

BANCO REGIONAL S.A.E.C.A.
BALANCE SHEET AS OF DECEMBER 31, 2017
Presented for comparative purposes with the financial statements of prior year
(Amounts expressed in Paraguayan guaraníes)

ASSETS	Note	DECEMBER 31, 2017	DECEMBER 31, 2016
CASH AND BANKS			
Cash		394.930.109.406	311.292.848.401
Central Bank of Paraguay	c.3	1.712.720.403.434	1.878.592.130.533
Other financial institutions		132.866.429.176	483.952.906.043
Checks and other documents to be cleared		149.553.628.418	94.516.345.270
Accrued interests		1.272.999.729	1.167.996.498
Allowances	c.7	(222.744.471)	(3.082.878)
		2.391.120.825.692	2.769.519.143.867
GOVERNMENT AND PRIVATE SECURITIES			
	c.4	728.974.625.667	951.701.160.424
PERFORMING LOANS			
FINANCIAL SECTOR			
Other financial institutions		484.830.362.458	474.057.018.148
Financial Derivative	c.18	15.711.408.830	106.436.255.790
Loans for overdrafts		-	5.983.134
Accrued interests		10.337.791.670	6.430.962.545
Allowances	c.7	(59.917.086)	(78.824.666)
	c.6.1	510.819.645.872	586.851.394.951
PERFORMING LOANS			
NONFINANCIAL SECTOR			
Loans to private sector		10.272.875.657.920	9.980.267.600.078
Receivables from deferred letters of credit		151.039.186.814	129.057.260.831
Financial Derivative	c.18	14.558.048.816	41.446.866.640
Loans to government sector		19.416.086.539	19.736.800.859
Valuation earnings not accrued		(878.680.247)	(7.371.657.027)
Accrued interests		169.867.942.560	200.558.816.697
Allowances	c.7	(154.881.735.630)	(177.913.081.221)
	c.6.2	10.471.996.506.772	10.185.782.606.857
OTHER RECEIVABLES			
	c.6.4	98.985.739.354	72.588.514.569
NONPERFORMING LOANS			
FINANCIAL			
Loans to nonfinancial sector		233.951.351.589	194.051.695.975
Loans to government sector		-	32.238.564.112
Valuation earnings not accrued		(2.260.883.653)	(3.891.500.844)
Accrued interests		9.698.059.513	11.319.026.332
Allowances	c.7	(139.207.298.774)	(100.391.975.349)
	c.6.3	102.181.228.675	133.325.810.226
INVESTMENTS			
Private securities	c.8	48.450.888.678	18.913.888.872
Assets acquired in credit recovery	c.8	177.964.191.124	249.932.949.725
Other investments		3.633.806	3.748.504
Incomes from investments in the private sector		752.111.488	535.890.438
Allowances	c.7	(11.896.542.497)	(10.130.439.984)
	c.8	215.274.282.599	259.256.037.555
PROPERTY, PLANT AND EQUIPMENT			
	c.9	107.769.540.807	67.120.977.524
DEFERRED CHARGES			
	c.10	4.501.808.420	7.200.172.180
TOTAL ASSETS		14.631.624.203.858	15.033.345.818.153

Attached notes from A to G, are part of the financial statements herein.

FREE TRANSLATION FROM THE ORIGINAL ISSUED IN SPANISH

BANCO REGIONAL S.A.E.C.A.
BALANCE SHEET AS OF DECEMBER 31, 2017

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LIABILITIES	Note	DECEMBER 31, 2017	DECEMBER 31, 2016
FINANCIAL LIABILITIES			
FINANCIAL SECTOR			
Central Bank of Paraguay		11.514.290.649	12.145.866.538
Deposits from other banks	c.15.1 b)	537.844.491.532	501.632.615.407
Correspondents - deferred letters of credit		148.673.815.800	126.203.320.379
Loans from financial institutions		1.481.196.009.946	1.101.491.728.879
ATM outstanding operations		7.857.729.470	3.654.364.771
Bonds issued abroad	c.11.b)	1.677.141.000.000	1.730.079.000.000
Financial Derivative	c.18	15.770.488.889	113.522.360.949
Accrued interests		75.745.737.294	78.037.769.654
	c.14	3.955.743.563.580	3.666.767.026.577
FINANCIAL LIABILITIES			
NONFINANCIAL SECTOR			
Deposits - Private Sector	c.15.1 b)	7.763.237.246.104	8.192.626.539.516
Deposits - Public Sector	c.15.1 b)	976.098.863.261	1.322.043.861.101
Other obligations		50.197.212.670	51.158.318.703
Debentures and bonds issued outstanding	c.11.a)	106.543.177.260	158.844.893.440
Financial Derivative	c.18	14.632.615.446	41.326.314.055
Accrued interests		59.172.039.573	73.389.329.736
	c.14	8.969.881.154.314	9.839.389.256.551
OTHER LIABILITIES			
Taxes payables		13.498.791.956	11.985.989.298
Social security payables		566.085.385	1.078.608.556
Dividends payable		520.684.140	188.490.857
Financial lease payables		-	124.382.876
Accounts payable		40.707.021.022	1.768.555.015
Cashier's check issued		47.471.371.244	20.029.724.223
Other liabilities		4.613.341.427	4.006.997.980
Uncollected Perceived Income		2.308.791.577	-
	c.17	109.686.086.751	39.182.748.805
ACCRUALS		23.611.660.534	32.283.031.612
TOTAL LIABILITIES		13.058.922.465.179	13.577.622.063.545
EQUITY			
Capital	b.5; c.12 f	1.001.408.000.000	908.028.700.000
Non-Capitalized Contributions		16.445.060.000	17.339.360.000
Revaluation reserve		39.187.594.342	36.273.953.795
Legal reserve		309.881.501.648	258.061.562.370
Accumulated results		12.078.865.133	-
Profit for the year		193.700.717.556	236.020.178.443
TOTAL EQUITY	D	1.572.701.738.679	1.455.723.754.608
TOTAL LIABILITIES AND EQUITY		14.631.624.203.858	15.033.345.818.153
CONTINGENCY AND MEMORANDUM ACCOUNTS			
TOTAL CONTINGENCIES ACCOUNTS	E	925.229.125.550	777.280.392.459
TOTAL MEMORANDUM ACCOUNTS	E	13.924.307.216.031	13.737.282.556.619

Attached notes from A to G, are part of the financial statements herein.

FREE TRANSLATION FROM THE ORIGINAL ISSUED IN SPANISH

BANCO REGIONAL S.A.E.C.A.
STATEMENT OF INCOME FOR THE YEAR ENDED DECEMBER 31, 2017
Presented for comparative purposes whit the financial statements of prior year
(Amounts expressed in Paraguayan guaraníes)

	Note	DECEMBER 31, 2017	DECEMBER 31, 2016
FINANCIAL INCOME			
From performing loans - Financial sector		116.167.977.775	106.194.871.896
From performing loans - Nonfinancial sector		1.033.616.890.237	1.131.526.140.633
From nonperforming loans		13.818.096.712	26.425.674.436
From listed price differences of government securities		16.949.799.783	28.453.761.244
From valuation of financial assets and liabilities in foreign currency	f.2	3.347.508.808	-
		1.183.900.273.315	1.292.600.448.209
FINANCIAL EXPENSES			
From financial liabilities - Financial sector		(87.193.383.095)	(95.851.450.104)
From financial liabilities - Nonfinancial sector		(463.968.572.102)	(494.586.158.965)
From valuation of financial assets and liabilities in foreign currency	f.2	-	(6.791.027.467)
		(551.161.955.197)	(597.228.636.536)
		632.738.318.118	695.371.811.673
FINANCIAL INCOME BEFORE ALLOWANCES			
ALLOWANCES			
Additions	c.7	(693.484.484.024)	(873.696.717.545)
Reversals	c.7	500.130.865.709	676.551.501.024
		(193.353.618.315)	(197.145.216.521)
		439.384.699.803	498.226.595.152
FINANCIAL PROFIT AFTER ALLOWANCES			
NET INCOME FROM SERVICES			
Income from services		139.116.435.451	144.330.506.895
Expenses from services		(26.803.735.853)	(30.795.228.695)
		112.312.699.598	113.535.278.200
		551.697.399.401	611.761.873.352
GROSS PROFIT			
OTHER OPERATING INCOME			
Gain for exchange and arbitrage operations		26.509.418.577	33.819.489.192
Gain from other receivables		2.331	-
Other income		2.060.278.132	1.828.147.846
Valuation of other assets and liabilities in foreign currency - Net	f.2	2.388.731.100	3.076.622.101
		30.958.430.140	38.724.259.139
OTHER OPERATING EXPENSES			
Salaries and social securities		(216.044.945.820)	(202.165.555.217)
General Expenses		(141.297.917.406)	(150.255.795.280)
Depreciation of property, plant and equipment	c.9	(13.773.823.935)	(13.668.763.234)
Amortization of deferred charges		(2.454.273.129)	(2.974.827.719)
Others		(29.007.078.518)	(26.591.498.123)
		(402.578.038.808)	(395.656.439.573)
		180.077.790.733	254.829.692.918
NET OPERATING PROFIT			
EXTRAORDINARY GAINS AND LOSSES			
Gains		45.265.785.835	15.495.465.473
Losses		(17.287.945.878)	(11.752.886.229)
		27.977.839.957	3.742.579.244
PRIOR YEAR ADJUSTMENTS			
Gains		5.336.576.437	3.110.687.560
Losses		(1.492.785.218)	(2.583.263.331)
	d.3	3.843.791.219	527.424.229
		211.899.421.909	259.099.696.391
PROFIT FOR THE YEAR BEFORE INCOME TAX			
Income Tax	f.4	(18.198.704.353)	(23.079.517.948)
		193.700.717.556	236.020.178.443

Attached notes from A to G, are part of the financial statements herein.

BANCO REGIONAL S.A.E.C.A.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2017

Presented for comparative purposes with the financial statements of prior year

(Amounts expressed in Paraguayan guaraníes)

Concept	Capital		Non-capitalized contributions	Revaluation reserve	Legal reserve	Retained earnings	Profit (Loss) for the year	Total
	Shares of common stock	Shares of preferred stock						
Balance as of December 31, 2015	534.946.400.000	250.000.000.000	17.339.360.000	33.635.469.877	212.086.410.559	-	211.454.136.306	1.259.461.776.742
plus (minus):								
Transfer of prior year results	-	-	-	-	-	211.454.136.306	(211.454.136.306)	-
Capitalization of earnings	123.082.300.000	-	-	-	-	(123.082.300.000)	-	-
Constitution of legal reserve	-	-	-	-	45.975.151.811	(45.975.151.811)	-	-
Cash dividends - preferred shares	-	-	-	-	-	(40.000.000.000)	-	(40.000.000.000)
Cash dividends - common shares	-	-	-	-	-	(2.396.684.495)	-	(2.396.684.495)
Revaluation of property, plant and equipment	-	-	-	2.638.483.918	-	-	-	2.638.483.918
Profit for the year	-	-	-	-	-	-	236.020.178.443	236.020.178.443
Balance as of December 31, 2016	658.028.700.000	250.000.000.000	17.339.360.000	36.273.953.795	258.061.562.370	-	236.020.178.443	1.455.723.754.608
plus (minus):								
Transfer of prior year results	-	-	-	-	-	236.020.178.443	(236.020.178.443)	-
Capitalization of earnings	92.485.000.000	-	-	-	-	(92.485.000.000)	-	-
Constitution of legal reserve	-	-	-	-	51.819.939.278	(51.819.939.278)	-	-
Cash dividends - preferred shares	-	-	-	-	-	(40.000.000.000)	-	(40.000.000.000)
Cash dividends - common shares	894.300.000	-	(894.300.000)	-	-	(39.636.374.032)	-	(39.636.374.032)
Revaluation of property, plant and equipment	-	-	-	2.913.640.547	-	-	-	2.913.640.547
Profit for the year	-	-	-	-	-	-	193.700.717.556	193.700.717.556
Balance as of December 31, 2017	751.408.000.000	250.000.000.000	16.445.060.000	39.187.594.342	309.881.501.648	12.078.865.133	193.700.717.556	1.572.701.738.679

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BANCO REGIONAL S.A.E.C.A.
CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2017
Presented for comparative purposes with the financial statements of prior year
(Amounts expressed in Paraguayan guaraníes)

	<u>Note</u>	<u>DECEMBER 31, 2017</u>	<u>DECEMBER 31, 2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
PROFIT FOR THE YEAR		193.700.717.556	236.020.178.443
PLUS EXPENSES NOT INVOLVING USE OF CASH			
Depreciation of property, plant and equipment		13.773.823.935	13.668.763.234
Amortization of deferred charges		2.454.273.129	2.974.827.719
Increase in allowances	c.7	693.484.484.024	873.696.717.545
Accrual for income taxes	f.4	18.198.704.353	23.079.517.948
Accrued interests unpaid		134.917.776.867	151.427.099.390
Net value of disposal of property, plant and equipment		12.689.791.925	2.305.680.927
		875.518.854.233	1.067.152.606.763
LESS INCOME NOT INVOLVING CASH INFLOW			
Effect of the valuation of accounts in foreign currency		(47.273.007.483)	(11.060.498.391)
Bancard dividend capitalization		(3.904.918.296)	(2.975.319.731)
Reversal of allowances	c.7	(500.130.865.709)	(676.551.501.024)
Accrued interests not collected		(214.518.489.805)	(258.856.320.084)
		(765.827.281.293)	(949.443.639.230)
Net decrease of loans		(593.686.741.601)	700.236.680.823
Net decrease (increase) in other receivables		(15.459.672.991)	19.539.364.654
Net (decrease) increase in financial liabilities		(331.334.476.575)	(638.983.419.430)
Net (decrease) increase in other liabilities		69.977.558.047	(4.727.570.405)
Net decrease in accruals		(25.693.655.659)	(12.241.559.358)
Income tax paid		(3.597.629.634)	(21.750.681.556)
		(899.794.618.413)	42.072.814.728
Net cash flow (used in) generated by operating activities		(596.402.327.917)	395.801.960.704
CASH FLOWS FROM INVESTING ACTIVITIES			
Net (increase) decrease in government securities		241.739.514.778	(137.608.328.219)
Net increase in investments		119.855.316.961	(8.419.371.114)
Acquisition of property, plant and equipment		(64.198.538.596)	(9.568.276.369)
Net increase of deferred charges		244.090.631	(1.411.951.258)
Net cash flow generated by (used in) investing activities		297.640.383.774	(157.007.926.960)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of dividends		(79.636.374.032)	(42.396.684.495)
Net cash flows used in financing activities		(79.636.374.032)	(42.396.684.495)
Net (decrease) increase in cash		(378.398.318.175)	196.397.349.249
Cash and cash equivalents at beginning of year		2.769.519.143.867	2.573.121.794.618
Cash and cash equivalents at end of year		2.391.120.825.692	2.769.519.143.867

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