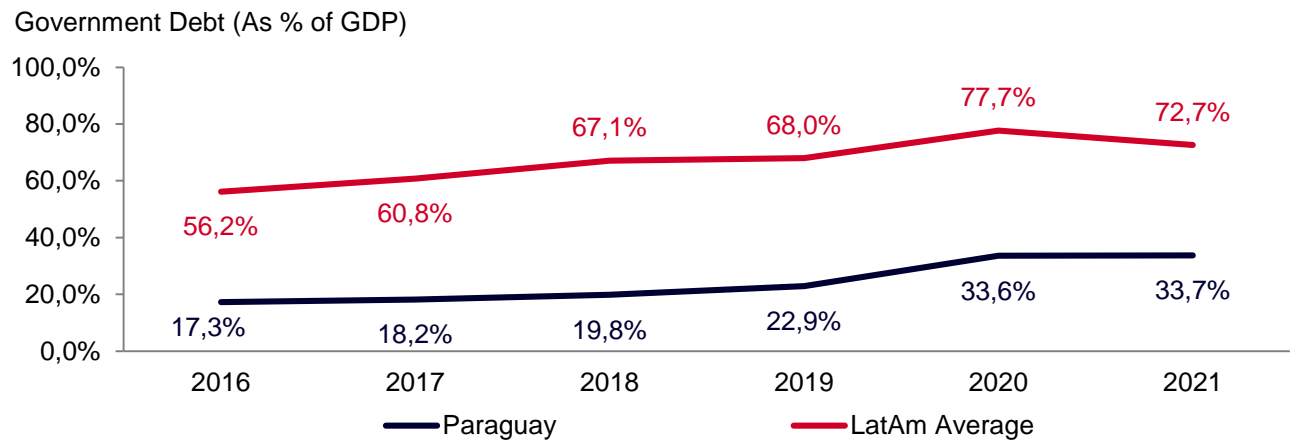


Source: Central Bank of Paraguay, Ministry of Finance. Note: 2021 figures are for the 11 month period ended November 30, 2021

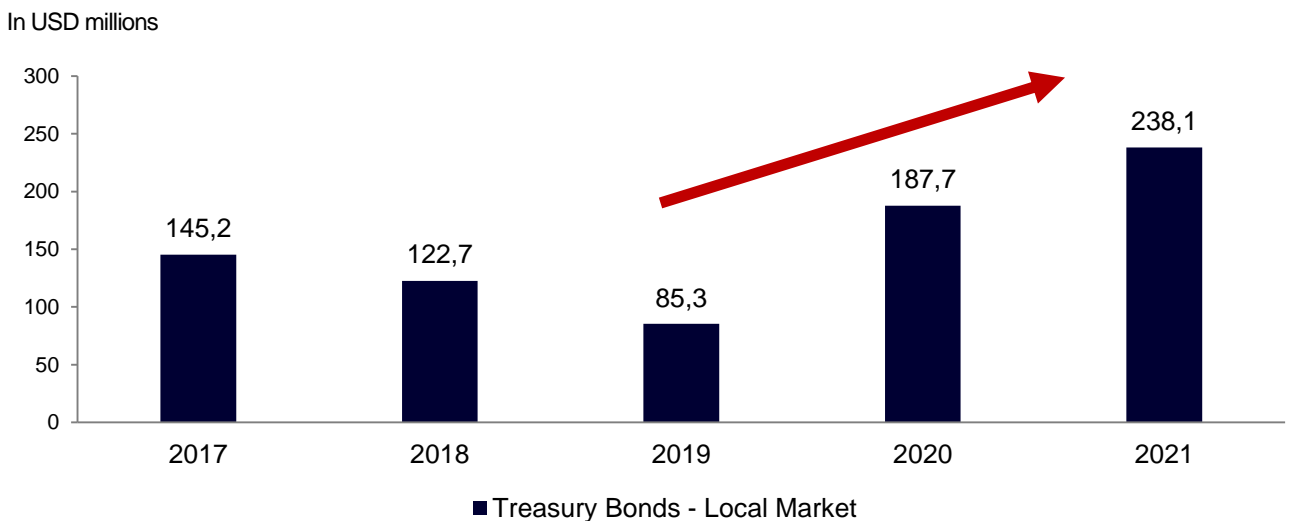
3 Conservative Debt Profile Supportive to Growth



Total Debt Increased Amid COVID-19 Pandemic, Yet Still the Lowest in the Region...

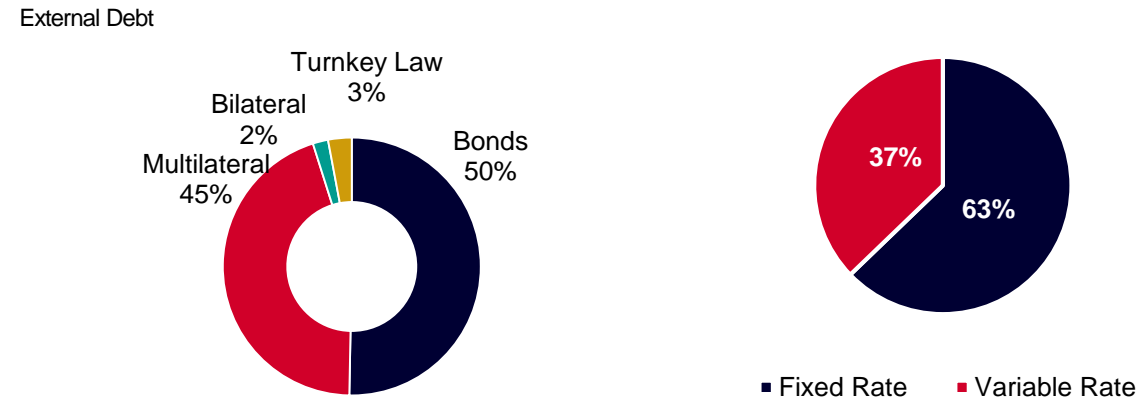


...With Promoting treasury bond issues in the local market...



Source: Ministry of Finance. Note: 2021 figures are for the 11 month period ended November 30, 2021

...And Funding Sources With A Diversified Debt Profile as of Nov 2021 ...




...With A Proactive Debt Management Approach

- The Republic of Paraguay passed during 2020 the Law approving the execution of liability management exercises
- On January 29, 2021 Paraguay entered into its first liability management transaction targeting ~\$330mm of their bonds originally issued in 2013 and maturing in 2023. As such, the outstanding principal amount of these bonds was reduced to ~\$450.5mm
- In this way, Paraguay will be executing for the second time a tender offer targeting its shortest dated USD Global Note, emphasizing the Republic's proactive commitment to maintain a healthy debt profile
 - ✓ Extend duration
 - ✓ Reduce nominal debt at an attractive rate
 - ✓ Limited operational risk
 - ✓ Simplicity of execution for investors as well

3 Conservative Debt Profile Supportive to Growth



Maintaining Stable Credit Ratings Throughout the Pandemic

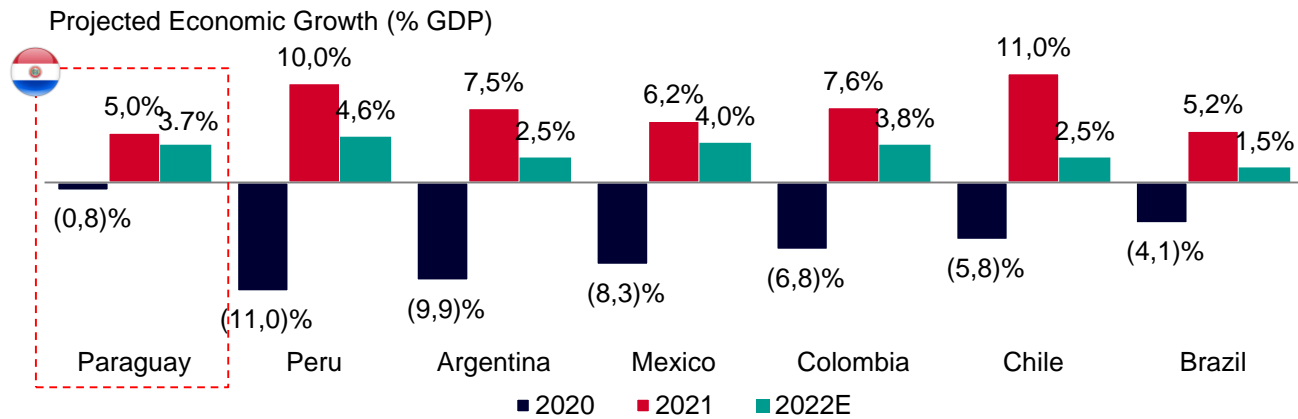
	January 2020		January 2022	
Country	Rating (S&P / Moody's / Fitch)	Outlook	Rating (S&P / Moody's / Fitch)	Outlook
 Paraguay	BB / Ba1 / BB+	Stable / Stable / Stable	BB / Ba1 / BB+	Stable / Stable / Stable
Brazil	BB- / Ba2 / BB-	Stable / Stable / Stable	BB- / Ba2 / BB-	Stable / Stable / Negative
Bolivia	BB- / Ba3 / B+	Negative / Stable / Negative	B+ / B2 / B	Negative / Negative / Stable
Chile	A+ / A1 / A	Negative / Stable / Stable	A / A1 / A-	Stable / Negative / Stable
Colombia	BBB- / Baa2 / BBB	Negative / Stable / Negative	BB+ / Baa2 / BB+	Stable / Stable / Stable
Peru	BBB+ / A3 / BBB+	Negative / Stable / Stable	BBB+ / Baa1 / BBB	Negative / Stable / Stable

Source: S&P, Moody's, and Fitch

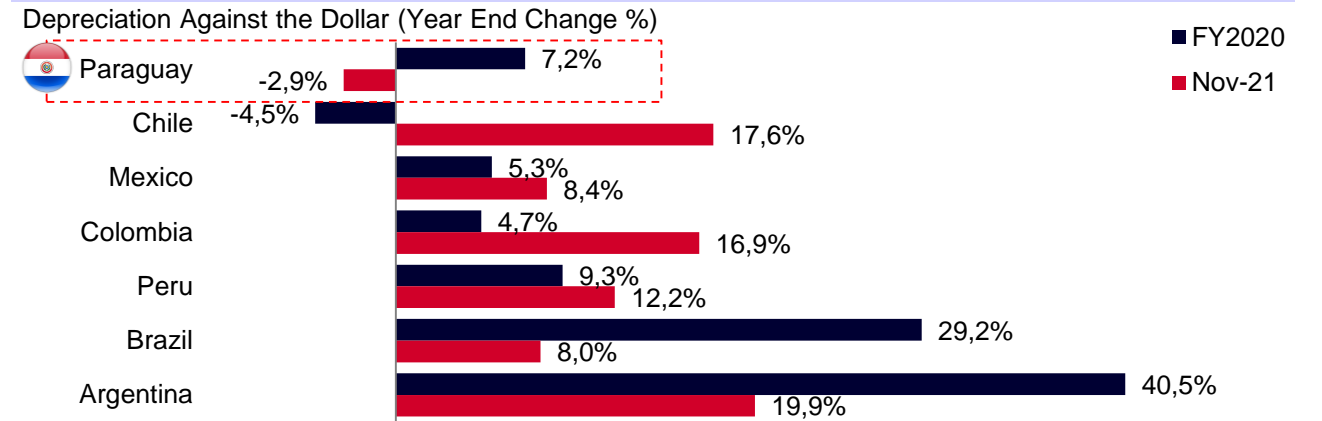
5 Effective Counter Cyclical Policies Demonstrated by Economic Stabilization & Recovery



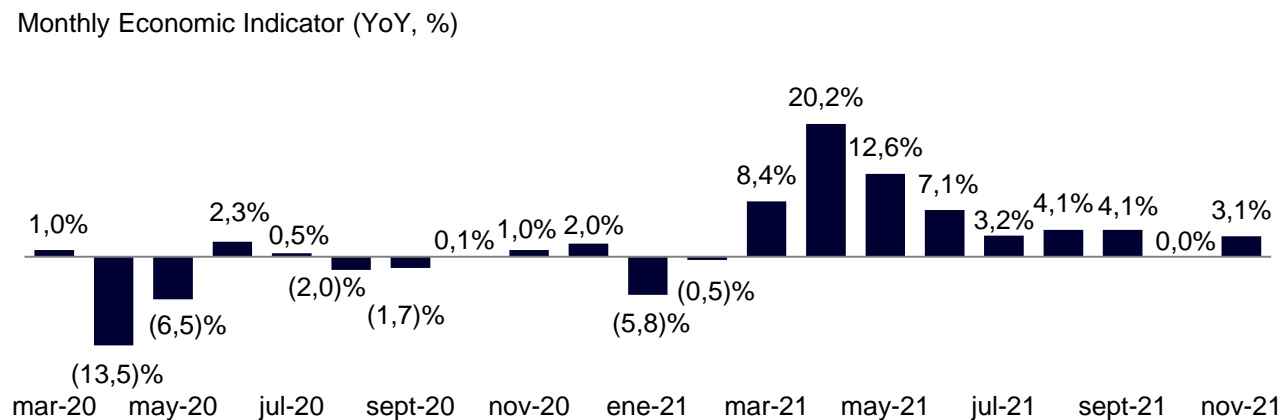
Paraguay Has Shown Greater Resilience To The Pandemic Compared To Regional Peers



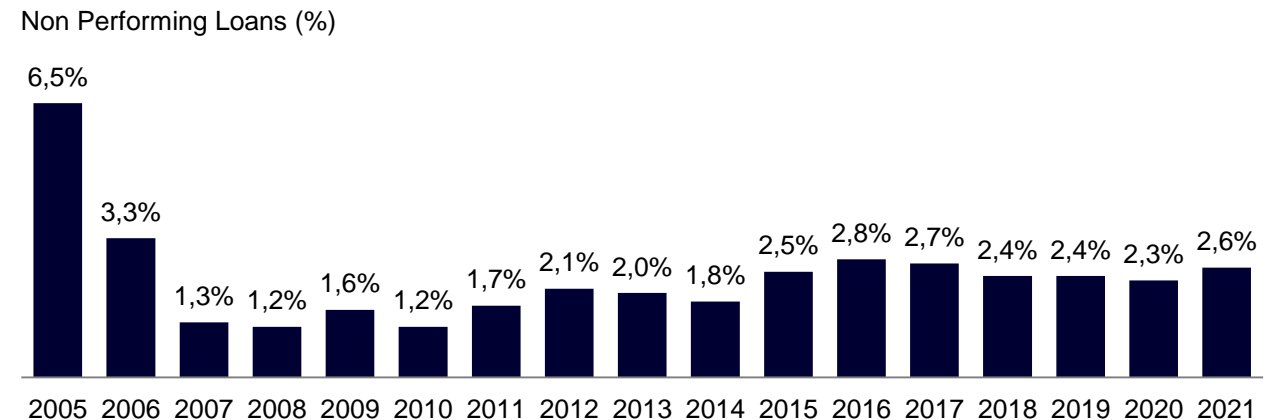
Paraguay's Economic Strength is Showcased Through the Stability of its Currency



Macroeconomic Policy Action to Stimulate Economic Recovery...



...With Solid Financial System

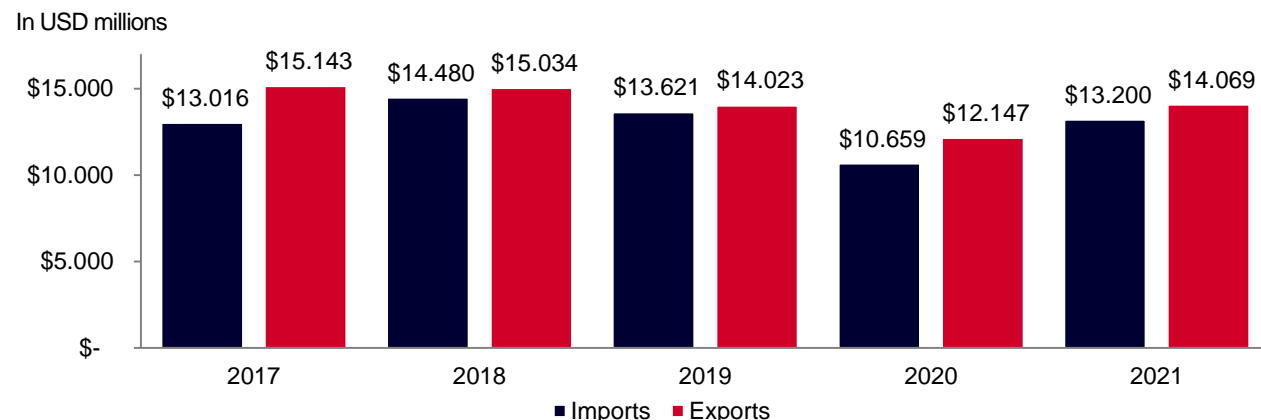


Source: Ministry of Finance, Central Bank of Paraguay. Note: 2021 Non Performing Loan figures are for the 11 month period ended November 30, 2021 CPI figures are preliminary figures as of December 31, 2021.

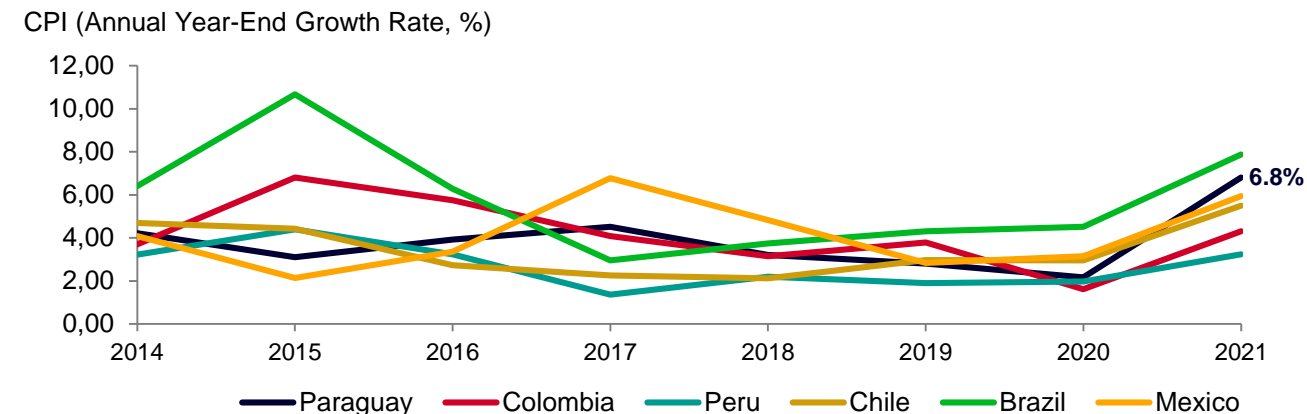
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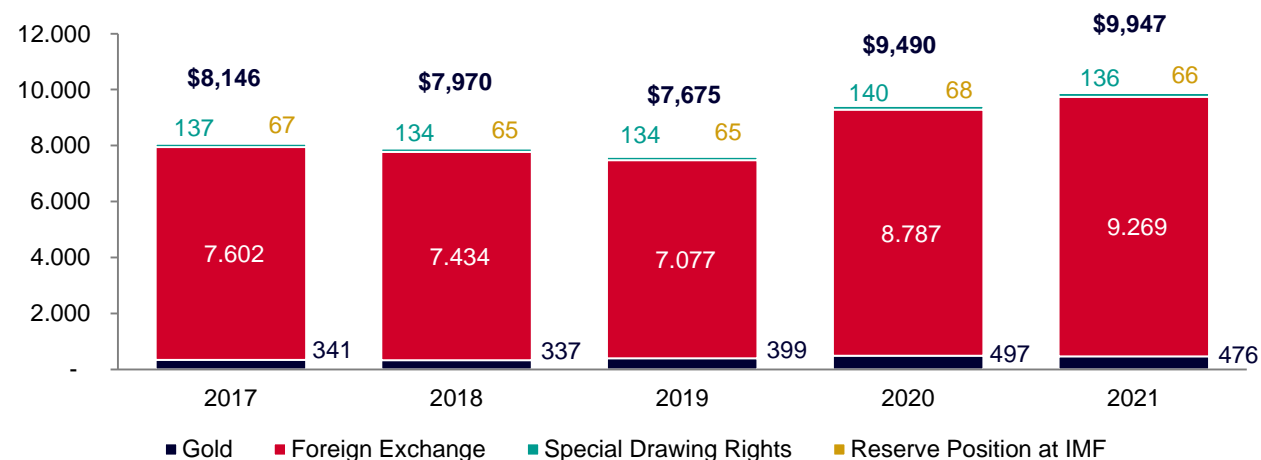
Imports and Exports (Output Approach to GDP)



Central Bank Action Has Been Key to Control Inflation

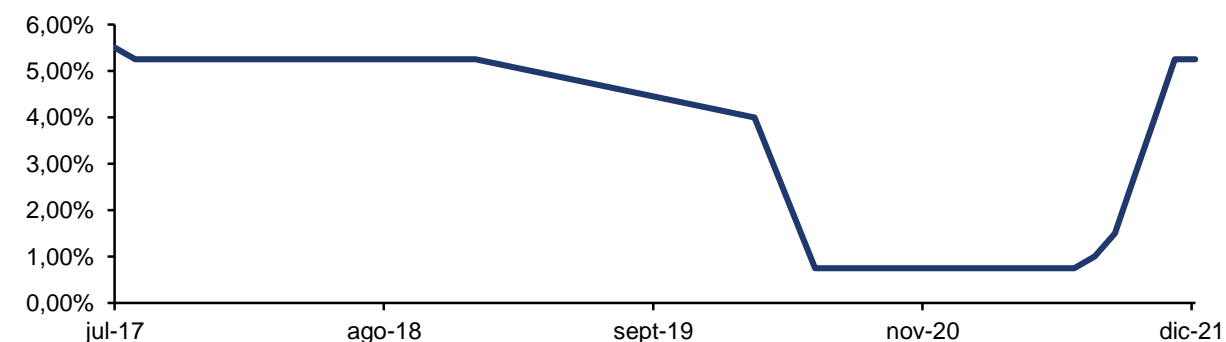


International Net Reserves of the Central Bank



Monetary Policy Rate

In August 2021, in order to meet the medium-term inflation target, the Central Bank initiated a gradual process of normalization of its monetary policy, increasing the MPR by 450 basis points between August and December 2021, reaching 5.25%



Source: Ministry of Finance, Central Bank of Paraguay. Note: 2021 Non Performing Loan figures are for the 11 month period ended November 30, 2021 CPI figures are preliminary figures as of December 31, 2021.