

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

Presented for comparative purposes with the financial statements at December 31, 2016

(Amounts expressed in Paraguayan guaraníes)

ASSETS	Note	MARCH 31, 2017	DECEMBER 31, 2016
CASH AND BANKS			
Cash		247.570.156.357	311.292.848.401
Central Bank of Paraguay	c.3	2.307.817.682.546	1.878.592.130.533
Other financial institutions		563.559.618.243	483.952.906.043
Checks and other documents to be offset		171.736.117.160	94.516.345.270
Accrued interests		1.617.952.830	1.167.996.498
Allowances	c.7	<u>(3.364.620)</u>	<u>(3.082.878)</u>
		3.292.298.162.516	2.769.519.143.867
GOVERNMENT AND PRIVATE SECURITIES			
	c.4	936.604.883.219	951.701.160.424
PERFORMING LOANS			
FINANCIAL SECTOR			
Other financial institutions		442.058.911.189	474.057.018.148
Transactions to be settled	c.18	53.806.489.951	106.436.255.790
Loans for overdrafts		60.647.117	5.983.134
Accrued interests		7.599.424.753	6.430.962.545
Allowances	c.7	<u>(80.203.079)</u>	<u>(78.824.666)</u>
	c.6.1	503.445.269.931	586.851.394.951
PERFORMING LOANS			
NONFINANCIAL SECTOR			
Loans to private sector		9.790.239.373.526	9.980.267.600.078
Receivables from deferred letters of credit		132.393.912.861	129.057.260.831
Transactions to be settled	c.18	37.967.000.000	41.446.866.640
Loans to government sector		20.728.091.782	19.736.800.859
Unrealized valuation earnings		(8.180.604.799)	(7.371.657.027)
Accrued interests		230.477.485.917	200.558.816.697
Allowances	c.7	<u>(170.288.254.815)</u>	<u>(177.913.081.221)</u>
	c.6.2	10.033.337.004.472	10.185.782.606.857
OTHER RECEIVABLES			
	c.6.4	123.671.503.299	72.588.514.569
NONPERFORMING LOANS			
Loans to nonfinancial sector		236.475.006.331	194.051.695.975
Loans to government sector		1.226.643	32.238.564.112
Unrealized valuation earnings		(2.922.457.397)	(3.891.500.844)
Accrued interests		11.819.366.877	11.319.026.332
Allowances	c.7	<u>(116.826.396.139)</u>	<u>(100.391.975.349)</u>
	c.6.3	128.546.746.315	133.325.810.226
INVESTMENTS			
Private securities	c.8	18.913.888.730	18.913.888.872
Assets acquired in credit recovery	c.8	256.720.080.769	249.932.949.725
Other investments		3.664.792	3.748.504
Investment income in the private sector		233.424.730	535.890.438
Allowances	c.7	<u>(10.164.653.909)</u>	<u>(10.130.439.984)</u>
	c.8	265.706.405.112	259.256.037.555
PROPERTY, PLANT AND EQUIPMENT			
	c.9	65.265.782.211	67.120.977.524
DEFERRED CHARGES			
	c.10	6.038.528.840	7.200.172.180
TOTAL ASSETS		15.354.914.285.915	15.033.345.818.153

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

The earlier draft of the External Audit Opinion

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

Presented for comparative purposes with the financial statements at December 31, 2016
(Amounts expressed in Paraguayan guaraníes)

LIABILITIES	Note	MARCH 31, 2017	DECEMBER 31, 2016
FINANCIAL LIABILITIES			
FINANCIAL SECTOR			
Central Bank of Paraguay		12.184.032.208	12.145.866.538
Deposits from other banks	c.15.1	622.976.698.729	501.632.615.407
Correspondents - deferred letters of credit		131.352.315.943	126.203.320.379
Loans from financial institutions		1.072.796.797.041	1.101.491.728.879
Compensation ATM operations pending		13.533.683.533	3.654.364.771
Bonds issued abroad	c.11.b)	1.691.442.000.000	1.730.079.000.000
Transactions to be settled	c.18	57.191.852.530	113.522.360.949
Accrued interests		46.959.375.503	78.037.769.654
	c.14	3.648.436.755.487	3.666.767.026.577
FINANCIAL LIABILITIES			
NONFINANCIAL SECTOR			
Deposits - Private Sector	c.15.1	8.260.012.968.907	8.192.626.539.516
Deposits - Public Sector	c.15.1	1.378.062.853.040	1.322.043.861.101
Other obligations		200.469.145.418	51.158.318.703
Debentures and bonds issued in circulation	c.11.a)	156.190.789.120	158.844.893.440
Transactions to be settled	c.18	36.693.478.861	41.326.314.055
Accrued interests		68.287.063.709	73.389.329.736
	c.14	10.099.716.299.055	9.839.389.256.551
OTHER LIABILITIES	c.17	50.115.866.323	39.182.748.805
ACCRUALS		38.670.314.569	32.283.031.612
TOTAL LIABILITIES		13.836.939.235.434	13.577.622.063.545
EQUITY			
Capital	b.5	908.923.000.000	908.028.700.000
Shares of common stock		658.923.000.000	658.028.700.000
Shares of preferred stock	c.12 f	250.000.000.000	250.000.000.000
Non-Capitalized Contributions		16.445.060.000	17.339.360.000
Revaluation reserve		37.222.001.891	36.273.953.795
Legal reserve		258.061.562.370	258.061.562.370
Accumulated results		236.020.178.443	-
Profit for the year		61.303.247.777	236.020.178.443
TOTAL EQUITY	D	1.517.975.050.481	1.455.723.754.608
TOTAL LIABILITIES AND EQUITY		15.354.914.285.915	15.033.345.818.153
CONTINGENCY AND MEMORANDUM ACCOUNTS			
TOTAL CONTINGENCIES ACCOUNTS	E	788.578.308.590	777.280.392.459
TOTAL MEMORANDUM ACCOUNTS	E	13.564.480.317.084	13.737.282.556.619

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

BANCO REGIONAL S.A.E.C.A.
STATEMENT OF INCOME FOR THE PERIOD FOR THREE MONS ENDED MARCH 31, 2017
Presented for comparative purposes with the financial statements of prior period
(Amounts expressed in Paraguayan guaraníes)

	Note	MARCH 31, 2017	MARCH 31, 2016
FINANCIAL INCOME			
From performing loans - Financial sector		29.785.095.364	23.063.870.528
From performing loans - Nonfinancial sector		265.872.344.548	289.415.945.459
From nonperforming loans		5.002.952.921	5.188.812.321
From income and listed price differences of government securities		4.772.475.885	7.356.559.319
From valuation of financial assets and liabilities in foreign currency	f.2	-	1.993.062.863
		<u>305.432.868.718</u>	<u>327.018.250.490</u>
FINANCIAL EXPENSES			
From financial liabilities - Financial sector		(21.219.152.942)	(25.003.230.909)
From financial liabilities - Nonfinancial sector		(120.084.871.444)	(123.691.878.391)
From valuation of financial assets and liabilities in foreign currency	f.2	(2.012.847.042)	-
		<u>(143.316.871.428)</u>	<u>(148.695.109.300)</u>
FINANCIAL INCOME BEFORE ALLOWANCES		<u>162.115.997.290</u>	<u>178.323.141.190</u>
ALLOWANCES			
Additions	c.7	(128.230.743.763)	(207.317.165.520)
Reversals	c.7	93.702.727.187	136.476.055.138
		<u>(34.528.016.576)</u>	<u>(70.841.110.382)</u>
FINANCIAL PROFIT AFTER ALLOWANCES		<u>127.587.980.714</u>	<u>107.482.030.808</u>
NET INCOME FROM SERVICES			
Income from services		31.387.778.402	33.145.235.922
Expenses from services		(5.744.907.557)	(5.742.488.118)
		<u>25.642.870.845</u>	<u>27.402.747.804</u>
GROSS PROFIT		<u>153.230.851.559</u>	<u>134.884.778.612</u>
OTHER OPERATING INCOME			
Gain for exchange and arbitrage operation		8.362.366.260	10.016.260.124
Gain from other receivables		-	-
Income from operating leasing		-	-
Other income		539.982.627	407.093.057
		1.250.116.663	2.495.754.442
		<u>10.152.465.550</u>	<u>12.919.107.623</u>
OTHER OPERATING EXPENSES			
Salaries and social securities			
General expenses		(50.861.250.914)	(46.867.991.082)
Depreciation of property, plant and equipment	c.9	(35.008.623.578)	(33.853.523.692)
Amortization of deferred charges		(3.430.745.783)	(3.339.245.195)
Others		(795.617.991)	(769.483.190)
Valuation of other assets and liabilities in foreign currency - net	f.2	(6.178.420.945)	(6.804.500.305)
		-	-
		<u>(96.274.659.211)</u>	<u>(91.634.743.464)</u>
NET OPERATING PROFIT		<u>67.108.657.898</u>	<u>56.169.142.771</u>
EXTRAORDINARY GAINS AND LOSSES			
Extraordinary gains		3.016.976.551	5.041.988.696
Extraordinary losses		(5.129.989.432)	(189.459.817)
		<u>(2.113.012.881)</u>	<u>4.852.528.879</u>
PRIOR YEAR ADJUSTMENTS			
Gains		2.907.722.203	828.921.928
Losses		(801.371.902)	(362.931.213)
	d.3	<u>2.106.350.301</u>	<u>465.990.715</u>
PROFIT FOR THE YEAR BEFORE INCOME TAX		<u>67.101.995.318</u>	<u>61.487.662.365</u>
Income Tax	f.4	(5.798.747.541)	(4.980.818.578)
NET PROFIT FOR THE YEAR		<u>61.303.247.777</u>	<u>56.506.843.787</u>

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

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

STATEMENT OF INCOME FOR THE PERIOD FOR THREE MONS ENDED MARCH 31, 2017

Presented for comparative purposes whit the financial statements of prior period

(Amounts expressed in Paraguayan guaraníes)

Concepto	Capital		Non-capitalized contributions	Revaluation reserve	Legal reserve	Retained earnings (accumulated losses)	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 contributions	-	-	-	-	-	-	-	-
Revaluation of property, plant and equipment	-	-	-	2.076.657.058	-	-	-	2.076.657.058
Profit for the year	-	-	-	-	-	-	56.506.843.787	56.506.843.787
Balance as of March 31, 2016	534.946.400.000	250.000.000.000	17.339.360.000	35.712.126.935	212.086.410.559	211.454.136.306	56.506.843.787	1.318.045.277.587
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 Contributions	-	894.300.000	(894.300.000)	-	-	-	-	-
Revaluation of property, plant and equipment	-	-	-	948.048.096	-	-	-	948.048.096
Profit for the year	-	-	-	-	-	-	61.303.247.777	61.303.247.777
Balance as of March 31, 2017	658.028.700.000	250.894.300.000	16.445.060.000	37.222.001.891	258.061.562.370	236.020.178.443	61.303.247.777	1.517.975.050.481

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

The earlier draft of the External Audit Opinion

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

	<u>Note</u>	<u>MARCH 31, 2017</u>	<u>MARCH 31, 2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
PROFIT FOR THE YEAR		61.303.247.777	56.506.843.787
PLUS EXPENSES NOT INVOLVING USE OF CASH			
Depreciation of property, plant and equipment	c.9	3.430.745.783	3.339.245.195
Amortization of deferred charges		795.617.991	769.483.190
Increase in allowances	c.7	128.230.743.763	207.317.165.520
Accrual for income taxes	f.4	-	4.980.818.578
Accrued interests unpaid		115.246.439.212	133.485.161.535
Valuation of foreign currency accounts		-	-
Net value of disposal of property, plant and equipment	c.9	3.444.695	49.230.890
		247.706.991.444	349.941.104.908
LESS INCOME NOT INVOLVING CASH INFLOW			
Valuation of foreign currency accounts		(31.947.262.260)	(63.513.340.956)
Bancard dividend capitalization		-	-
Reversal of allowances	c.7	(93.702.727.187)	(136.476.055.138)
Accrued interests not collected		(276.566.724.359)	(319.465.895.397)
		(402.216.713.806)	(519.455.291.491)
Net decrease (increase) in loans		225.372.481.423	395.073.501.741
Net increase in other receivables		(69.727.903.258)	(1.276.940.732)
Net (decrease) increase in financial liabilities		243.516.341.410	398.146.969.204
Net (decrease) increase in other liabilities		10.767.666.477	45.526.214.578
Net decrease in accruals		7.241.906.995	3.285.517.230
Income tax paid		21.750.681.556	-
		438.921.174.603	840.755.262.021
Net cash flows generated by (used in) operating activities		345.714.700.018	727.747.919.225
CASH FLOWS FROM INVESTING ACTIVITIES			
Net decrease (increase) in government securities		176.992.560.718	98.560.958.290
Net increase in investments		336.679.633	-
Acquisition of property, plant and equipment	c.9	(630.947.069)	(557.759.862)
Net increase of deferred charges		366.025.349	(160.410.474)
Cash generated by (used in) used in investing activities		177.064.318.631	97.842.787.954
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of dividends		-	-
Additional paid-in capital		-	-
Cash from bonds issued abroad		-	-
Net cash flows (used in) generated by financing activities		-	-
NET INCREASE IN CASH		522.779.018.649	825.590.707.179
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		3.292.298.162.516	3.398.712.501.797

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

Francisco Furman S.
General Accountant

Roland Wolff
Syndic

Eugenio Oze de Morvil
General Manager

Raúl Vera Bogado
President

The earlier draft of the External Audit Opinion