

BANCO REGIONAL S.A.E.C.A.
BALANCE SHEET AS OF SEPTEMBER 30, 2017

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

ASSETS	Note	SEPTEMBER 30, 2017	DECEMBER 31, 2016
CASH AND BANKS			
Cash		342.749.293.008	311.292.848.401
Central Bank of Paraguay	c.3	1.862.245.191.050	1.878.592.130.533
Other financial institutions		292.923.751.152	483.952.906.043
Checks and other documents to be offset		172.309.096.650	94.516.345.270
Accrued interests		1.241.015.532	1.167.996.498
Allowances	c.7	(65.707.796)	(3.082.878)
		2.671.402.639.596	2.769.519.143.867
GOVERNMENT AND PRIVATE SECURITIES			
	c.4	867.541.288.999	951.701.160.424
PERFORMING LOANS			
FINANCIAL SECTOR			
Other financial institutions		482.164.291.833	474.057.018.148
Transactions to be settled	c.18	57.718.959.649	106.436.255.790
Loans for overdrafts		66.214.050	5.983.134
Accrued interests		8.288.342.635	6.430.962.545
Allowances	c.7	(57.360.059)	(78.824.666)
	c.6.1	548.180.448.108	586.851.394.951
PERFORMING LOANS			
NONFINANCIAL SECTOR			
Loans to private sector		10.031.614.539.850	9.980.267.600.078
Receivables from deferred letters of credit		146.943.409.051	129.057.260.831
Transactions to be settled	c.18	52.592.629.824	41.446.866.640
Loans to government sector		18.416.086.539	19.736.800.859
Unrealized valuation earnings		(6.410.926.442)	(7.371.657.027)
Accrued interests		209.253.834.241	200.558.816.697
Allowances	c.7	(165.625.385.794)	(177.913.081.221)
	c.6.2	10.286.784.187.269	10.185.782.606.857
OTHER RECEIVABLES			
	c.6.4	101.970.067.351	72.588.514.569
NONPERFORMING LOANS			
Loans to nonfinancial sector		297.075.415.339	194.051.695.975
Loans to government sector		-	32.238.564.112
Unrealized valuation earnings		(3.768.615.291)	(3.891.500.844)
Accrued interests		14.398.485.644	11.319.026.332
Allowances	c.7	(187.647.573.237)	(100.391.975.349)
	c.6.3	120.057.712.455	133.325.810.226
INVESTMENTS			
Private securities	c.8	37.307.888.750	18.913.888.872
Assets acquired in credit recovery	c.8	197.704.775.623	249.932.949.725
Other investments		3.676.778	3.748.504
Investment income in the private sector		360.350.283	535.890.438
Allowances	c.7	(11.632.891.607)	(10.130.439.984)
	c.8	223.743.799.827	259.256.037.555
PROPERTY, PLANT AND EQUIPMENT			
	c.9	61.946.860.350	67.120.977.524
DEFERRED CHARGES			
	c.10	5.360.390.462	7.200.172.180
TOTAL ASSETS		14.886.987.394.417	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

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BALANCE SHEET AS OF SEPTEMBER 30, 2017

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LIABILITIES	Note	SEPTEMBER 30, 2017	DECEMBER 31, 2016
FINANCIAL LIABILITIES			
FINANCIAL SECTOR			
Central Bank of Paraguay		12.203.321.879	12.145.866.538
Deposits from other banks	c.15.1	663.060.947.727	501.632.615.407
Correspondents - deferred letters of credit		145.688.751.255	126.203.320.379
Loans from financial institutions		1.038.641.721.060	1.101.491.728.879
Compensation ATM operations pending		3.587.247.368	3.654.364.771
Bonds issued abroad	c.11.b)	1.696.974.000.000	1.730.079.000.000
Transactions to be settled	c.18	59.287.317.851	113.522.360.949
Accrued interests		48.119.884.520	78.037.769.654
	c.14	3.667.563.191.660	3.666.767.026.577
FINANCIAL LIABILITIES			
NONFINANCIAL SECTOR			
Deposits - Private Sector	c.15.1	8.004.941.896.854	8.192.626.539.516
Deposits - Public Sector	c.15.1	1.228.879.495.650	1.322.043.861.101
Other obligations		143.453.266.137	51.158.318.703
Debentures and bonds issued in circulation	c.11.a)	127.803.101.640	158.844.893.440
Transactions to be settled	c.18	50.825.806.652	41.326.314.055
Accrued interests		68.974.946.204	73.389.329.736
	c.14	9.624.878.513.137	9.839.389.256.551
OTHER LIABILITIES	c.17	63.476.128.612	39.182.748.805
ACCRUALS		16.687.083.925	32.283.031.612
TOTAL LIABILITIES		13.372.604.917.334	13.577.622.063.545
EQUITY			
Capital	b.5	1.001.408.000.000	908.028.700.000
Shares of common stock		751.408.000.000	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		37.795.783.106	36.273.953.795
Legal reserve		309.881.501.648	258.061.562.370
Accumulated results		12.078.865.133	-
Profit for the year		136.773.267.196	236.020.178.443
TOTAL EQUITY	D	1.514.382.477.083	1.455.723.754.608
TOTAL LIABILITIES AND EQUITY		14.886.987.394.417	15.033.345.818.153
CONTINGENCY AND MEMORANDUM ACCOUNTS			
TOTAL CONTINGENCIES ACCOUNTS	E	799.254.695.244	777.280.392.459
TOTAL MEMORANDUM ACCOUNTS	E	13.615.648.987.079	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 NINE MONS ENDED SEPTEMBER 30, 2017
Presented for comparative purposes whit the financial statements of prior period
(Amounts expressed in Paraguayan guaraníes)

	Note	SEPTEMBER 30, 2017	SEPTEMBER 30, 2016
FINANCIAL INCOME			
From performing loans - Financial sector		91.595.822.289	77.883.286.979
From performing loans - Nonfinancial sector		778.337.892.705	847.838.152.677
From nonperforming loans		11.484.853.624	22.696.076.387
From income and listed price differences of government securities		14.726.334.300	22.567.363.101
From valuation of financial assets and liabilities in foreign currency	f.2	-	-
		896.144.902.918	970.984.879.144
FINANCIAL EXPENSES			
From financial liabilities - Financial sector		(65.302.438.377)	(73.899.031.688)
From financial liabilities - Nonfinancial sector		(351.717.502.859)	(369.180.229.455)
From valuation of financial assets and liabilities in foreign currency	f.2	(2.062.143.164)	(2.052.151.790)
		(419.082.084.400)	(445.131.412.933)
FINANCIAL INCOME BEFORE ALLOWANCES		477.062.818.518	525.853.466.211
ALLOWANCES			
Additions	c.7	(484.768.971.231)	(700.856.287.781)
Reversals	c.7	342.891.196.656	520.666.459.043
		(141.877.774.575)	(180.189.828.738)
FINANCIAL PROFIT AFTER ALLOWANCES		335.185.043.943	345.663.637.473
NET INCOME FROM SERVICES			
Income from services		101.523.485.046	110.467.766.396
Expenses from services		(20.024.468.820)	(23.176.036.984)
		81.499.016.226	87.291.729.412
GROSS PROFIT		416.684.060.169	432.955.366.885
OTHER OPERATING INCOME			
Gain for exchange and arbitrage operation		21.013.179.262	26.901.903.017
Gain from other receivables		-	-
Income from operating leasing		-	-
Other income		1.516.112.107	1.323.250.181
		1.513.820.925	4.647.399.349
		24.043.112.294	32.872.552.547
OTHER OPERATING EXPENSES			
Salaries and social securities			
General expenses		(158.939.185.931)	(142.461.906.321)
Depreciation of property, plant and equipment	c.9	(103.572.426.237)	(107.297.719.816)
Amortization of deferred charges		(10.167.599.360)	(10.141.478.210)
Others		(1.900.058.939)	(2.229.324.010)
Valuation of other assets and liabilities in foreign currency - net	f.2	(20.821.949.315)	(20.029.851.345)
		-	-
		(295.401.219.782)	(282.160.279.702)
NET OPERATING PROFIT		145.325.952.681	183.667.639.730
EXTRAORDINARY GAINS AND LOSSES			
Extraordinary gains		8.412.529.422	9.005.597.283
Extraordinary losses		(9.409.305.641)	(8.325.030.989)
		(996.776.219)	680.566.294
PRIOR YEAR ADJUSTMENTS			
Gains		5.449.629.790	2.966.560.928
Losses		(1.289.867.512)	(1.906.898.285)
	d.3	4.159.762.278	1.059.662.643
PROFIT FOR THE YEAR BEFORE INCOME TAX		148.488.938.740	185.407.868.667
Income Tax	f.4	(11.715.671.544)	(16.473.897.853)
NET PROFIT FOR THE YEAR		136.773.267.196	168.933.970.814

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.

STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD FOR NINE MONS ENDED SEPTMBER 30, 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 earnings	123.082.300.000	-	-	-	-	(123.082.300.000)	-	-
Additions to 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	-	-	-	1.523.264.126	-	-	-	1.523.264.126
Profit for the year	-	-	-	-	-	-	168.933.970.814	168.933.970.814
Balance as of September 30, 2016	658.028.700.000	250.000.000.000	17.339.360.000	35.158.734.003	258.061.562.370	-	168.933.970.814	1.387.522.327.187
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)	-	-
Additions to 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	-	-	-	1.521.829.311	-	-	-	1.521.829.311
Profit for the year	-	-	-	-	-	-	136.773.267.196	136.773.267.196
Balance as of September 30, 2017	751.408.000.000	250.000.000.000	16.445.060.000	37.795.783.106	309.881.501.648	12.078.865.133	136.773.267.196	1.514.382.477.083

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BANCO REGIONAL S.A.E.C.A.
CASH FLOWS FOR THE PERIOD FOR NINE MONS ENDED SEPTMBER 30, 2017
Presented for comparative purposes whit the financial statements of prior period
(Amounts expressed in Paraguayan guaraníes)

	<u>Note</u>	<u>SEPTEMBER 30, 2017</u>	<u>SEPTEMBER 30, 2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
PROFIT FOR THE YEAR		136.773.267.196	168.933.970.814
PLUS EXPENSES NOT INVOLVING USE OF CASH			
Depreciation of property, plant and quipment	c.9	10.167.599.360	10.141.478.062
Amortization of deferred charges		1.900.058.939	4.507.454.749
Increase in allowances	c.7	484.768.971.231	700.856.287.781
Accrual for income taxes	f.4	11.715.671.544	16.473.897.853
Accrued interests unpaid		117.094.830.724	126.277.638.155
Valuation of foreign currency accounts		-	-
Net value of disposal of property, plant and equipment	c.9	2.652.461.396	2.302.815.287
		628.299.593.194	860.559.571.887
LESS INCOME NOT INVOLVING CASH INFLOW			
Valuation of foreign currency accounts		(24.853.711.495)	(87.121.889.596)
Bancard dividend capitalization		(3.904.918.297)	(2.975.319.731)
Reversal of allowances	c.7	(342.891.196.656)	(520.666.459.043)
Accrued interests not collected		(260.968.061.263)	(272.889.842.292)
		(632.617.887.711)	(883.653.510.662)
Net decrease (increase) in loans		(190.482.495.921)	820.300.075.589
Net increase in other receivables		(22.709.609.069)	(2.442.405.365)
Net (decrease) increase in financial liabilities		(128.214.844.519)	(191.539.974.933)
Net (decrease) increase in other liabilities		23.765.304.747	4.332.763.659
Net decrease in accruals		(26.581.088.213)	(11.986.577.856)
Income tax paid		(216.852.105)	(17.145.275.869)
		(344.439.585.080)	601.518.605.225
Net cash flows generated by (used in) operating activities		(211.984.612.401)	747.358.637.264
CASH FLOWS FROM INVESTING ACTIVITIES			
Net decrease (increase) in government securities		108.043.615.375	(158.613.208.928)
Net increase in investments		91.645.258.279	5.449.636.753
Acquisition of property, plant and equipment	c.9	(6.124.114.271)	(8.517.476.108)
Net increase of deferred charges		(60.277.221)	(2.440.833.576)
Cash generated by (used in) used in investing activities		193.504.482.162	(164.121.881.859)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of dividends		(79.636.374.032)	(42.396.684.495)
Additional paid-in capital		-	-
Cash from bonds issued abroad		-	-
Net cash flows (used in) generated by financing activities		(79.636.374.032)	(42.396.684.495)
NET INCREASE IN CASH		(98.116.504.271)	540.840.070.910
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		2.671.402.639.596	3.113.961.865.528

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