

BANCO REGIONAL S.A.E.C.A.
BALANCE SHEET AT DECEMBER 31, 2019
 Presented in comparison with the financial year ended December 31, 2018
 (Expressed in Guarani)

ASSETS	Note	DECEMBER 31, 2019	DECEMBER 31, 2018
AVAILABLE			
Cash		538.377.141.305	396.538.388.132
Central Bank of Paraguay	c.3	1.689.236.578.102	2.116.177.497.296
Other financial institutions		263.156.580.415	955.261.688.501
Checks and other documents to be cleared		19.279.161.692	73.305.843.405
Debtors for financial products accrued		1.394.253.413	1.814.638.453
Allowances	c.7	(24.310.896)	(61.977.088)
		2.511.419.404.031	3.543.036.078.699
PUBLIC AND PRIVATE SECURITIES			
	c.4	577.596.649.403	730.091.370.537
PERFORMING LOANS			
FINANCIAL SECTOR			
Other financial institutions		371.577.552.114	371.033.077.242
Transactions to be settled	c.18	-	1.736.250.000
Debtors for financial products accrued		10.316.467.058	7.359.755.771
	c.6.1	381.894.019.172	380.129.083.013
PERFORMING LOANS			
NON-FINANCIAL SECTOR			
Loans - Private sector		12.073.253.572.157	11.879.271.251.229
Loans - Transitional exceptions issued by the B.C.P.		699.144.388.408	-
Deferred documentary credit debtors		244.255.136.952	227.110.436.444
Transactions to be settled	c.18	20.492.065	8.158.869.744
Loans - Public sector		10.541.036.060	18.568.473.695
Suspended Valuation Gains		(8.746.937.982)	(9.176.270.226)
Debtors for financial products accrued		195.171.657.097	194.701.830.227
Allowances	c.7	(620.690.700.368)	(194.911.077.192)
	c.6.2	12.592.948.644.389	12.123.723.513.921
OTHER RECEIVABLES			
	c.6.4	312.136.311.608	199.973.132.623
NON-PERFORMING LOANS			
FINANCIAL			
Loans - Non-financial sector		203.655.397.765	183.879.579.370
Loans - Financial sector		1.719.000.000	-
Loans - Public sector		252.000.000	-
Suspended Valuation Gains		(3.941.713.547)	(3.457.490.186)
Accrued interests		6.498.451.622	5.289.868.849
Allowances	c.7	(100.121.558.959)	(81.299.164.222)
	c.6.3	108.061.576.881	104.412.793.811
INVESTMENTS			
Private securities		148.641.201.935	97.596.315.885
Assets acquired in credit recovery		226.951.361.713	141.848.948.920
Other investments		4.194.542	3.874.352
Incomes on investments in the private sector		1.035.725.573	1.057.833.408
Allowances	c.7	(34.883.124.772)	(12.974.407.513)
	c.8	341.749.358.991	227.532.565.052
FIXED ASSETS			
	c.9	124.385.983.320	125.204.756.353
DEFERRED CHARGES			
	c.10	384.487.886.928	8.294.768.929
TOTAL ASSETS			
		17.334.679.834.723	17.442.398.062.938

Accompanying Notes A to G, are an integral part of the financial statements.

Esteban A. Rotela Maciel
General Accountant

Roland Wolff
Syndic

Oscar Godoy
Finance Manager

Raúl Vera Bogado
President

FREE TRANSLATION FROM THE ORIGINAL ISSUED IN SPANISH

BANCO REGIONAL S.A.E.C.A.
BALANCE SHEET AT DECEMBER 31, 2019
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 (Expressed in Guarani)

LIABILITIES	Note	DECEMBER 31, 2019	DECEMBER 31, 2018
FINANCIAL LIABILITIES			
FINANCIAL SECTOR			
Central Bank of Paraguay		-	12.600.412.283
Deposits	c.15.1 b)	699.964.839.148	720.464.114.962
Corresponding deferred documentary credits		241.180.233.229	221.413.948.069
Loans from financial institutions		3.596.875.487.287	2.572.769.163.937
Pending operations for ATM compensations		37.125.379.368	16.672.969.529
Bonds issued in circulation	c.11.c)	-	1.788.162.000.000
Transactions to be settled	c.18	-	1.790.614.820
Creditors for accrued finance charges		47.503.468.365	89.061.375.460
	c.14, c.15.2b)	4.622.649.407.397	5.422.934.599.060
FINANCIAL LIABILITIES			
NON-FINANCIAL SECTOR			
Deposits - Private Sector	c.15.1 b)	9.302.620.425.400	8.682.631.857.880
Deposits - Public Sector	c.15.1 b)	1.069.650.882.395	1.359.794.825.782
Other financial intermediation obligations		12.249.860.260	40.293.972.551
Debentures and bonds issued in circulation	c.11. a) y b)	410.613.298.200	111.044.860.200
Transactions to be settled	c.18	13.402.619	8.157.455.229
Creditors for accrued finance charges		82.858.639.855	64.646.785.105
	c.14, c.15.2b)	10.878.006.508.729	10.266.569.756.747
OTHER LIABILITIES			
Tax creditors		14.964.341.963	12.499.635.827
Social creditors		241.557.781	39.807.010
Dividends to be paid		1.447.629.936	900.014.545
Other liabilities		44.575.686.791	73.689.179.751
Uncollected perceived income		-	6.017.667.795
	c.17	61.229.216.471	93.146.304.928
ACCRUALS		35.828.230.179	22.689.707.958
TOTAL LIABILITIES		15.597.713.362.776	15.805.340.368.693
EQUITY			
Capital	b.5	1.151.242.800.000	1.087.787.800.000
Non-Capitalized Contributions		60.000	16.445.060.000
Adjustments to equity		45.626.908.534	42.471.033.945
Legal reserve		383.196.688.563	352.261.386.030
Profit for the year		156.900.014.850	138.092.414.270
TOTAL EQUITY	D	1.736.966.471.947	1.637.057.694.245
TOTAL LIABILITIES AND EQUITY		17.334.679.834.723	17.442.398.062.938
CONTINGENCY AND MEMORANDUM ACCOUNTS			
TOTAL CONTINGENCIES ACCOUNTS	E	1.413.555.299.719	1.091.576.527.557
TOTAL MEMORANDUM ACCOUNTS	E	18.515.914.037.439	17.098.405.560.526

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General Accountant

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BANCO REGIONAL S.A.E.C.A.
STATEMENT OF INCOME FOR THE YEAR ENDED AS OF DECEMBER 31, 2019
 Presented in comparison with the financial year ended December 31, 2018
 (Expressed in Guarani)

	Note	DECEMBER 31, 2019	DECEMBER 31, 2018
FINANCIAL INCOME			
From performing loans - Financial sector		67.039.244.131	88.620.386.967
From performing loans - Non-financial sector		1.130.305.888.625	1.026.602.674.607
From non-performing loans		9.752.147.790	12.666.543.545
For income and differences in the price of public securities		47.716.486.795	16.465.477.030
		1.254.813.767.341	1.144.355.082.149
FINANCIAL EXPENSES			
From financial liabilities - Financial sector		(225.065.677.412)	(99.652.127.900)
From financial liabilities - Non-financial sector		(385.648.118.317)	(448.798.188.654)
For valuation of financial assets and liabilities in foreign currency f.2		(5.327.808.314)	(4.689.462.464)
		(616.041.604.043)	(553.139.779.018)
FINANCIAL INCOME BEFORE ALLOWANCES		638.772.163.298	591.215.303.131
ALLOWANCES			
Additions	c.7	(743.556.326.303)	(645.774.664.777)
Reversals	c.7	526.161.821.243	472.183.001.338
		(217.394.505.060)	(173.591.663.439)
FINANCIAL PROFIT AFTER ALLOWANCES		421.377.658.238	417.623.639.692
NET INCOME FROM SERVICES			
Income from services		171.872.376.760	158.087.701.769
Expenses from services		(52.663.287.728)	(38.907.404.092)
		119.209.089.032	119.180.297.677
GROSS PROFIT		540.586.747.270	536.803.937.369
OTHER OPERATING INCOME			
Foreign exchange and arbitrage gains - net		30.490.889.708	23.903.062.255
Other income		11.800.928.517	19.657.700.081
		42.291.818.225	43.560.762.336
OTHER OPERATING EXPENSES			
Staff remuneration and social contributions		(200.701.453.916)	(199.984.920.693)
Overheads		(152.353.188.156)	(146.816.305.164)
Depreciation of fixed assets	c.9	(17.750.204.419)	(16.442.893.821)
Amortization of deferred charges		(1.485.553.904)	(1.566.888.769)
Others		(17.710.263.951)	(58.304.624.422)
For valuation of other liabilities and assets in foreign currency - N f.2		(5.973.987.455)	(6.442.412.035)
		(395.974.651.801)	(429.558.044.904)
NET OPERATING RESULT - PROFIT		186.903.913.694	150.806.654.801
EXTRAORDINARY GAINS AND LOSSES			
Extraordinary earnings		7.917.982.568	3.986.392.870
Extraordinary losses		(13.907.632.761)	(6.420.493.832)
		(5.989.650.193)	(2.434.100.962)
PRIOR YEAR ADJUSTMENTS			
Earnings		136.846.711	11.027.570.293
Losses		(7.466.097.917)	(4.723.611.465)
	d.3	(7.329.251.206)	6.303.958.828
PROFIT FOR THE YEAR BEFORE INCOME TAX - PROFIT		173.585.012.295	154.676.512.667
Income Tax	f.4	(16.684.997.445)	(16.584.098.397)
PROFIT FOR THE FINANCIAL YEAR		156.900.014.850	138.092.414.270

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

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED AS OF DECEMBER 31, 2019

Presented in comparison with the financial year ended December 31, 2018

(Expressed in Guarani)

Concept	Capital		Non-capitalized contributions	Adjustments to equity	Legal reserve	Accumulated results	Profit (Loss) for the year	Total
	Shares of common stock	Shares of preferred stock						
Balances 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 profits	-	-	-	-	-	193.700.717.556	(193.700.717.556)	-
Capitalization of profits ⁽¹⁾	86.379.800.000	-	-	-	-	(86.379.800.000)	-	-
Constitution of legal reserves ⁽¹⁾	-	-	-	-	42.379.884.382	(42.379.884.382)	-	-
Cash dividends distribution - preferred shares (1)	-	-	-	-	-	(40.000.000.000)	-	(40.000.000.000)
Cash dividends distribution - common shares (1)	-	-	-	-	-	(37.019.898.307)	-	(37.019.898.307)
Revaluation of fixed assets	-	-	-	3.283.439.603	-	-	-	3.283.439.603
Profit for the year	-	-	-	-	-	-	138.092.414.270	138.092.414.270
Balances 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
plus (minus):								
Transfer of prior year profits	-	-	-	-	-	138.092.414.270	(138.092.414.270)	-
Capitalization of profits ⁽²⁾	47.010.000.000	-	-	-	-	(47.010.000.000)	-	-
Capitalization of share premium account ⁽²⁾	16.445.000.000	-	(16.445.000.000)	-	-	-	-	-
Constitution of legal reserve ⁽²⁾	-	-	-	-	30.935.302.533	(30.935.302.533)	-	-
Cash dividends distributions - preferred shares (2)	-	-	-	-	-	(40.000.000.000)	-	(40.000.000.000)
Cash dividends distributions - common shares (2)	-	-	-	-	-	(20.147.111.737)	-	(20.147.111.737)
Revaluation of fixed assets	-	-	-	3.155.874.589	-	-	-	3.155.874.589
Profit for the year	-	-	-	-	-	-	156.900.014.850	156.900.014.850
Balance as of December 31, 2019	901.242.800.000	250.000.000.000	60.000	45.626.908.534	383.196.688.563	-	156.900.014.850	1.736.966.471.947

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(1) Approved by General Shareholder's meeting held on March 16, 2018.

(2) Approved by General Shareholder's meeting held on April 26, 2019.

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FREE TRANSLATION FROM THE ORIGINAL ISSUED IN SPANISH

BANCO REGIONAL S.A.E.C.A.
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2019
 #¡VALOR!

(Amounts expressed in Paraguayan guaraníes)

	<u>Note</u>	<u>DECEMBER 31, 2019</u>	<u>DECEMBER 31, 2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
PROFIT FOR THE FINANCIAL YEAR		156.900.014.850	138.092.414.270
PLUS EXPENSES NOT INVOLVING USE OF CASH			
Depreciation of fixed assets for the financial year		17.750.204.419	16.442.893.821
Amortization of deferred charges for the financial year		1.485.553.904	1.566.888.769
Allowances	c.7	1.120.518.563.815	645.774.664.777
Income tax provision	f.4	16.684.997.445	16.584.098.397
Accrued interests unpaid		130.362.108.220	153.708.160.565
Effect of the valuation of foreign currency accounts		11.301.795.769	-
Net value of disposal of fixed assets		45.927.565	93.785.024
		1.298.149.151.137	834.170.491.353
LESS INCOME NOT INVOLVING CASH RECEIPTS			
Effect of the valuation of foreign currency accounts		-	112.586.477.627
Capitalization of dividends from investments		(11.114.759.472)	(4.478.813.790)
Reversal of allowances	c.7	(526.161.821.243)	(472.183.001.338)
Uncollected accrued interests		(229.450.618.421)	(227.401.427.873)
		(766.727.199.136)	(591.476.765.374)
Net (increase) of loans		(811.957.510.700)	(984.808.101.254)
Net (increase) in other receivables		(89.189.284.909)	(72.303.372.773)
Net (decrease) / increase in financial liabilities		(800.490.118.185)	2.035.437.864.437
Net (decrease) / increase in other liabilities		(38.261.377.025)	(24.958.440.854)
Net (decrease) in accruals		(7.203.383.675)	(20.108.728.784)
Income tax paid		(18.832.783.585)	(20.457.447.355)
		(1.765.934.458.079)	912.801.773.417
Net cash flow (used in) generated by operating activities		(1.077.612.491.228)	1.293.587.913.666
CASH FLOWS FROM INVESTING ACTIVITIES			
Increase / (Decrease) of public securities		164.045.275.905	15.823.278.154
Net (increase) in investments		(40.022.239.860)	(44.068.547.920)
Acquisition of fixed assets		(13.821.484.363)	(30.688.454.788)
(Increase) in deferred charges		(4.058.623.385)	(5.359.849.278)
Net cash flow generated by (used in) investing activities		106.142.928.297	(64.293.573.832)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid in cash		(60.147.111.737)	(77.379.086.827)
Net cash flows used in financing activities		(60.147.111.737)	(77.379.086.827)
(Decrease) / Net increase in cash		(1.031.616.674.668)	1.151.915.253.007
Cash and cash equivalents at the beginning of the financial year		3.543.036.078.699	2.391.120.825.692
Cash and cash equivalents at the end of the financial year		2.511.419.404.031	3.543.036.078.699

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