

BANCO REGIONAL S.A.E.C.A.
BALANCE SHEET AS OF DECEMBER 31, 2018

Presented for comparative purposes with the financial statements of prior year
 (Amounts expressed in Paraguayan guaraníes)

ASSETS	Note	DECEMBER 31, 2018	DECEMBER 31, 2017
CASH AND BANKS			
Cash		396.538.388.132	394.930.109.406
Central Bank of Paraguay	c.3	2.116.177.497.296	1.712.720.403.434
Other financial institutions		955.261.688.501	132.866.429.176
Checks and other documents to be cleared		73.305.843.405	149.553.628.418
Accrued interests		1.814.638.453	1.272.999.729
Allowances	c.7	(61.977.088)	(222.744.471)
		3.543.036.078.699	2.391.120.825.692
GOVERNMENT AND PRIVATE SECURITIES			
	c.4	730.091.370.537	728.974.625.667
PERFORMING LOANS			
FINANCIAL SECTOR			
Other financial institutions		371.033.077.242	484.830.362.458
Financial Derivative	c.18	1.736.250.000	15.711.408.830
Accrued interests		7.359.755.771	10.337.791.670
Allowances	c.7	-	(59.917.086)
	c.6.1	380.129.083.013	510.819.645.872
PERFORMING LOANS			
NONFINANCIAL SECTOR			
Loans to private sector		11.879.271.251.229	10.272.875.657.920
Receivables from deferred letters of credit		227.110.436.444	151.039.186.814
Financial Derivative	c.18	8.158.869.744	14.558.048.816
Loans to government sector		18.568.473.695	19.416.086.539
Valuation earnings not accrued		(9.176.270.226)	(878.680.247)
Accrued interests		194.701.830.227	169.867.942.560
Allowances	c.7	(194.911.077.192)	(154.881.735.630)
	c.6.2	12.123.723.513.921	10.471.996.506.772
OTHER RECEIVABLES			
	c.6.4	199.973.132.623	98.985.739.354
NONPERFORMING LOANS			
FINANCIAL			
Loans to nonfinancial sector		183.879.579.370	233.951.351.589
Loans to government sector		-	-
Valuation earnings not accrued		(3.457.490.186)	(2.260.883.653)
Accrued interests		5.289.868.849	9.698.059.513
Allowances	c.7	(81.299.164.222)	(139.207.298.774)
	c.6.3	104.412.793.811	102.181.228.675
INVESTMENTS			
Private securities	c.8	97.596.315.885	48.450.888.678
Assets acquired in credit recovery	c.8	141.848.948.920	177.964.191.124
Other investments		3.874.352	3.633.806
Incomes from investments in the private sector		1.057.833.408	752.111.488
Allowances	c.7	(12.974.407.513)	(11.896.542.497)
	c.8	227.532.565.052	215.274.282.599
PROPERTY, PLANT AND EQUIPMENT			
	c.9	125.204.756.353	107.769.540.807
DEFERRED CHARGES			
	c.10	8.294.768.929	4.501.808.420
TOTAL ASSETS		17.442.398.062.938	14.631.624.203.858

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

BANCO REGIONAL S.A.E.C.A.
BALANCE SHEET AS OF DECEMBER 31, 2018

Presented for comparative purposes with the financial statements of prior year
 (Amounts expressed in Paraguayan guaraníes)

LIABILITIES	Note	DECEMBER 31, 2018	DECEMBER 31, 2017
FINANCIAL LIABILITIES			
FINANCIAL SECTOR			
Central Bank of Paraguay		12.600.412.283	11.514.290.649
Deposits from other banks	c. 15.1	720.464.114.962	537.844.491.532
Correspondents - deferred letters of credit		221.413.948.069	148.673.815.800
Loans from financial institutions		2.572.769.163.937	1.481.196.009.946
ATM outstanding operations		16.672.969.529	7.857.729.470
Bonds issued abroad	c. 11.b)	1.788.162.000.000	1.677.141.000.000
Financial Derivative	c. 18	1.790.614.820	15.770.488.889
Accrued interests		89.061.375.460	75.745.737.294
	c. 14, c. 15.2b)	5.422.934.599.060	3.955.743.563.580
FINANCIAL LIABILITIES			
NONFINANCIAL SECTOR			
Deposits - Private Sector	c. 15.1	8.682.631.857.880	7.763.237.246.104
Deposits - Public Sector	c. 15.1	1.359.794.825.782	976.098.863.261
Other obligations		40.293.972.551	50.197.212.670
Debentures and bonds issued outstanding	c. 11.a)	111.044.860.200	106.543.177.260
Financial Derivative	c. 18	8.157.455.229	14.632.615.446
Accrued interests		64.646.785.105	59.172.039.573
	c. 14, c. 15.2b)	8.969.881.154.314	8.969.881.154.314
OTHER LIABILITIES			
Taxes payables		12.499.635.827	13.498.791.956
Social security payables		39.807.010	566.085.385
Dividends payable		900.014.545	520.684.140
Accounts payable		2.025.712.427	40.707.021.022
Cashier's check issued		65.082.486.531	47.471.371.244
Other liabilities		6.580.980.793	4.613.341.427
Uncollected Perceived Income		6.017.667.795	2.308.791.577
	c. 17	93.146.304.928	109.686.086.751
ACCRUALS		22.689.707.958	23.611.660.534
TOTAL LIABILITIES		8.969.881.154.314	8.969.881.154.314
EQUITY			
Capital	b.5; c. 12 f	1.087.787.800.000	1.001.408.000.000
Non-Capitalized Contributions		16.445.060.000	16.445.060.000
Revaluation reserve		42.471.033.945	39.187.594.342
Legal reserve		352.261.386.030	309.881.501.648
Accumulated results		-	12.078.865.133
Profit for the year		138.092.414.270	193.700.717.556
TOTAL EQUITY	D	1.637.057.694.245	1.572.701.738.679
TOTAL LIABILITIES AND EQUITY		8.969.881.154.314	8.969.881.154.314
CONTINGENCY AND MEMORANDUM ACCOUNTS			
TOTAL CONTINGENCIES ACCOUNTS	E	1.091.576.527.557	925.229.125.550
TOTAL MEMORANDUM ACCOUNTS	E	17.098.405.560.526	13.924.307.216.031

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 YEAR ENDED DECEMBER 31, 2018
 Presented for comparative purposes with the financial statements of prior year
 (Amounts expressed in Paraguayan guaraníes)

	Note	DECEMBER 31, 2018	DECEMBER 31, 2017
FINANCIAL INCOME			
From performing loans - Financial sector		88.620.386.967	116.167.977.775
From performing loans - Nonfinancial sector		1.026.602.674.607	1.033.616.890.237
From nonperforming loans		12.666.543.545	13.818.096.712
From listed price differences of government securities		16.465.477.030	16.949.799.783
From valuation of financial assets and liabilities in foreign currency	f.2	-	3.347.508.808
		1.144.355.082.149	1.183.900.273.315
FINANCIAL EXPENSES			
From financial liabilities - Financial sector		(99.652.127.900)	(87.193.383.095)
From financial liabilities - Nonfinancial sector		(448.798.188.654)	(463.968.572.102)
From valuation of financial assets and liabilities in foreign currency	f.2	(4.689.462.464)	-
		(553.139.779.018)	(551.161.955.197)
FINANCIAL INCOME BEFORE ALLOWANCES		591.215.303.131	632.738.318.118
ALLOWANCES			
Additions	c.7	(645.774.664.777)	(693.484.484.024)
Reversals	c.7	472.183.001.338	500.130.865.709
		(173.591.663.439)	(193.353.618.315)
FINANCIAL PROFIT AFTER ALLOWANCES		417.623.639.692	439.384.699.803
NET INCOME FROM SERVICES			
Income from services		158.087.701.769	139.116.435.451
Expenses from services		(38.907.404.092)	(26.803.735.853)
		119.180.297.677	112.312.699.598
GROSS PROFIT		536.803.937.369	551.697.399.401
OTHER OPERATING INCOME			
Gain for exchange and arbitrage operations		23.903.062.255	26.509.418.577
Gain from other receivables		-	2.331
Other income		19.657.700.081	2.060.278.132
Valuation of other assets and liabilities in foreign currency - Net	f.2	-	2.388.731.100
		43.560.762.336	30.958.430.140
OTHER OPERATING EXPENSES			
Salaries and social securities		(199.984.920.693)	(216.044.945.820)
General Expenses		(146.816.305.164)	(141.297.917.406)
Depreciation of property, plant and equipment	c.9	(16.442.893.821)	(13.773.823.935)
Amortization of deferred charges		(1.566.888.769)	(2.454.273.129)
Others		(58.304.624.422)	(29.007.078.518)
By valuation of other liabilities and assets in foreign currency - Net	f.2	(6.442.412.035)	-
		(429.558.044.904)	(402.578.038.808)
NET OPERATING PROFIT		150.806.654.801	180.077.790.733
EXTRAORDINARY GAINS AND LOSSES			
Gains		3.986.392.870	45.265.785.835
Losses		(6.420.493.832)	(17.287.945.878)
		(2.434.100.962)	27.977.839.957
PRIOR YEAR ADJUSTMENTS			
Gains		11.027.570.293	5.336.576.437
Losses		(4.723.611.465)	(1.492.785.218)
	d.3	6.303.958.828	3.843.791.219
PROFIT FOR THE YEAR BEFORE INCOME TAX		154.676.512.667	211.899.421.909
Income Tax	f.4	(16.584.098.397)	(18.198.704.353)
NET PROFIT FOR THE YEAR		138.092.414.270	193.700.717.556

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, 2018

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, 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 (1)	92.485.000.000	-	-	-	-	(92.485.000.000)	-	-
Constitution of legal reserve (1)	-	-	-	-	51.819.939.278	(51.819.939.278)	-	-
Cash dividends - preferred shares	-	-	-	-	-	(40.000.000.000)	-	(40.000.000.000)
Cash dividends - common shares (1)	894.300.000	-	-894.300.000	-	-	(39.636.374.032)	-	(39.636.374.032)
Revaluation of property, plant and equipment (1)	-	-	-	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
plus (minus):								
Transfer of prior year results	-	-	-	-	-	193.700.717.556	(193.700.717.556)	-
Capitalization of earnings (2)	86.379.800.000	-	-	-	-	(86.379.800.000)	-	-
Constitution of legal reserve (2)	-	-	-	-	42.379.884.382	(42.379.884.382)	-	-
Cash dividends - preferred shares (2)	-	-	-	-	-	(40.000.000.000)	-	(40.000.000.000)
Cash dividends - common shares (2)	-	-	-	-	-	(37.019.898.307)	-	(37.019.898.307)
Revaluation of property, plant and equipment	-	-	-	3.283.439.603	-	-	-	3.283.439.603
Profit for the year	-	-	-	-	-	-	138.092.414.270	138.092.414.270
Balance as of December 31, 2018	837.787.800.000	250.000.000.000	16.445.060.000	42.471.033.945	352.261.386.030	-	138.092.414.270	1.637.057.694.245

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

(1) Approved by the General Shareholders' Meeting held on April 28, 2017.

(2) Approved by the General Shareholders' Meeting held on March 16, 2018.

BANCO REGIONAL S.A.E.C.A.
CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2018

Presented for comparative purposes with the financial statements of prior year
 (Amounts expressed in Paraguayan guaraníes)

	<u>Note</u>	<u>DECEMBER 31, 2018</u>	<u>DECEMBER 31, 2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
PROFIT FOR THE YEAR		138.092.414.270	193.700.717.556
PLUS EXPENSES NOT INVOLVING USE OF CASH			
Depreciation of property, plant and equipment		16.442.893.821	13.773.823.935
Amortization of deferred charges		1.566.888.769	2.454.273.129
Increase in allowances	c.7	645.774.664.777	693.484.484.024
Accrual for income taxes	f.4	16.584.098.397	18.198.704.353
Accrued interests unpaid		153.708.160.565	134.917.776.867
Net value of disposal of property, plant and equipment		93.785.024	12.689.791.925
		834.170.491.353	875.518.854.233
LESS INCOME NOT INVOLVING CASH INFLOW			
Effect of the valuation of accounts in foreign currency		112.586.477.627	(47.273.007.483)
Bancard dividend capitalization		(4.478.813.790)	(3.904.918.296)
Reversal of allowances	c.7	(472.183.001.338)	(500.130.865.709)
Accrued interests not collected		(227.401.427.873)	(214.518.489.805)
		(591.476.765.374)	(765.827.281.293)
Net (decrease) of loans		(984.808.101.254)	(593.686.741.601)
Net (decrease) in other receivables		(72.303.372.773)	(15.459.672.991)
Net increase / (decrease) in financial liabilities		2.035.437.864.437	(331.334.476.575)
Net (decrease) / increase in other liabilities		(24.958.440.854)	69.977.558.047
Net (decrease) in accruals		(20.108.728.784)	(25.693.655.659)
Income tax paid		(20.457.447.355)	(3.597.629.634)
		912.801.773.417	(899.794.618.413)
Net cash flow (used in) generated by operating activities		1.293.587.913.666	(596.402.327.917)
CASH FLOWS FROM INVESTING ACTIVITIES			
Net increase decrease in government securities		15.823.278.154	241.739.514.778
Net (decrease) / increase in investments		(44.068.547.920)	119.855.316.961
Acquisition of property, plant and equipment		(30.688.454.788)	(64.198.538.596)
Net (decrease) / increase of deferred charges		(5.359.849.278)	244.090.631
Net cash flow generated by (used in) investing activities		(64.293.573.832)	297.640.383.774
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of dividends		(77.379.086.827)	(79.636.374.032)
Net cash flows used in financing activities		(77.379.086.827)	(79.636.374.032)
Net increase / (decrease) increase in cash		1.151.915.253.007	(378.398.318.175)
Cash and cash equivalents at beginning of year		2.391.120.825.692	2.769.519.143.867
Cash and cash equivalents at end of year		3.543.036.078.699	2.391.120.825.692

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