

**BANCO REGIONAL S.A.E.C.A.**  
**BALANCE SHEET AS OF DECEMBER 31, 2016**  
Presented for comparative purposes with the financial statements of prior year  
(Amounts expressed in Paraguayan guaraníes)

<b>ASSETS</b>	<b>Note</b>	<b>DECEMBER 31, 2016</b>	<b>DECEMBER 31, 2015</b>
<b>CASH AND BANKS</b>			
Cash		311.292.848.401	302.170.670.798
Central Bank of Paraguay	c.3	1.878.592.130.533	1.836.895.255.696
Other financial institutions		483.952.906.043	362.159.611.533
Checks and other documents to be cleared		94.516.345.270	71.029.853.604
Accrued interests		1.167.996.498	869.153.340
Allowances	c.7	<u>(3.082.878)</u>	<u>(2.750.353)</u>
		<b><u>2.769.519.143.867</u></b>	<b><u>2.573.121.794.618</u></b>
<b>GOVERNMENT AND PRIVATE SECURITIES</b>			
	c.4	<b><u>951.701.160.424</u></b>	<b><u>776.056.377.822</u></b>
<b>PERFORMING LOANS</b>			
<b>FINANCIAL SECTOR</b>			
Other financial institutions		474.057.018.148	569.072.540.268
Transactions to be settled	c.18	106.436.255.790	-
Loans for overdrafts		5.983.134	-
Accrued interests		6.430.962.545	12.574.291.630
Allowances	c.7	<u>(78.824.666)</u>	<u>(902.883.770)</u>
	c.6.1	<b><u>586.851.394.951</u></b>	<b><u>580.743.948.128</u></b>
<b>PERFORMING LOANS</b>			
<b>NONFINANCIAL SECTOR</b>			
Loans to private sector		9.980.267.600.078	10.741.113.748.534
Receivables from deferred letters of credit		129.057.260.831	118.282.475.861
Transactions to be settled	c.18	41.446.866.640	52.072.144.854
Loans to government sector		19.736.800.859	10.127.381.717
Unrealized valuation earnings		(7.371.657.027)	(4.042.402.700)
Accrued interests		200.558.816.697	231.178.401.734
Allowances	c.7	<u>(177.913.081.221)</u>	<u>(180.192.370.436)</u>
	c.6.2	<b><u>10.185.782.606.857</u></b>	<b><u>10.968.539.379.564</u></b>
<b>OTHER RECEIVABLES</b>			
	c.6.4	<b><u>72.588.514.569</u></b>	<b><u>68.314.737.164</u></b>
<b>NONPERFORMING LOANS</b>			
<b>FINANCIAL</b>			
Loans to nonfinancial sector		194.051.695.975	262.772.736.620
Loans to government sector		32.238.564.112	1.672.119.884
Unrealized valuation earnings		(3.891.500.844)	(6.322.268.830)
Accrued interests		11.319.026.332	13.210.407.955
Allowances	c.7	<u>(100.391.975.349)</u>	<u>(158.612.502.451)</u>
	c.6.3	<b><u>133.325.810.226</u></b>	<b><u>112.720.493.178</u></b>
<b>INVESTMENTS</b>			
Private securities	c.8	18.913.888.872	6.693.888.916
Assets acquired in credit recovery	c.8	249.932.949.725	149.480.777.719
Other investments		3.748.504	3.774.491
Incomes from investments in the private sector		535.890.438	1
Allowances	c.7	<u>(10.130.439.984)</u>	<u>(8.769.240.392)</u>
	c.8	<b><u>259.256.037.555</u></b>	<b><u>147.409.200.735</u></b>
<b>PROPERTY, PLANT AND EQUIPMENT</b>			
	c.9	<b><u>67.120.977.524</u></b>	<b><u>70.888.661.398</u></b>
<b>DEFERRED CHARGES</b>			
	c.10	<b><u>7.200.172.180</u></b>	<b><u>8.763.048.641</u></b>
<b>TOTAL ASSETS</b>		<b><u>15.033.345.818.153</u></b>	<b><u>15.306.557.641.248</u></b>

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, 2016**

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

<b>LIABILITIES</b>	<b>Note</b>	<b>DECEMBER 31, 2016</b>	<b>DECEMBER 31, 2015</b>
<b>FINANCIAL LIABILITIES</b>			
<b>FINANCIAL SECTOR</b>			
Central Bank of Paraguay		12.145.866.538	12.367.153.185
Deposits from other banks	c.15.1	501.632.615.407	448.103.649.492
Correspondents - deferred letters of credit		126.203.320.379	117.167.200.727
Loans from financial institutions		1.101.491.728.879	1.523.465.457.095
ATM outstanding operations		3.654.364.771	20.113.694.988
Bonds issued abroad	c.11.b)	1.730.079.000.000	1.742.073.000.000
Transactions to be settled	c.18	113.522.360.949	5
Accrued interests		78.037.769.654	78.913.528.072
	c.14	<b>3.666.767.026.577</b>	<b>3.942.203.683.564</b>
<b>FINANCIAL LIABILITIES</b>			
<b>NONFINANCIAL SECTOR</b>			
Deposits - Private Sector	c.15.1	8.192.626.539.516	8.346.150.838.966
Deposits - Public Sector	c.15.1	1.322.043.861.101	1.417.465.420.401
Other obligations		51.158.318.703	57.258.095.720
Debentures and bonds issued outstanding	c.11.a)	158.844.893.440	71.486.067.980
Transactions to be settled	c.18	41.326.314.055	52.559.226.882
Accrued interests		73.389.329.736	91.091.891.005
	c.14	<b>9.839.389.256.551</b>	<b>10.036.011.540.954</b>
<b>OTHER LIABILITIES</b>	c.17	<b>39.182.748.805</b>	<b>43.702.621.002</b>
<b>ACCRUALS</b>		<b>32.283.031.612</b>	<b>25.178.018.986</b>
<b>TOTAL LIABILITIES</b>		<b>13.577.622.063.545</b>	<b>14.047.095.864.506</b>
<b>EQUITY</b>			
Capital	b.5	908.028.700.000	784.946.400.000
Shares of common stock		658.028.700.000	534.946.400.000
Shares of preferred stock	c.12 f	250.000.000.000	250.000.000.000
Non-Capitalized Contributions		17.339.360.000	17.339.360.000
Revaluation reserve		36.273.953.795	33.635.469.877
Legal reserve		258.061.562.370	212.086.410.559
Profit for the year		236.020.178.443	211.454.136.306
<b>TOTAL EQUITY</b>	D	<b>1.455.723.754.608</b>	<b>1.259.461.776.742</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>15.033.345.818.153</b>	<b>15.306.557.641.248</b>
<b>CONTINGENCY AND MEMORANDUM ACCOUNTS</b>			
TOTAL CONTINGENCIES ACCOUNTS	E	<b>777.280.392.459</b>	<b>936.306.695.566</b>
TOTAL MEMORANDUM ACCOUNTS	E	<b>13.737.282.556.619</b>	<b>14.217.268.648.602</b>

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, 2016**  
Presented for comparative purposes with the financial statements of prior year  
(Amounts expressed in Paraguayan guaraníes)

	Note	DECEMBER 31, 2016	DECEMBER 31, 2015
<b>FINANCIAL INCOME</b>			
From performing loans - Financial sector		106.194.871.896	114.890.551.394
From performing loans - Nonfinancial sector		1.131.526.140.633	1.046.297.285.492
From nonperforming loans		26.425.674.436	19.459.584.644
From listed price differences of government securities		28.453.761.244	37.650.655.843
		<u>1.292.600.448.209</u>	<u>1.218.298.077.373</u>
<b>FINANCIAL EXPENSES</b>			
From financial liabilities - Financial sector		(95.851.450.104)	(91.024.585.096)
From financial liabilities - Nonfinancial sector		(494.586.158.965)	(476.059.814.232)
From valuation of financial assets and liabilities in foreign currency	f.2	(6.791.027.467)	(2.408.039.227)
		<u>(597.228.636.536)</u>	<u>(569.492.438.555)</u>
<b>FINANCIAL INCOME BEFORE ALLOWANCES</b>		<u>695.371.811.673</u>	<u>648.805.638.818</u>
<b>ALLOWANCES</b>			
Additions	c.7	(873.696.717.545)	(679.962.671.127)
Reversals	c.7	676.551.501.024	502.853.085.550
		<u>(197.145.216.521)</u>	<u>(177.109.585.577)</u>
<b>FINANCIAL PROFIT AFTER ALLOWANCES</b>		<u>498.226.595.152</u>	<u>471.696.053.241</u>
<b>NET INCOME FROM SERVICES</b>			
Income from services		144.330.506.895	136.896.629.074
Expenses from services		(30.795.228.695)	(28.572.262.064)
		<u>113.535.278.200</u>	<u>108.324.367.010</u>
<b>GROSS PROFIT</b>		<u>611.761.873.352</u>	<u>580.020.420.251</u>
<b>OTHER OPERATING INCOME</b>			
Gain for exchange and arbitrage operations		33.819.489.192	35.975.637.895
Gain from other receivables		-	69.886
Other income		1.828.147.846	1.927.621.175
Valuation of other assets and liabilities in foreign currency - Net	f.2	3.076.622.101	-
		<u>38.724.259.139</u>	<u>37.903.328.956</u>
<b>OTHER OPERATING EXPENSES</b>			
Salaries and social securities		(202.165.555.217)	(185.492.069.890)
General Expenses		(150.255.795.280)	(145.189.773.571)
Depreciation of property, plant and equipment	c.9	(13.668.763.234)	(13.870.672.641)
Amortization of deferred charges		(2.974.827.719)	(4.560.476.909)
Others		(26.591.498.123)	(25.366.786.489)
Valuation of other assets and liabilities in foreign currency - net	f.2	-	(14.433.328.664)
		<u>(395.656.439.573)</u>	<u>(388.913.108.164)</u>
<b>NET OPERATING PROFIT</b>		<u>254.829.692.918</u>	<u>229.010.641.043</u>
<b>EXTRAORDINARY GAINS AND LOSSES</b>			
Extraordinary Gains		15.495.465.473	5.267.400.785
Extraordinary Losses		(11.752.886.229)	(3.992.008.222)
		<u>3.742.579.244</u>	<u>1.275.392.563</u>
<b>PRIOR YEAR ADJUSTMENTS</b>			
Gains		3.110.687.560	394.638.738
Losses		(2.583.263.331)	(804.913.290)
	d.3	<u>527.424.229</u>	<u>(410.274.552)</u>
<b>PROFIT FOR THE YEAR BEFORE INCOME TAX</b>		<u>259.099.696.391</u>	<u>229.875.759.054</u>
Income Tax	f.4	(23.079.517.948)	(18.421.622.748)
<b>NET PROFIT FOR THE YEAR</b>		<u>236.020.178.443</u>	<u>211.454.136.306</u>

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, 2016**

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						
<b>Balance as of December 31, 2014</b>	<b>437.455.800.000</b>	<b>250.000.000.000</b>	<b>53.365.960.000</b>	<b>31.376.860.951</b>	<b>183.398.002.207</b>	-	<b>134.655.959.145</b>	<b>1.090.252.582.303</b>
<b>plus (minus):</b>								
Transfer of prior year results	-	-	-	-	-	134.655.959.145	(134.655.959.145)	-
Capitalization of earnings	61.464.000.000	-	-	-	-	(61.464.000.000)	-	-
Capitalization of contributions	13.405.700.000	-	(13.405.700.000)	-	-	-	-	-
Capitalization of issue premium	22.620.900.000	-	(22.620.900.000)	-	-	-	-	-
Constitution of legal reserve	-	-	-	-	28.688.408.352	(28.688.408.352)	-	-
Cash dividends - preferred shares	-	-	-	-	-	(40.000.000.000)	-	(40.000.000.000)
Cash dividends - common shares	-	-	-	-	-	(4.503.550.793)	-	(4.503.550.793)
Revaluation of property, plant and equipment	-	-	-	2.258.608.926	-	-	-	2.258.608.926
Profit for the year	-	-	-	-	-	-	211.454.136.306	211.454.136.306
<b>Balance as of December 31, 2015</b>	<b>534.946.400.000</b>	<b>250.000.000.000</b>	<b>17.339.360.000</b>	<b>33.635.469.877</b>	<b>212.086.410.559</b>	<b>0</b>	<b>211.454.136.306</b>	<b>1.259.461.776.742</b>
<b>plus (minus):</b>								
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
<b>Balance as of December 31, 2016</b>	<b>658.028.700.000</b>	<b>250.000.000.000</b>	<b>17.339.360.000</b>	<b>36.273.953.795</b>	<b>258.061.562.370</b>	<b>-</b>	<b>236.020.178.443</b>	<b>1.455.723.754.608</b>

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FREE TRANSLATION FROM THE ORIGINAL ISSUED IN SPANISH

**BANCO REGIONAL S.A.E.C.A.**  
**CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2016**  
Presented for comparative purposes with the financial statements of prior year  
(Amounts expressed in Paraguayan guaraníes)

	<u>Note</u>	<u>DECEMBER 31, 2016</u>	<u>DECEMBER 31, 2015</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
PROFIT FOR THE YEAR		<b>236.020.178.443</b>	<b>211.454.136.306</b>
<b>PLUS EXPENSES NOT INVOLVING USE OF CASH</b>			
Depreciation of property, plant and equipment		13.668.763.234	13.870.672.641
Amortization of deferred charges		2.974.827.719	4.560.476.909
Increase in allowances	c.7	873.696.717.545	679.962.671.127
Accrual for income taxes	f.4	23.079.517.948	18.421.622.748
Accrued interests unpaid		151.427.099.390	170.005.419.077
Valuation of foreign currency accounts		-	16.841.367.891
Net value of disposal of property, plant and equipment		2.305.680.927	906.289.830
		<b>1.067.152.606.763</b>	<b>904.568.520.223</b>
<b>LESS INCOME NOT INVOLVING CASH INFLOW</b>			
Effect of the valuation of accounts in foreign currency		(11.060.498.391)	-
Bancard dividend capitalization		(2.975.319.731)	-
Reversal of allowances	c.7	(676.551.501.024)	(502.853.085.550)
Accrued interests not collected		(258.856.320.084)	(299.169.385.807)
		<b>(949.443.639.230)</b>	<b>(802.022.471.357)</b>
Net decrease of loans		700.236.680.823	557.651.905.485
Net decrease (increase) in other receivables		19.539.364.654	(9.525.553.750)
Net (decrease) increase in financial liabilities		(638.983.419.430)	(741.164.179.897)
Net (decrease) increase in other liabilities		(4.727.570.405)	(24.621.768.335)
Net decrease in accruals		(12.241.559.358)	(7.245.129.074)
Income tax paid		(21.750.681.556)	(8.786.082.612)
		<b>42.072.814.728</b>	<b>(233.690.808.183)</b>
<b>Net cash flows generated by operating activities</b>		<b>395.801.960.704</b>	<b>80.309.376.989</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Net (increase) decrease in government securities		(137.608.328.219)	313.028.742.883
Net increase in investments		(8.419.371.114)	(115.157.948.468)
Acquisition of property, plant and equipment		(9.568.276.369)	(9.821.932.321)
Net increase of deferred charges		(1.411.951.258)	(1.581.422.993)
<b>Cash (used in) generated by investing activities</b>		<b>(157.007.926.960)</b>	<b>186.467.439.101</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Payment of dividends		(42.396.684.495)	(44.503.550.793)
<b>Net cash flows used in financing activities</b>		<b>(42.396.684.495)</b>	<b>(44.503.550.793)</b>
<b>NET INCREASE IN CASH</b>		<b>196.397.349.249</b>	<b>222.273.265.297</b>
Cash and cash equivalents at beginning of year		2.573.121.794.618	2.350.848.529.321
Cash and cash equivalents at end of year		<b>2.769.519.143.867</b>	<b>2.573.121.794.618</b>

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