

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

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

ASSETS	Note	JUNE 30, 2017	DECEMBER 31, 2016
CASH AND BANKS			
Cash		272.171.549.460	311.292.848.401
Central Bank of Paraguay	c.3	1.933.242.792.645	1.878.592.130.533
Other financial institutions		411.910.067.143	483.952.906.043
Checks and other documents to be offset		184.274.990.858	94.516.345.270
Accrued interests		1.245.496.747	1.167.996.498
Allowances	c.7	(7.681.179)	(3.082.878)
		2.802.837.215.674	2.769.519.143.867
GOVERNMENT AND PRIVATE SECURITIES			
	c.4	1.016.824.270.955	951.701.160.424
PERFORMING LOANS			
FINANCIAL SECTOR			
Other financial institutions		475.821.811.470	474.057.018.148
Transactions to be settled	c.18	46.859.817.653	106.436.255.790
Loans for overdrafts		30.952.093	5.983.134
Accrued interests		7.253.589.382	6.430.962.545
Allowances	c.7	(66.317.064)	(78.824.666)
	c.6.1	529.899.853.534	586.851.394.951
PERFORMING LOANS			
NONFINANCIAL SECTOR			
Loans to private sector		9.789.324.438.431	9.980.267.600.078
Receivables from deferred letters of credit		131.691.120.241	129.057.260.831
Transactions to be settled	c.18	49.155.000.000	41.446.866.640
Loans to government sector		20.591.204.487	19.736.800.859
Unrealized valuation earnings		(3.508.903.151)	(7.371.657.027)
Accrued interests		177.026.417.382	200.558.816.697
Allowances	c.7	(161.787.714.070)	(177.913.081.221)
	c.6.2	10.002.491.563.320	10.185.782.606.857
OTHER RECEIVABLES			
	c.6.4	95.166.491.987	72.588.514.569
NONPERFORMING LOANS			
Loans to nonfinancial sector		294.974.466.345	194.051.695.975
Loans to government sector		351.119	32.238.564.112
Unrealized valuation earnings		(2.305.501.134)	(3.891.500.844)
Accrued interests		14.457.995.955	11.319.026.332
Allowances	c.7	(148.090.671.278)	(100.391.975.349)
	c.6.3	159.036.641.007	133.325.810.226
INVESTMENTS			
Private securities	c.8	20.593.888.644	18.913.888.872
Assets acquired in credit recovery	c.8	238.671.482.168	249.932.949.725
Other investments		3.613.785	3.748.504
Investment income in the private sector		1.645.062.003	535.890.438
Allowances	c.7	(10.381.328.527)	(10.130.439.984)
	c.8	250.532.718.073	259.256.037.555
PROPERTY, PLANT AND EQUIPMENT			
	c.9	63.176.232.839	67.120.977.524
DEFERRED CHARGES			
	c.10	6.250.527.626	7.200.172.180
TOTAL ASSETS		14.926.215.515.015	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 JUNE 30, 2017

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

LIABILITIES	Note	JUNE 30, 2017	DECEMBER 31, 2016
FINANCIAL LIABILITIES			
FINANCIAL SECTOR			
Central Bank of Paraguay		12.058.863.779	12.145.866.538
Deposits from other banks	c.15.1	723.424.089.573	501.632.615.407
Correspondents - deferred letters of credit		129.181.773.695	126.203.320.379
Loans from financial institutions		1.008.594.156.762	1.101.491.728.879
Compensation ATM operations pending		11.874.095.109	3.654.364.771
Bonds issued abroad	c.11.b)	1.667.901.000.000	1.730.079.000.000
Transactions to be settled	c.18	48.577.657.168	113.522.360.949
Accrued interests		74.191.720.629	78.037.769.654
	c.14	3.675.803.356.715	3.666.767.026.577
FINANCIAL LIABILITIES			
NONFINANCIAL SECTOR			
Deposits - Private Sector	c.15.1	8.000.638.579.211	8.192.626.539.516
Deposits - Public Sector	c.15.1	1.267.355.652.219	1.322.043.861.101
Other obligations		162.051.284.671	51.158.318.703
Debentures and bonds issued in circulation	c.11.a)	125.956.190.860	158.844.893.440
Transactions to be settled	c.18	47.054.376.800	41.326.314.055
Accrued interests		61.499.367.523	73.389.329.736
	c.14	9.664.555.451.284	9.839.389.256.551
OTHER LIABILITIES	c.17	68.874.104.769	39.182.748.805
ACCRUALS		21.095.931.867	32.283.031.612
TOTAL LIABILITIES		13.430.328.844.635	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		37.709.106.886	36.273.953.795
Legal reserve		309.881.501.648	258.061.562.370
Accumulated results		12.078.865.133	-
Profit for the year		118.364.136.713	236.020.178.443
TOTAL EQUITY	D	1.495.886.670.380	1.455.723.754.608
TOTAL LIABILITIES AND EQUITY		14.926.215.515.015	15.033.345.818.153
CONTINGENCY AND MEMORANDUM ACCOUNTS			
TOTAL CONTINGENCIES ACCOUNTS	E	897.746.425.728	777.280.392.459
TOTAL MEMORANDUM ACCOUNTS	E	13.269.393.975.548	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 SIX MONS ENDED JUNE 30, 2017
Presented for comparative purposes with the financial statements of prior period
(Amounts expressed in Paraguayan guaraníes)

	Note	JUNE 30, 2017	JUNE 30, 2016
FINANCIAL INCOME			
From performing loans - Financial sector		61.491.324.970	49.365.535.798
From performing loans - Nonfinancial sector		530.144.616.201	575.085.988.222
From nonperforming loans		9.769.094.015	15.354.622.310
From income and listed price differences of government securities		11.794.823.518	16.660.733.971
From valuation of financial assets and liabilities in foreign currency	f.2	-	-
		613.199.858.704	656.466.880.301
FINANCIAL EXPENSES			
From financial liabilities - Financial sector		(43.251.963.289)	(50.023.590.790)
From financial liabilities - Nonfinancial sector		(235.653.628.108)	(246.451.797.747)
From valuation of financial assets and liabilities in foreign currency	f.2	1.501.224.064	(323.156.218)
		(277.404.367.333)	(296.798.544.755)
FINANCIAL INCOME BEFORE ALLOWANCES		335.795.491.371	359.668.335.546
ALLOWANCES			
Additions	c.7	(323.595.934.830)	(493.955.950.837)
Reversals	c.7	237.704.990.767	354.321.212.536
		(85.890.944.063)	(139.634.738.301)
FINANCIAL PROFIT AFTER ALLOWANCES		249.904.547.308	220.033.597.245
NET INCOME FROM SERVICES			
Income from services		66.401.501.328	73.529.705.481
Expenses from services		(12.738.449.114)	(14.431.870.640)
		53.663.052.214	59.097.834.841
GROSS PROFIT		303.567.599.522	279.131.432.086
OTHER OPERATING INCOME			
Gain for exchange and arbitrage operation		15.410.995.684	19.889.146.834
Gain from other receivables		-	-
Income from operating leasing		-	-
Other income		1.020.588.104	858.274.482
		2.348.984.097	3.859.452.074
OTHER OPERATING EXPENSES		18.780.567.885	24.606.873.390
Salaries and social securities			
General expenses		(103.829.655.794)	(93.708.440.444)
Depreciation of property, plant and equipment	c.9	(70.304.612.490)	(70.480.253.124)
Amortization of deferred charges		(6.841.664.478)	(6.652.757.686)
Others		(1.355.352.329)	(1.495.798.647)
Valuation of other assets and liabilities in foreign currency - net	f.2	(13.314.562.139)	(11.878.886.645)
		-	-
		(195.645.847.230)	(184.216.136.546)
NET OPERATING PROFIT		126.702.320.177	119.522.168.930
EXTRAORDINARY GAINS AND LOSSES			
Extraordinary gains		4.937.081.462	7.220.650.093
Extraordinary losses		(4.182.704.752)	(6.634.032.986)
		754.376.710	586.617.107
PRIOR YEAR ADJUSTMENTS			
Gains		2.946.412.733	2.922.493.364
Losses		(1.129.917.050)	(1.292.294.989)
	d.3	1.816.495.683	1.630.198.375
PROFIT FOR THE YEAR BEFORE INCOME TAX		129.273.192.570	121.738.984.412
Income Tax	f.4	(10.909.055.857)	(10.576.408.719)
NET PROFIT FOR THE YEAR		118.364.136.713	111.162.575.693

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 SIX MONS ENDED JUNE 30, 2017

Presented for comparative purposes with 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	-	-	-	1.854.074.060	-	-	-	1.854.074.060
Profit for the year	-	-	-	-	-	-	111.162.575.693	111.162.575.693
Balance as of June 30, 2016	658.028.700.000	250.000.000.000	17.339.360.000	35.489.543.937	258.061.562.370	-	111.162.575.693	1.330.081.742.000
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	-	-	-	1.435.153.091	-	-	-	1.435.153.091
Profit for the year	-	-	-	-	-	-	118.364.136.713	118.364.136.713
Balance as of June 30, 2017	751.408.000.000	250.000.000.000	16.445.060.000	37.709.106.886	309.881.501.648	12.078.865.133	118.364.136.713	1.495.886.670.380

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

	<u>Note</u>	<u>JUNE 30, 2017</u>	<u>JUNE 30, 2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
PROFIT FOR THE YEAR		118.364.136.713	111.162.575.693
PLUS EXPENSES NOT INVOLVING USE OF CASH			
Depreciation of property, plant and quipment	c.9	6.841.664.478	6.652.757.686
Amortization of deferred charges		1.355.352.329	1.495.798.647
Increase in allowances	c.7	323.595.934.830	493.955.950.837
Accrual for income taxes	f.4	10.909.055.857	10.576.408.719
Accrued interests unpaid		135.691.088.152	155.037.208.321
Valuation of foreign currency accounts		-	-
Net value of disposal of property, plant and equipment	c.9	94.023.312	1.491.466.571
		478.487.118.958	669.209.590.781
LESS INCOME NOT INVOLVING CASH INFLOW			
Valuation of foreign currency accounts		(60.241.928.042)	(74.996.580.865)
Bancard dividend capitalization		(3.904.918.297)	(2.975.319.731)
Reversal of allowances	c.7	(237.704.990.767)	(354.321.212.536)
Accrued interests not collected		(240.166.228.366)	(251.023.583.471)
		(542.018.065.472)	(683.316.696.603)
Net decrease (increase) in loans		2.394.383.423	637.075.806.194
Net increase in other receivables		(31.064.903.725)	5.707.917.953
Net (decrease) increase in financial liabilities		70.127.342.513	289.330.920.301
Net (decrease) increase in other liabilities		29.687.972.440	26.438.923.352
Net decrease in accruals		(20.729.299.970)	(14.993.793.471)
Income tax paid		11.322.906.869	(4.605.134.530)
		61.738.401.550	938.954.639.799
Net cash flows generated by (used in) operating activities		116.571.591.749	1.036.010.109.670
CASH FLOWS FROM INVESTING ACTIVITIES			
Net decrease (increase) in government securities		(25.545.218.510)	(70.341.107.994)
Net increase in investments		23.889.570.389	755.319.732
Acquisition of property, plant and equipment	c.9	(1.555.790.014)	(6.801.554.700)
Net increase of deferred charges		(405.707.775)	(66.411.794)
Cash generated by (used in) used in investing activities		(3.617.145.910)	(76.453.754.756)
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		33.318.071.807	917.159.670.419
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		2.802.837.215.674	3.490.281.465.037

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