

**NOTES TO THE FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED  
SEPTEMBER 30, 2015**

**Presented on a comparative basis, as applicable, with the information for the year ended December 31, 2014 and the corresponding information for the six months ended December 31, 2014**

(Figures stated in Paraguayan guaranies)

**A. CONSIDERATION BY THE SHAREHOLDERS' MEETING AND PURPOSE OF PREPARATION OF THESE FINANCIAL STATEMENTS**

The financial statements of Banco Regional SAECA (hereinafter referred as Banco Regional SAECA or "the Entity" or "the Bank") at December 31, 2014 were approved by the Annual General Meeting of Shareholders held on April 25, 2015.

These financial statements are for a nine-month interim period ended September 30, 2015 that do not require the approval of the Shareholders.

**B. BASIC INFORMATION ABOUT THE BANK**

**b.1 Legal status**

Banco Regional Sociedad Anónima Emisora de Capital Abierto began doing business under the name of Banco Regional S.A. de Inversión y Fomento, authorized by Presidential Decree No. 4321 dated January 8, 1990, and by the Central Bank of Paraguay through Resolution No. 5, Record No. 11 dated February 13, 1991.

Through Resolution No. 3, Record No. 214, dated December 1, 1998, the Board of Directors of the Central Bank of Paraguay authorized Banco Regional S.A. de Inversión y Fomento to amend its Bylaws, as decided by Special Shareholders' Meeting held on April 24, 1998, to change its original name to Banco Regional S.A.

Through Resolution No. 1, Record No. 96, dated November 19, 2008, the Board of Directors of the Central Bank of Paraguay authorized Banco Regional S.A. to amend its Bylaws, as decided by Special Shareholders' Meeting held on September 30, 2008, to change its previous business name to Banco Regional S.A.E.C.A. The amendment was registered with the Public Registries on November 21, 2008, and with the CNV (Paraguayan securities commission) on December 4, 2008, through CNV Resolution No. 1156/08.

On April 22, 2009, the acquisition of 100% of the shares of Banco ABN AMRO Paraguay S.A. was completed, with the purpose of merging the latter with and into Banco Regional SAECA. This process was completed in late 2009.

On September 3, 2009, the final merger agreement involving Banco ABN AMRO Paraguay S.A. was executed. On September 4, 2009, the Special Shareholders' Meeting of Banco Regional S.A.E.C.A. was held, during which the merger agreement between both banks was officially approved. In view of this process, Banco Regional S.A.E.C.A., as the controlling Entity, assumes all rights and obligations of the acquired entity.

At September 30, 2015, the Bank had 35 branches (36 branches at December 31, 2014).

**b.2 Basis of preparation of the financial statements**

The financial statements have been prepared in accordance with accounting rules and specific instructions issued by the Central Bank of Paraguay and in the areas not covered by them, according to financial reporting standards in force in the country, issued by the Council of Accountants Paraguay audiences.

The financial statements have been prepared in accordance with accounting standards and specific instructions issued by the Central Bank of Paraguay and, on aspects not covered by them, in accordance

with applicable financial reporting standards in the country, issued by the Public Accountants Council of Paraguay.

The model is based on a conventional historical cost basis, except in the case of assets that are exposed to their current values, as explained in footnote c.9 and treatment assigned to assets and liabilities in foreign currency, as explained in note C.1, and does not recognize the overall effects of inflation on the financial position of the Company, or results of operations. According to the Consumer Price Index published by the Central Bank of Paraguay, inflation for the six months ended September 30, 2015 and December 31, 2014 it was 2.0% and 2.5% respectively. Accumulated inflation for the year ended December 31, 2014 was 4.2%.

The rules set by the Central Bank of Paraguay differ from the existing standards of financial reporting in Paraguay, mainly in the following aspects:

- a. They do not require the issuance of the statement of cash flows and the comparative financial statements.
- b. The adjustments to accumulated results are recorded as income (expense) for the year without affecting the Bank's equity accounts.
- c. The accounting record of the deferred tax is not contemplated
- d. Earnings per share do not need to be calculated or disclosed.
- e. There are specific criteria for the classification and valuation of the loan portfolio, the accrual recognition of interest and gains from valuation is suspended, as mentioned in note c.6.
- f. Banks are required to set allowances for loan losses, allowances for contingent risks and assets in general based on the parameters set forth in Resolution 1, Record No. 60, of the Board of Directors of the Central Bank of Paraguay dated September 28, 2007 and subsequent amendments.
- g. No disclosure is required of PP&E movements.
- h. No disclosure is required of the concentration of liabilities by numbers of depositors.
- i. No disclosure is required of the average interest rates or of the average assets and liabilities that have accrued interest.
- j. No opening movement of deferred charges is required.
- k. No disclosure of the base is required to identify the general risks of the banking industry and the accounting treatment of such risks, and
- l. Permanent investments in shares of other companies are valued at cost.

Disclosure and / or quantification of these differences are not required by the Central Bank of Paraguay.

The preparation of these financial statements requires that the Board of Directors and Management of the Bank make certain estimates and assumptions that affect asset and liability balances, the disclosures of contingencies and the recognition of income and expenses. Assets and liabilities are recognized in the financial statements when it is likely that future economic benefits will flow to or from the Bank and the different items have a cost or value that can be reliably measured. If in the future these estimates and assumptions, which are based on Management's best judgment as of the date of these financial statements, change with regard to the current circumstances, the original estimates and assumptions will be appropriately amended on the date on which those changes take place. The main estimates related to

the financial statements refer to the allowances for doubtful accounts, PP&E depreciations, the amortization of deferred charges and allowances to cover other contingencies.

Comparative information:

The balance sheet is presented on a comparative basis with the audited figures at year end 31 December 2014.

The income statement, the statement of changes in equity and cash flow statement are presented comparatively with the six months ended September 30, 2014.

**b.3 Foreign branches**

The Bank has no foreign branches.

**b.4 Shareholdings in other companies**

Interest in capital stock in other companies at September 30, 2015 and December 31, 2014 is as follows:

| Company name              | Condition     | Investment currency | Face value    | % equity interest | Carrying value in PYG |
|---------------------------|---------------|---------------------|---------------|-------------------|-----------------------|
| <b>SEPTEMBER 30, 2015</b> |               |                     |               |                   |                       |
| Bancard S.A. - Paraguay   | Affiliate     | PYG                 | 5,775,000,000 | 6.67%             | 6,582,846,968         |
| VISA INC – USA            | Non-affiliate | USD                 | 1             | Minority          | 6,200                 |
| SWIFT                     | Non-affiliate | EUR                 | 19,800.0000   | Minority          | 111,035,560           |
| <b>Total</b>              |               |                     |               |                   | <b>6,693,888,230</b>  |
| <b>December 31, 2014</b>  |               |                     |               |                   |                       |
| Bancard S.A. - Paraguay   | Affiliate     | PYG                 | 5,121,000,000 | 7.69%             | 5,928,846,968         |
| VISA INC - USA            | Non-affiliate | USD                 | 1             | Minority          | 5,092                 |
| SWIFT                     | Non-affiliate | EUR                 | 19,800.0000   | Minority          | 120,314,515           |
| <b>Total</b>              |               |                     |               |                   | <b>6,049,166,575</b>  |

The abovementioned investments are stated in the “Investments in securities issued by the private sector – variable income” assets account. See also note c.8.

**b.5 Capital structure and characteristics of the shares**

The paid in capital at September 30, 2015, and December 31, 2014, by type of share, is as follows:

At September 30, 2015

| Common, subscribed and paid in shares |            | Votes per share | PYG                    |
|---------------------------------------|------------|-----------------|------------------------|
| Type                                  | Quantity   |                 |                        |
| Founders Class "A" common shares      | 135,809    | 5               | 13,580,900,000         |
| Common Class "A" common shares        | 3,174, 585 | 1               | 317,458,500,000        |
| Multiple Class "B" common shares      | 90,539     | 5               | 9,053,900,000          |
| Common Class "B" common shares        | 1,948,531  | 1               | 194,853,100,000        |
| Preferred                             | 2,500,000  | 0               | 250,000,000,000        |
| <b>7,849,464</b>                      |            |                 | <b>784,946,400,000</b> |

**At December 31, 2014**

| Common, subscribed and paid in shares |                  | Votes per share | PYG                    |
|---------------------------------------|------------------|-----------------|------------------------|
| Type                                  | Number           |                 |                        |
| Founders Class "A" common shares      | 135,809          | 5               | 13,580,900,000         |
| Common Class "A" common shares        | 2,567,605        | 1               | 256,760,500,000        |
| Multiple Class "B" common shares      | 90,539           | 5               | 9,053,900,000          |
| Common Class "B" common shares        | 1,580,605        | 1               | 158,060,500,000        |
| Preferred                             | 2,500,000        | 0               | 250,000,000,000        |
|                                       | <b>6,874,558</b> |                 | <b>687,455,800,000</b> |

At September 30, 2015, the shareholding structure of the Institution was structured as follows:

| Shareholders                                       | Shares PYG.            | % Share        | % Of votes  |
|--|------------------------|----------------|-------------|
| Rabo Bank Financial Institutions Development B. V. | 303,907,000,000        | 38.72%         | 38%         |
| Other resident minority shareholders               | 481,039,400,000        | 61.28%         | 62%         |
| <b>Total</b>                                       | <b>784,946,400,000</b> | <b>100.00%</b> | <b>100%</b> |

As mentioned in note c.12 d), Monetary correction of capital stock, the Bank's current level of paid in capital is above the legal minimum required by the Central Bank of Paraguay.

**b.6 Board of Directors and Executive Officers**

At September 30, 2015, the Board of Directors and the Executive Officers are as follows:

| BOARD OF DIRECTORS  |                          | EXECUTIVE OFFICERS                    |                             |
|---------------------|--------------------------|---------------------------------------|-----------------------------|
| President           | Raul Vera Bogado         | General Manager                       | Eugenio Oze de Morvil       |
| Vice-president      | Cornelis J. Beijer       | Deputy General Manager                | Matheus den Exter           |
| Directors           | Alfredo Ricardo Raatz    | Internal Audit Manager                | Juan Carlos Meza            |
|                     | Petrus van Jaarsveld     | Compliance Manager                    | Erica Werner                |
|                     | Wolfgang Brönstrup       | Legal Affairs Manager                 | Marcos Dalla Fontana        |
| Alternate Directors | Irene Memmel de Matiauda | Corporate Risk Manager and Business   | Jorge Sienkawiec            |
|                     | Erik Heyl                | Risk Manager Private Clients and SMEs | Mats Hernegard              |
|                     | Francisco Yanagida       | Finance Manager                       | Oscar Godoy S.              |
|                     | Adrian Lorenzutti        | Human Resources Manager               | María del Carmen Valenzuela |
|                     | Miriam Raatz de Soley    | Operations Manager                    | Isabel Galiano de Ayala     |
| Syndic              | Roland Wolff             | Technical Manager                     | Rodrigo Bauza               |
| Alternate Syndic    | Sandra Yshizuka          | Information Technology Manager        | Mirta González              |
|                     |                          | Administrative Manager                | Fabio Sitzmann Hein         |
|                     |                          | Corporate Banking Acting Manager      | Walter Duarte Kallus        |
|                     |                          | Corporate Retail Banking Manager      | Julio Vázquez Piatti        |
|                     |                          | Branch Manager                        | Justin Van Der Sluis        |
|                     |                          | Private Banking Manager               | Anahi Heisecke              |
|                     |                          | Treasury Assistant Manager            | Daniel Cibils               |
|                     |                          | Correspondent Assistant Manager       | María Fernanda Carron       |
|                     |                          | Regular Notary                        | Leticia Perez Dominguez     |
|                     |                          | General Accountant                    | Francisco Furman S.         |

**b.7 English translation of statutory financial statements**

These financial statements have been translated into English for the convenience of English-speaking readers. The financial statements are the English translation of those originally prepared by the Entity in Spanish, expressed in local currency (Guaranies) and presented in accordance with financial standards established by the Central Bank of Paraguay and, in issues not covered by them, with the financial reporting standards in force in Paraguay. The effects of the differences between these standards and the

financial reporting standards in force in the countries in which the financial statements are to be used have not been quantified. Accordingly, the accompanying financial statements are not intended to present the financial position, results of operations, shareholders' equity or cash flows in accordance with financial reporting standards in force in the countries of users of the financial statements, other than Paraguay

## C. INFORMATION REGARDING MAIN ASSETS AND LIABILITIES

### c.1 Valuation of foreign currency and foreign exchange position

The assets and liabilities stated in foreign currency are valued at the exchange rates prevailing at September 30, 2015 and 2014 and December 31, 2014 respectively, provided by the Foreign Exchange Desk of the International Transactions Department at the Central Bank of Paraguay, and do not differ materially from the exchange rates in effect on the free foreign exchange market:

| Currency            | 2015/09/30                               | 2014/12/31 | 2014/09/30 |
|---------------------|--|------------|------------|
|                     | (Guarani for each unit foreign Currency) |            |            |
| 1 US dollar         | 5,636.09                                 | 4,629.00   | 4,492.00   |
| 1 Euro              | 6,301.71                                 | 5,634.42   | 5,672.50   |
| 1 Yen               | 47.03                                    | 38.76      | 40.96      |
| 1 Real              | 1,420.35                                 | 1,739.05   | 1,831.60   |
| 1 Argentine peso    | 598.50                                   | 541.44     | 532.67     |
| 1 pound sterling    | 8,529.10                                 | 7,205.50   | 7,285.13   |
| 1 Swiss franc       | 5,781.20                                 | 4,684.27   | 4,705.14   |
| 1 Swedish krona     | 672.74                                   | 597.94     | 622.50     |
| 1 Chinese yuan      | 886.81                                   | 746.50     | 731.73     |
| 1 Australian dollar | 3,954.28                                 | 3,796.71   | 3,925.56   |
| 1 Canadian dollar   | 4,216.74                                 | 3,989.14   | 4,008.92   |

The foreign exchange differences resulting from fluctuations in the exchange rates between the date on which a transaction is closed and the date on which it is settled or valued at the end of each period, are recognized in the income (loss) for the period, with the exceptions indicated in note f.1.

### c.2 Position in foreign currency

The foreign exchange position at September 30, 2015 and December 31, 2014 is as follows:

| Item                                     | September 30, 2015       |                          | December 31, 2014        |                          |
|--|--------------------------|--------------------------|--------------------------|--------------------------|
|  | Arbitrated amount to USD | Equivalent amount in PYG | Arbitrated amount to USD | Equivalent amount in PYG |
| Total assets in foreign currency         | 1,711,130,513.31         | 9,644,085,574,777        | 1,673,417,543            | 7,746,249,807,974        |
| Total liabilities in foreign currency    | (1,708,525,758.71)       | (9,629,404,943,408)      | (1,675,371,739)          | (7,755,295,778,627)      |
| <b>Long position in foreign currency</b> | <b>2,604,755</b>         | <b>14,680,631,370</b>    | <b>(1,954,195)</b>       | <b>(9,045,970,653)</b>   |

At September 30, 2015 and December 31, 2014 the foreign currency position did not exceed the limit set by the Bank position paper presented to the Central Bank of Paraguay, on January 3, 2013, pursuant to Resolution No. 25 Act No. 77 dated December 28, 2011 which establishes the free choice of position range depending on the category established in the Resolution that financial institutions chosen for their net position for each year.

**Market risk management:** Market risk is the risk that the changes in market prices, for instance, interest rates, changes in foreign currency, etc., will affect the Bank's equity depending on the positions taken on the financial market. The Bank controls market risk by monitoring the limits established by the Assets and Liabilities Committee and/or by the Board of Directors.

### c.3. Deposits in the Central Bank of Paraguay

The deposits in the Central Bank of Paraguay at September 30, 2015 and December 31, 2014 are as follows:

| Item                             | September 30, 2015<br>PYG | December 31, 2014<br>PYG |
|----------------------------------|---------------------------|--------------------------|
| Minimum cash requirement in PYG  | 425,460,136,598           | 449,544,934,069          |
| Minimum cash requirements in USD | 1,067,887,217,608         | 905,450,626,826          |
| Minimum cash requirement in EUR  | 15,662,980,804            | 10,947,417,637           |
| Special cash requirement in PYG  | 647,794,588               | 215,600,000              |
| Special cash requirement in USD  | 345,657,116               | 205,374,102              |
| Monetary Transactions Operations | 177,276,000,000           | 292,807,000,000          |
| Current accounts in PYG          | 9,657,951,949             | 8,938,876,193            |
| Current accounts in USD          | 182,936,633,730           | 78,032,871,410           |
| Current accounts EUR             | 5,323,391,642             | 2,637,321,901            |
| <b>Total</b>                     | <b>1,885,197,764,035</b>  | <b>1,748,780,022,138</b> |

See further about the reserve requirement in paragraph a) of Note c.12.

### c.4 Government and private securities

The government and private securities acquired by the Regional Bank SAECA correspond to National Treasury Bonds, Bonds Development Finance Agency, Letters of Monetary Regulation and Corporate Bonds not listed on the stock market, securities and marketable private companies traded in the secondary market or country. All are carried at cost plus accrued to perceive the September 30, 2015 and December 31, 2014 respectively, which does not exceed their estimated realizable value income.

#### As of September 30, 2015

| Government and private securities | Issuance<br>currency | Amount in issuance<br>currency | Amount in Paraguayan guaraníes |                          |
|-----------------------------------|----------------------|--------------------------------|--------------------------------|--------------------------|
|                                   |                      |                                | Face value                     | Carrying amount          |
| Paraguayan Treasury Bonds (*)     | PYG                  | 407,853,335,994                | 407,853,335,994                | 348,186,862,088          |
| Development Finance Agency Bonds  | PYG                  | 1,293,000,000                  | 1,293,000,000                  | 1,293,000,000            |
| Monetary Regulation Instruments   | PYG                  | 931,280,000,000                | 931,280,000,000                | 888,300,432,426          |
| Accrued interest                  |                      |                                | -                              | 38,218,235,945           |
| <b>TOTAL</b>                      |                      |                                | <b>1,340,426,335,994</b>       | <b>1,275,998,530,459</b> |



**As of December 31, 2014**

| Government and private securities | Issuance currency | Amount in issuance currency | Amount in Paraguayan guaraníes |                          |
|-----------------------------------|-------------------|-----------------------------|--------------------------------|--------------------------|
|                                   |                   |                             | Face value                     | Carrying amount          |
| Paraguayan Treasury Bonds (*)     | PYG               | 435,041,112,500             | 435,041,112,500                | 358,588,357,065          |
| Development Finance Agency Bonds  | PYG               | 1,293,000,000               | 1,293,000,000                  | 1,293,000,000            |
| Monetary Regulation Instruments   | PYG               | 693,990,000,000             | 693,990,000,000                | 648,840,110,916          |
| Accrued interest                  |                   |                             | -                              | 38,323,651,649           |
| <b>TOTAL</b>                      |                   |                             | <b>1,130,324,112,500</b>       | <b>1,047,045,119,630</b> |

(a) As of September 30, 2015 and December 31, 2014 the Company has provided a guarantee of the National Treasury Bonds has a portfolio at those dates, for a total of Gs. 27,487,963,948 and Gs. 47,588,889,573, respectively, whose availability is restricted as mentioned in note c.12 b).

(b) At September 30, 2015 the company has irrevocable sales commitments Monetary Regulation Bills worth Gs. 260,210,636,766, acquired as part of operations in interbank liquidity window (see note C.18)

(c) At September 30, 2015 and December 31, 2014 the Bank has delivered Letters of Monetary Regulation by Gs. 16,930,378,967 and Gs. 15,124,339,553 respectively constituted as minimum guarantees required by the BCP under the general regulations SiPAP (see note c.12.b).

**c.5 Assets and liabilities with adjustment clauses**

Except for the loans borrowed (liabilities) from the Development Finance Agency and the loans granted (assets) using the Development Finance Agency funds and certain loans granted using the Bank's own funds, which involve contractual clauses for potential adjustments to the annual interest rates, at September 30, 2015, there were no assets or liabilities with adjustment clauses.

**c.6 Loan portfolio**Management of credit risk:

Credit risk is controlled by the Bank's Board of Directors and Management, mainly through the evaluation and analysis of individual transactions, for which certain clearly-defined aspects in the Bank's credit policies are taken into consideration, such as: the proven payment ability and indebtedness of the debtors, the credit concentration of groups of companies, individual credit-granting limits, evaluation of economic sectors, preferred securities and the working capital requirement, depending on the market risks.

Criteria for classification and valuation:

The loan portfolio has been stated at face value plus accrued interest the end of each year, net of allowances, which were calculated according to the Bank's internal credit valuation policies and the allowances set forth by the Central Bank of Paraguay Board of Directors' in the Resolution No. 1, Record No. 60 dated September 28, 2007, and subsequent amendments; for which:

- a) Debtors have been classified into the following groups: i) Large debtors; ii) Medium and small debtors; iii) Personal debtors of consumer or mortgage loans and iv) Microcredits.
- b) The debtors have been classified into 6 categories of risk, based on the evaluation and qualification of the payment capacity of a debtor or group of related debtors, with respect to all of their obligations. A rule amending Resolution No. 1/2007 requires Category 1 disintegrates into three sub-categories for the purpose of determination of allowances;
- c) Accrued interest on balances of debtors performing loans classified in categories "1" and "2" subjectively are recognized as revenue in their entirety. Accrued interest receivable at the

reporting date on nonperforming loans and / or performing loans ranked higher than "2" category and above, which have been recognized as income until its entry into arrears, have an allowances that covers the total amount of such accrued interest;

- d) The accrual of interest and the recognition of gains from the valuation of nonperforming loans and performing loans classified in categories "2" or higher from its entry into arrears, and are recognized as gains at the time the same are collected, as mentioned in note f.1.
- e) Amortized loans are considered nonperforming after 61 days of default on any of their installments, and fixed term loans or single maturity loans, on the day after maturity.
- f) Specific allowances have been set which are required to cover potential losses that may arise if the portfolio is not recovered according to the criteria and parameters established by Resolution of the Board of the Central Bank of Paraguay No. 1, Act No. 60 of September 28, 2007, amendments and all supplemental;
- g) Have become generic provisions on the loan portfolio according to the criteria and parameters established by Resolution of the Board of the Central Bank of Paraguay No. 1, Act No. 60 of 28 September 2007. They have also made additional provisions defined by the Bank's Management ; and
- h) Bad debts that are written off, under the conditions established in the applicable regulation of the BCP, are recorded and reported in memorandum accounts.

#### **c.6.1 Performing loans to the financial sector**

According to the valuation standards for credit risks and assets set forth by the Banks Regulatory Authority of the Central Bank of Paraguay, the Bank's performing loan portfolio for the financial sector is classified by risk as follows:

##### **As of September 30, 2015**

| Risk category | Carrying amount before allowances (a) | Guarantees computable for allowances | Allowances    |                        | Carrying amount after allowances |
|---------------|---------------------------------------|--------------------------------------|---------------|------------------------|----------------------------------|
|               |                                       |                                      | Minimum % (b) | Booked (c)             |                                  |
| 1             | 874,984,922,123                       | 110,220,985,285                      | 0%            | -                      | 874,984,922,123                  |
| 1a            | 5,502,855,206                         | -                                    | 0.5%          | (27,514,276)           | 5,475,340,930                    |
| 2             | 31,337,168,724                        | 21,129,006,296                       | 5%            | (1,019,348,148)        | 30,317,820,576                   |
| <b>Total</b>  | <b>911,824,946,053</b>                | <b>131,349,991,581</b>               |               | <b>(1,046,862,424)</b> | <b>910,778,083,629</b>           |

##### **As of December 31, 2014**

| Risk category | Carrying amount before allowances (a) | Guarantees computable for allowances | Allowances    |                      | Carrying amount after allowances |
|---------------|---------------------------------------|--------------------------------------|---------------|----------------------|----------------------------------|
|               |                                       |                                      | Minimum % (b) | Booked (c)           |                                  |
| 1             | 836,033,798,872                       | 112,189,490,669                      | 0%            | -                    | 836,033,798,872                  |
| 1a            | 3,520,712,329                         | -                                    | 0.5%          | (17,603,562)         | 3,503,108,767                    |
| 2             | 25,444,034,050                        | 24,425,793,425                       | 5%            | (645,654,308)        | 24,798,379,742                   |
| <b>Total</b>  | <b>864,998,545,251</b>                | <b>136,615,284,094</b>               |               | <b>(663,257,870)</b> | <b>864,335,287,381</b>           |

##### **References:**

- (a) Includes principal and interest and forward contracts (net of unrealized valuation earnings);



- (b) The rates of forecasting and risk categories defined for classification and creation of provisions for the loan portfolio, based on the criteria established for this purpose in Resolution No. 1, Act No. 60 of the Board of the Central Bank of Paraguay dated September 28, 2007 and subsequent amendments;
- (c) Allowances are set considering additional risk contingent balances. For those borrowers who do not have computable guarantees, the allowance is calculated on the total risk (including contingent and monetary debt). For the rest of debtors, the allowance is calculated in two phases, computing guarantees only for the second one.

### c.6.2 Performing loans to the nonfinancial sector

The performing loans portfolio of the nonfinancial sector is comprised as follows:

| Item  | September 30, 2015        | December 30, 2014        |
|---|---------------------------|--------------------------|
|   | PYG                       | PYG                      |
| Term loans not subject to adjustment        | 430,054,403,055           | 336,620,117,351          |
| Amortized loans not subject to adjustment   | 8,502,649,836,818         | 6,999,827,853,951        |
| Checks acquired in Paraguay                 | 1,430,829,931             | 787,474,818              |
| Loans for overdrafts                        | 231,826,124,019           | 178,311,525,860          |
| Receivables from deferred credit documents  | 119,921,126,873           | 68,879,453,511           |
| Receivables from use of credit cards        | 137,437,323,031           | 103,920,872,374          |
| Loans with managed resources                | 380,326,166,403           | 313,150,416,631          |
| Bills discounted                            | 181,028,897,650           | 261,942,880,743          |
| Deferred checks discounted                  | 343,906,517,912           | 647,599,555,969          |
| Portfolio Purchase                          | 258,539,367,298           | 126,788,098,484          |
| Transactions pending settlement             | 62,128,363,948            | 75,089,889,573           |
| Loans to the government sector              | 7,116,734,830             | 6,499,011,725            |
| Receivables from accrued financial products | 233,151,083,275           | 158,077,623,786          |
| (-) Valuation gains recognition suspended   | (5,835,331,780)           | (1,189,259,073)          |
| (-) Allowances                              | (155,182,457,035)         | (82,322,978,224)         |
| <b>TOTAL</b>                                | <b>10,728,498,986,228</b> | <b>9,193,982,537,479</b> |

According to the valuation standards for credit risks and assets set forth by the Banks Regulatory Authority of the Central Bank of Paraguay, the Bank's performing loan portfolio to the nonfinancial sector is classified by risk as follows:

#### As of September 30, 2015

| Risk category          | Carrying amount before allowances (a) | Guarantees computable for allowances | Allowances    |                          | Carrying amount after allowances |
|------------------------|---------------------------------------|--------------------------------------|---------------|--------------------------|----------------------------------|
|                        |                                       |                                      | Minimum % (b) | Booked (d)               |                                  |
| 1                      | 9,435,071,385,160                     | 4,737,853,134,569                    | 0%            | -                        | 9,435,071,385,160                |
| 1a                     | 562,539,720,344                       | 283,282,800,498                      | 0.5%          | (3,189,410,264)          | 559,350,310,080                  |
| 1b                     | 216,323,820,897                       | 101,571,816,825                      | 1.5%          | (2,470,341,463)          | 213,853,479,434                  |
| 2                      | 519,879,431,317                       | 284,664,188,173                      | 5%            | (18,784,970,912)         | 501,094,460,405                  |
| 3                      | 97,344,759,300                        | 50,887,470,408                       | 25%           | (17,530,418,087)         | 79,814,341,213                   |
| 4                      | 43,956,211,694                        | 10,366,728,319                       | 50%           | (18,563,514,912)         | 25,392,696,782                   |
| 5                      | 1,803,277,958                         | 497,774,073                          | 75%           | (1,200,320,348)          | 602,957,610                      |
| 6                      | 6,762,836,593                         | 2,852,280,408                        | 100%          | (3,965,933,513)          | 2,796,903,080                    |
| Generic allowances (c) |                                       |                                      |               | (89,477,547,536)         | (89,477,547,536)                 |
| <b>TOTAL</b>           | <b>10,883,681,443,263</b>             | <b>5,471,976,193,273</b>             |               | <b>(155,182,457,035)</b> | <b>10,728,498,986,228</b>        |

**As of December 31, 2014**

| Risk category          | Carrying amount before allowances (a) | Guarantees computable for allowances | Allowances    |                         | Carrying amount after allowances |                  |
|------------------------|---------------------------------------|--------------------------------------|---------------|-------------------------|----------------------------------|------------------|
|                        |                                       |                                      | Minimum % (b) | Booked (d)              |                                  |                  |
| 1                      | 8,769,833,186,117                     | 4,011,023,008,529                    | 0%            | -                       | 8,769,833,186,117                |                  |
| 1a                     | 163,304,980,216                       | 47,272,556,756                       | 0.5%          | (818,229,451)           | 162,486,750,765                  |                  |
| 1b                     | 53,466,179,142                        | 13,868,122,409                       | 1.5%          | (723,007,043)           | 52,743,172,099                   |                  |
| 2                      | 215,412,720,178                       | 75,299,783,666                       | 5%            | (8,998,646,849)         | 206,414,073,329                  |                  |
| 3                      | 30,185,633,917                        | 18,452,508,085                       | 25%           | (5,077,415,135)         | 25,108,218,782                   |                  |
| 4                      | 34,840,189,218                        | 10,724,805,020                       | 50%           | (13,863,316,802)        | 20,976,872,416                   |                  |
| 5                      | 5,953,081,612                         | 1,498,583,826                        | 75%           | (3,915,694,931)         | 2,037,386,681                    |                  |
| 6                      | 3,309,545,303                         | 770,327,720                          | 100%          | (2,680,397,458)         | 629,147,845                      |                  |
| Generic allowances (c) |                                       |                                      |               |                         | (46,246,270,555)                 | (46,246,270,555) |
| <b>TOTAL</b>           | <b>9,276,305,515,703</b>              | <b>4,178,909,696,011</b>             |               | <b>(82,322,978,224)</b> | <b>9,193,982,537,479</b>         |                  |

**References:**

- (a) Includes principal and interest and forward contracts (net of unrealized valuation earnings);
- (b) The rates of forecasting and risk categories defined for classification and creation of provisions for the loan portfolio, based on the criteria established for this purpose in Resolution No. 1, Act No. 60 of the Board of the Central Bank of Paraguay dated September 28, 2007 and subsequent amendments;
- (c) Generic allowances established by the Bank in accordance with the requirements of Resolution 1/2007 of the Central Bank of Paraguay; and additional provisions defined by the Board of the Bank; and
- (d) Allowances are set considering additional risk contingent balances. For those borrowers who do not have computable guarantees, the allowance is calculated on the total risk (including contingent and monetary debt). For the rest of debtors, the allowance is calculated in two phases, computing guarantees only for the second one.

**c.6.3 Nonperforming loans**

The nonperforming loans portfolio is comprised as follows:

| Item  | September 30, 2015     | December 31, 2014     |
|---|------------------------|-----------------------|
|   | PYG                    | PYG                   |
| Nonperforming loans. Status: past due.              | 29,083,422,702         | 23,866,647,693        |
| Nonperforming loans. Status: undergoing proceedings | 73,925,521,725         | 35,161,377,665        |
| Nonperforming loans. Status: delinquent.            | 154,225,576,496        | 142,368,263,868       |
| Nonperforming loans - Financial Sector              | 2,861,664,901          | 2,552,519,002         |
| Accrued interests                                   | 12,265,748,589         | 9,606,545,640         |
| (-) Unrealized valuation earnings                   | (6,580,559,107)        | (1,075,890,197)       |
| (-) Allowances                                      | (137,892,413,917)      | (130,582,961,979)     |
| <b>TOTAL</b>  | <b>127,888,961,389</b> | <b>81,896,501,692</b> |

According to the valuation standards for credit risks and assets set forth by the Banks Regulatory Authority of the Central Bank of Paraguay, the Bank's nonperforming loan portfolio is classified by risk as follows:

**As of September 30, 2015**

| Risk category | Carrying amount before allowances (a) | Guarantees computable for allowances | Allowances    |                          | Carrying amount after allowances |
|---------------|---------------------------------------|--------------------------------------|---------------|--------------------------|----------------------------------|
|               |                                       |                                      | Minimum % (b) | Booked (c)               |                                  |
| 1a            | 383,123                               | -                                    | 0,5%          | (1,916)                  | 381,207                          |
| 1b            | 4,519,003,985                         | 1,285,286,151                        | 1,5%          | (181,469,976)            | 4,337,534,009                    |
| 2             | 18,555,444,228                        | 9,289,136,956                        | 5%            | (2,130,124,494)          | 16,425,319,734                   |
| 3             | 49,615,630,405                        | 21,305,030,388                       | 25%           | (10,842,111,003)         | 38,773,519,402                   |
| 4             | 30,764,717,028                        | 10,918,848,500                       | 50%           | (12,379,887,848)         | 18,384,829,180                   |
| 5             | 29,192,798,270                        | 7,869,592,789                        | 75%           | (17,268,765,359)         | 11,924,032,911                   |
| 6             | 133,133,398,267                       | 38,614,026,546                       | 100%          | (95,090,053,321)         | 38,043,344,946                   |
| <b>TOTAL</b>  | <b>265,781,375,306</b>                | <b>89,281,921,330</b>                |               | <b>(137,892,413,917)</b> | <b>127,888,961,389</b>           |

**As of December 31, 2014**

| Risk category | Carrying amount before allowances (a) | Guarantees computable for allowances | Allowances    |                          | Carrying amount after allowances |
|---------------|---------------------------------------|--------------------------------------|---------------|--------------------------|----------------------------------|
|               |                                       |                                      | Minimum % (b) | Booked (c)               |                                  |
| 1b            | 8,379,654                             | -                                    | 0,5%          | (41,898)                 | 8,337,756                        |
|               | 2,142,869,809                         | 338,450,564                          | 1,5%          | (123,962,540)            | 2,018,907,269                    |
| 2             | 8,577,349,858                         | 2,882,364,997                        | 5%            | (575,121,869)            | 8,002,227,989                    |
| 3             | 16,884,441,188                        | 7,804,664,576                        | 25%           | (3,461,523,377)          | 13,422,917,811                   |
| 4             | 37,060,357,889                        | 18,800,895,888                       | 50%           | (13,500,880,886)         | 23,559,477,003                   |
| 5             | 67,128,283,631                        | 19,347,322,788                       | 75%           | (39,960,133,406)         | 27,168,150,225                   |
| 6             | 80,677,781,642                        | 7,716,483,639                        | 100%          | (72,961,298,003)         | 7,716,483,639                    |
| <b>Total</b>  | <b>212,479,463,671</b>                | <b>56,890,182,452</b>                |               | <b>(130,582,961,979)</b> | <b>81,896,501,692</b>            |

References:

- (a) Includes principal and interest and forward contracts (net of unrealized valuation earnings);
- (b) The percentages of allowances and risk categories defined for classification and constitution of allowances in the loan portfolio at September 30, 2015 and December 31, 2014, are based on the criteria established for this purpose in Resolution No. 1, Act No. 60 BCP Board dated September 28, 2007 and subsequent amendments; and
- (c) Allowances are set considering additional risk contingent balances. For those borrowers who do not have computable guarantees, the allowance is calculated on the total risk (including contingent and monetary debt). For the rest of debtors, the allowance is calculated in two phases, computing guarantees only for the second one.

**c.6.4 Other receivables**

As of September 30, 2015 and December 31, 2014, breaks down as follows:

| Item                                       | September 30, 2015 | December 31, 2014 |
|--|--------------------|-------------------|
| Prepayment of goods and services purchases | 10,169,517,788     | 3,172,023,382     |
| Prepaid charges                            | 9,725,619,548      | 1,923,649,982     |
| Issuance costs of foreign bonds            | 24,099,386,313     | 23,560,559,217    |
| Prepaid income tax (a)                     | 15,175,288,859     | 17,371,809,511    |
| Value-added tax deductible                 | 1,415,036,938      | 1,753,784,931     |
| Tax Credit Certificates                    | 13,927,725,596     | 518,486,489       |
| Advance staff                              | 253,230,000        | -                 |
| Receivables from forward sale of goods     | 1,979,231,051      | 2,348,929,296     |

|                                       |                       |                       |
|---------------------------------------|-----------------------|-----------------------|
| Expenses to be recovered              | 1,231,556,832         | 688,993,911           |
| Compensation claimed for losses       | 2,205,114,000         | 960,038,900           |
| Other                                 | 1,264,750,747         | 735,797,476           |
| Operations suspended                  | 4,197,485,568         | 1,863,705,696         |
| Checks to return to the Clearinghouse | 3,942,355,648         | -                     |
| Lawsuit expenses recoverable          | 2,420,796,339         | 2,467,539,872         |
| Valuation gains to be realized        | -                     | (15,680,000)          |
| Uncollected accrued interest          | 2,848,667,804         | 1,793,675,314         |
| Allowances set (Note c.7)             | (4,503,667,823)       | (2,727,641,002)       |
| <b>Total</b>                          | <b>90,352,095,208</b> | <b>56,415,672,975</b> |

- a) The accrual for income tax liabilities included in the "Accruals" as of September 30, 2015 and December 31, 2014 was approximately PYG. 13,742,013,938 and PYG. 8,375,026,757, respectively.

### **c.7 Allowances for direct and contingent risks**

Allowances for loan losses and other assets are determined at the end of each period based on the examination of the portfolio to determine the portion of those portfolios that are not recoverable and considering the a, for each type of credit risk, laid down in Central Bank of Paraguay Board of Directors' Resolution No. 1, Record No. 60 dated September 28, 2007, and its amendments and / or further extensions.

On a regular basis, Bank Management reviews and analyzes the loan portfolio pursuant to credit valuation standards established by the Banks Regulatory Authority of the Central Bank of Paraguay so as to adjust the allowances for loan losses. All allowances necessary to cover potential losses on direct and contingent risks have been set, pursuant to the criteria of Bank Management and the requirements of Central Bank of Paraguay Board of Directors' Resolution No. 1, Record No. 60, dated September 28, 2007, and Resolution No. 37, Record No. 72, dated November 29, 2011.

The changes during the period ended September 30, 2015 and for the year ended December 31, 2014 in the accounts of forecasts is summarized as follows:

#### **As of September 30, 2015**

| Item                                   | Balance at beginning of the year | Additions                | Reclassifications and adjustments to allowances for the year | Reversal of allowances for the year | Changes from valuation in foreign currency | Balance at the end of the year |
|--|----------------------------------|--------------------------|--|-------------------------------------|--|--------------------------------|
| Cash and Bank                          | (2,223,073)                      | (589,996,762)            | -  | 585,799,693                         | (7,488,519)                                | (13,908,661)                   |
| Performing loans – financial sector    | (663,257,870)                    | (1,417,928,392)          | -  | 1,178,770,959                       | (144,447,121)                              | (1,046,862,424)                |
| Performing loans – nonfinancial sector | (82,322,978,224)                 | (261,969,567,194)        | 83,486,788   | 201,122,746,942                     | (12,096,145,347)                           | (155,182,457,035)              |
| Other receivables                      | (2,727,641,002)                  | (3,096,171,765)          | 1,066,712,352  | 398,526,041                         | (145,093,449)                              | (4,503,667,823)                |
| Nonperforming loans                    | (130,582,961,979)                | (180,685,030,082)        | 51,676,394,468   | 125,687,815,467                     | (3,988,631,791)                            | (137,892,413,917)              |
| Investments                            | (10,127,753,563)                 | (6,771,767,526)          | 10,064,202,986   | 300,844,232                         | (237,293,655)                              | (6,771,767,526)                |
| <b>TOTAL</b>                           | <b>(226,426,815,711)</b>         | <b>(454,530,461,721)</b> | <b>62,890,796,594</b>  | <b>329,274,503,334</b>              | <b>(16,619,099,882)</b>                    | <b>(305,411,077,386)</b>       |

#### **As of December 31, 2014**

| Item                                   | Balance at beginning of the year | Additions         | Reclassifications and adjustments to allowances for the year | Reversal of allowances for the year | Changes from valuation in foreign currency | Balance at the end of the year |
|--|----------------------------------|-------------------|--|-------------------------------------|--|--------------------------------|
| Cash and Bank                          | (58,392,957)                     | (1,996,090,688)   | 3,060,020  | 2,046,156,623                       | 3,043,929                                  | (2,223,073)                    |
| Performing loans – financial sector    | (1,582,655,576)                  | (8,746,967,154)   | -  | 9,752,745,938                       | (86,381,078)                               | (663,257,870)                  |
| Performing loans – nonfinancial sector | (83,844,677,085)                 | (232,540,674,367) | 547,408,775  | 234,073,252,079                     | (558,287,626)                              | (82,322,978,224)               |
| Other receivables                      | (6,348,467,936)                  | (3,485,956,779)   | 6,821,392,114  | 287,297,990                         | (1,906,391)                                | (2,727,641,002)                |

|                     |                          |                          |                        |                        |                        |                          |
|---------------------|--------------------------|--------------------------|------------------------|------------------------|------------------------|--------------------------|
| Nonperforming loans | (152,849,684,472)        | (220,389,858,951)        | 100,096,843,268        | 142,728,670,171        | (168,931,995)          | (130,582,961,979)        |
| Investments         | (1,323,071,374)          | (17,213,912,676)         | 7,392,000,000          | 1,703,426,501          | (686,196,014)          | (10,127,753,563)         |
| <b>TOTAL</b>        | <b>(246,006,949,400)</b> | <b>(484,373,460,615)</b> | <b>114,860,704,177</b> | <b>390,591,549,302</b> | <b>(1,498,659,175)</b> | <b>(226,426,815,711)</b> |

### c.8 Investments

The investments account includes:

#### Foreclosed assets:

These assets are valued at the lowest of the following three values: Appraisal value, allocation value and balance of the receivable immediately before allocation, pursuant to the provisions of the Central Bank of Paraguay in this regard. Additionally, for assets exceeding the terms established by the Central Bank of Paraguay for their possession, allowances are set forth pursuant to the provisions in Resolution No. 1, Record No. 60 dated September 28, 2007, and Resolution No. 37, Record No. 72, dated November 29, 2011, issued by the Board of Directors of the Central Bank of Paraguay. After three years of possession, an allowance is set for 100% of these assets.

#### Private securities:

Long-term investments in interests in companies, which have been valued at acquisition value as they represent a minority interest of the Bank. This value does not exceed their market value, calculated based on the equity method value of those investments.

#### Special investments:

They are related to works of art that are valued at acquisition cost, which does not exceed their recoverable value.

The investments as of September 30, 2015 and December 31, 2014 is comprised as follows:

| <b>Description</b>  | <b>September 30,<br/>2015</b> | <b>December 31,<br/>2014</b> |
|---|-------------------------------|------------------------------|
| <b>Corporate securities</b>                                 |                               |                              |
| Investments in securities issued by private sector Note b.4 | 6,693,888,728                 | 6,049,166,575                |
| <b>Subtotal</b>   | <b>6,693,888,728</b>          | <b>6,049,166,575</b>         |
| <b>Goods procured in credit recovery</b>                    |                               |                              |
| Movable - Warrant Sugar Iturbe SA                           | -                             | 13,512,051,000               |
| Real Estate   | 20,044,255,547                | 22,716,760,836               |
| <b>Subtotal</b>   | <b>20,044,255,547</b>         | <b>36,228,811,836</b>        |
| Other investments   | 3,663,459                     | 3,008,850                    |
| Investment income in the private sector                     | 1                             | -                            |
| Allowances Note c.7   | (6,771,767,526)               | (10,127,753,563)             |
| <b>Total</b>  | <b>19,970,040,209</b>         | <b>32,153,233,698</b>        |

### c.9. Property, plant and equipment

The original values of the assets and accumulated depreciation are revalued at period or year according to the change in the Consumer Price Index published by the Central Bank of Paraguay. According to this index, inflation accumulated in the nine months ended September 30, 2015 was 2.0% and for the year

ended December 31, 2014 was 4.2%. The net increase in the revaluation reserve at the end of each period or fiscal year is disclosed in "Equity Adjustments" account in the equity of the Bank.

The cost of improvements or additions are capitalized, while maintenance and repairs that do not increase the value of the goods or their useful life are expensed in the year they occur.

Depreciations are computed as from the month after their addition to the Bank's assets, through monthly charges to the results based on a straight-line basis, in the estimated years of useful life, except for the assets acquired in the merger process of Banco ABN AMRO Paraguay S.A., which continue with their original method and are computed as from the year after their addition. The residual value of the revalued assets, taken as a whole does not exceed their recoverable value at September 30, 2015 and December 31, 2014.

The breakdown of property, plant and equipment as of September 30, 2015, and December 31, 2014 is as follows:

| Item                            | ORIGINAL VALUE                   |                       |                         |                      |                        |
|---------------------------------|----------------------------------|-----------------------|-------------------------|----------------------|------------------------|
|                                 | Balance at the beginning of year | Additions             | Disposals               | Revaluation          | Balance at end of year |
| <b>Bank Owned:</b>              |                                  |                       |                         |                      |                        |
| Real property - Land            | 9,995,083,180                    | -                     | -                       | 154,100,251          | 10,149,183,431         |
| Real property - Buildings       | 40,138,733,472                   | -                     | -                       | 858,131,904          | 40,996,865,376         |
| Furniture and office supplies   | 43,018,515,082                   | 381,295,084           | (5,382,650,904)         | 736,800,655          | 38,753,959,917         |
| Computer hardware               | 46,846,454,195                   | 4,220,930,161         | (1,173,776,762)         | 682,633,577          | 50,576,241,171         |
| Bank safe-deposit boxes         | 1,998,824,599                    | -                     | (54,798,306)            | 34,762,174           | 1,978,788,467          |
| Transport materials             | 1,923,198,666                    | -                     | -                       | 41,374,058           | 1,964,572,724          |
| <b>Taken leasing:</b>           |                                  |                       |                         |                      |                        |
| Computer hardware               | 1,878,368,600                    | 212,031,727           | -                       | -                    | 2,090,400,327          |
| <b>TOTAL SEPTEMBER 30, 2015</b> | <b>145,799,177,794</b>           | <b>4,814,256,972</b>  | <b>(6,611,225,972)</b>  | <b>2,507,802,619</b> | <b>146,510,011,413</b> |
| <b>TOTAL DECEMBER 31, 2014</b>  | <b>143,870,443,576</b>           | <b>13,238,831,096</b> | <b>(15,890,878,131)</b> | <b>4,580,781,253</b> | <b>145,799,177,794</b> |

| Item                          | Percentage of annual depreciation % | DEPRECIATIONS                    |                         |                       |                        |                         | Net amount at the end of the year |
|-------------------------------|-------------------------------------|----------------------------------|-------------------------|-----------------------|------------------------|-------------------------|-----------------------------------|
|                               |                                     | Balance at the beginning of year | Additions               | Disposals             | Revaluation            | Balance at end of year  |                                   |
| <b>Bank Owned:</b>            |                                     |                                  |                         |                       |                        |                         |                                   |
| Real property - Land          | 0%                                  | -                                | -                       | -                     | -                      | -                       | 10,149,183,431                    |
| Real property - Buildings     | 2.50%                               | (14,445,169,657)                 | (798,778,787)           | -                     | (307,662,069)          | (15,551,610,513)        | 25,445,254,863                    |
| Furniture and office supplies | 10%                                 | (22,656,373,748)                 | (3,359,327,861)         | 4,704,694,909         | (312,620,242)          | (21,623,626,942)        | 17,130,332,975                    |
| Computer hardware             | 25%                                 | (31,597,179,577)                 | (5,840,235,403)         | 1,173,776,720         | (348,228,379)          | (36,611,866,639)        | 13,964,374,532                    |
| Bank safe-deposit boxes       | 10%                                 | (1,278,315,375)                  | (128,654,824)           | 54,682,005            | (19,765,499)           | (1,372,053,693)         | 606,734,774                       |
| Transport materials           | 20%                                 | (1,247,324,421)                  | (265,136,020)           | -                     | (29,593,983)           | (1,542,054,424)         | 422,518,300                       |
| <b>Taken leasing:</b>         |                                     |                                  |                         |                       |                        |                         |                                   |
| Computer hardware             | 25%                                 | (989,732,394)                    | (374,280,751)           | -                     | -                      | (1,364,013,145)         | 726,387,182                       |
| <b>Total 2015</b>             |                                     | <b>(72,214,095,172)</b>          | <b>(10,766,413,646)</b> | <b>5,933,153,634</b>  | <b>(1,017,870,172)</b> | <b>(78,065,225,356)</b> | <b>68,444,786,057</b>             |
| <b>Total 2014</b>             |                                     | <b>(73,070,575,051)</b>          | <b>(13,119,470,810)</b> | <b>15,645,345,939</b> | <b>(1,669,395,250)</b> | <b>(72,214,095,172)</b> | <b>73,585,082,622</b>             |

According to banking legislation, financial institutions operating in Paraguay are forbidden to pledge of PP&E, except for those affected to support of financial leasing operations and to the Central Bank of Paraguay.



The banking law sets a limit for investment in fixed assets, which is 50% of capital. The book value of the assets of the Company at September 30, 2015 is within the limit.

#### c.10. Deferred charges

As of September 30, 2015 and December 31, 2014, this account is as follows:

| Item  | Net amount at beginning of year | Increases            | Amortization for the year | Net amount at end of year |
|---|---------------------------------|----------------------|---------------------------|---------------------------|
| <b>As of September 30, 2015</b>                         |                                 |                      |                           |                           |
| Improvements and facilities in leased real property (*) | 9,467,415,650                   | 442,391,504          | (3,120,076,239)           | 6,789,730,915             |
| Office supplies and others                              | 2,274,686,907                   | 3,150,343,214        | (2,595,782,017)           | 2,829,248,104             |
| <b>Total</b>  | <b>11,742,102,557</b>           | <b>3,592,734,718</b> | <b>(5,715,858,256)</b>    | <b>9,618,979,019</b>      |
| <b>As of December 31, 2014</b>                          |                                 |                      |                           |                           |
| Improvements and facilities in leased real property (*) | 8,530,998,995                   | 4,034,271,645        | (3,267,856,317)           | 9,297,414,323             |
| Office supplies and others                              | 2,444,688,234                   | 3,208,941,779        | (3,208,941,779)           | 2,444,688,234             |
| <b>Total</b>  | <b>10,975,687,229</b>           | <b>7,243,213,424</b> | <b>(6,476,798,096)</b>    | <b>11,742,102,557</b>     |

(\*) The Bank amortizes improvements and facilities in leased real property on a straight-line basis considering a useful life of 5 years.

#### c.11 Bonds, debentures and bonds in circulation

##### a) Loans in local market

The chapter "Bonds, debentures and bonds issued into circulation" included in the items "Liabilities from financial transactions - not financial sector" of the balance sheet include subordinated bonds whose balance and detail of emissions to September 30, 2015 and December 31, 2014 is as follows:

| Authorization Resolution issued by the Central Bank of Paraguay | Issuance currency | Issuance amount (*)    | Maturity  | Amount in issuance currency | Accounting balance at September 30, 2015 | Accounting balance at December 31, 2014 |
|---|-------------------|------------------------|-----------|-----------------------------|--|---|
| 00196/2010  | PYG               | 25,000,000,000         | 1463 days | 25,000,000,000              | -  | 25,000,000,000                          |
| 00196/2010  | PYG               | 25,000,000,000         | 1827 days | 25,000,000,000              | 25,000,000,000                           | 25,000,000,000                          |
| 00196/2010  | PYG               | 20,000,000,000         | 1827 days | 20,000,000,000              | 20,000,000,000                           | 20,000,000,000                          |
| 00196/2010  | PYG               | 20,000,000,000         | 1820 days | 20,000,000,000              | 20,000,000,000                           | 20,000,000,000                          |
| 00196/2010  | PYG               | 20,000,000,000         | 2002 days | 20,000,000,000              | 20,000,000,000                           | 20,000,000,000                          |
| <b>PYG TOTAL</b>  |                   | <b>110,000,000,000</b> |           | <b>110,000,000,000</b>      |  |   |
| 00196/2010  | USD               | 5,000,000.00           | 1820 days | 1,550,000.00                | 8,735,939,500                            | 7,174,950,000                           |
| 00196/2010  | USD               | 5,000,000.00           | 2184 days | 428,000.00                  | 2,412,246,520                            | 1,981,212,000                           |
| <b>USD TOTAL</b>  |                   | <b>10,000,000.00</b>   |           | <b>1,978,000.00</b>         |  |   |
| <b>TOTAL</b>  |                   |                        |           |                             | <b>94,156,162,000</b>                    | <b>94,156,162,000</b>                   |

(\*) The Central Bank of Paraguay has authorized, and the Bank has issued subordinated bonds in foreign currency up to an amount of USD 10,000,000, and in local currency up to an amount of PYG. 110,000,000,000.

Subordinated bonds will be convertible into shares, upon operation of law, in the event the Bank needs to cover the minimum capital requirements set forth by law or to replace capital losses (Law 861/96). The subordinated bonds do not have the deposit guarantee protection provided in Law No. 2334/03.

##### b) Loans abroad

The Extraordinary General Meeting N° 39 dated April 26, 2013 approved the issue of bonds abroad for up to USD 300,000,000 (three hundred million US dollars). On January 16, 2014, the Regional Bank

SAECA issued bonds for an amount of USD 300 million. The titles were listed in Luxembourg and have a term of five years and an interest rate of 8.125% per annum (interest payable semiannually).

As of September 30, 2015 and December 31, 2014 the principal was included in the chapter of outstanding bonds, in the items "Bonds issued abroad - Financial Sector" for an amount of PYG. 1,690,827,000,000 and PYG. 11,388,700,000,000, respectively

Additionally, the Bank is committed to comply with certain positive and negative covenants according to the prospectus, which are monitored by the Board and management of the Bank. At September 30, 2015 and December 31, 2014, no breaches these covenants are presented.

#### **c.12 Limitations on available Assets or Equity and any other restrictions on property rights**

As of September 30, 2015 and December 31, 2014, the limitations were as follows:

**a) Minimum cash requirement:**

The Central Bank of Paraguay account as of September 30, 2015 and December 31, 2014, includes PYG 1,510,003,786,714 and PYG 1,366,363,952,634, respectively, which are restricted accounts held by the Bank as the minimum cash legal requirements. (see note c.3)

**b) Government securities:**

As of September 30, 2015 and December 31, 2014 the balance of the "public and private Values" (see note C.4), it has included the National Treasury Bonds totaling Gs. 27,487,963,948 and Gs. 47,588,889,573 respectively guaranteeing Repurchase.

As of September 30, 2015 the company has irrevocable sales commitments Monetary Regulation Bills for a nominal value of Gs. 260 210 636 766, acquired as part of operations in interbank liquidity window.

Also, as of September 30, 2015 has Monetary Regulation Bills amounting to Gs. 16.930.378.967 (Gs. 15.124.339.553 to December 31, 2014) to ensure the operations of the Bank in the payment system SIPAP (see note C.4).

**c) Legal reserve:**

According to Article 27 of Law 861/96, financial institutions must have a reserve of not less than the equivalent of one hundred percent (100%) of its capital, which will be transferred annually not less than twenty percent (20%) of the net profits of each financial year.

Article 28 of the said Act provides that the legal reserve resources are automatically applied to cover losses in the financial year. In the following years, the total profits must be allocated to the legal reserve until the minimum amount thereof, or the highest that has been obtained in the process of its formation is reached again.

At any time, the amount of the reserve could be further increased with cash contributions.

**d) Monetary correction of capital stock:**

According to Article 11 of Law No. 861/96, financial institutions must update their capital annually according to Consumer Price Index (CPI) calculated by the Central Bank of Paraguay. The present value of the minimum capital requirement for the year 2015 and 2014 is PYG. 43,296,000,000 and PYG. 39,711,000,000 respectively, according to Circular SB SG No. 001/2015 and Circular SB SG No. 012/2014 respectively.

The Integrated Capital (common and preferred shares) of the Bank as of September 30, 2015 and December 31, 2014 amounted to PYG 784,946,400,000 and PYG 687,455,800,000 respectively (see note b.5), which exceeds the minimum capital requirement.

**e) Distribution of earnings:**

According to provisions of Law No. 861/96 “General Law on Banks, Financial and Other Credit Institutions”, financial institutions may distribute their earnings after first obtaining approval of their respective audited annual financial statements by the Banks Regulatory Authority, provided it grants its approval within a period of one hundred and twenty days after year-end. After this term has elapsed without any findings by the Banks Regulatory Authority, earnings may be distributed.

The Regular Shareholders’ Meeting held on April 24, 2015 approved the distribution of earnings of 2014 fiscal year as follows:

| Item                              | Currency | Amounts                |
|-----------------------------------|----------|------------------------|
| Booking of legal reserve          | PYG      | 28,688,408,351         |
| Capitalization of earnings        | PYG      | 61,464,000,000         |
| Cash dividends - preferred shares | PYG      | 40,000,000,000         |
| Cash dividends - common shares    | PYG      | 4,503,550,794          |
| <b>Total</b>                      |          | <b>134,655,959,145</b> |

The Regular Shareholders’ Meeting held on April 25, 2014 approved the distribution of earnings of 2013 fiscal year as follows:

| Item                              | Currency | Amounts                |
|-----------------------------------|----------|------------------------|
| Booking of legal reserve          | PYG      | 31,668,929,740         |
| Capitalization of earnings        | PYG      | 70,198,300,000         |
| Cash dividends - preferred shares | PYG      | 45,000,000,000         |
| Cash dividends - common shares    | PYG      | 3,811,591,713          |
| <b>Total</b>                      |          | <b>150,678,821,453</b> |

**f) Preferred share dividends**

According to the terms of the issuance of preferred shares, the shareholders will grant them a preferred dividend of 18% of the net profits for the year. The rate of preference dividend was reviewed by the Ordinary Shareholders in the fifth year of the issuance (2013), enhancing the assembly to modify this percentage for the following five years, according to market conditions, with a minimum of at least 6 points above the average inflation of the previous 10 years. Elapsed the first 10 years, and in subsequent meetings every five years, the respective assemblies must establish new conditions for the following periods of five years.

The Ordinary General Meeting of Shareholders held on October 18, 2013 resolved to set the preferred dividend rate of 16% for the following five years (2014 to 2018).

**g) Additional income tax for dividend distribution:**

According to the provisions of Law 125/91, as amended by Law 2421/04, the distribution of cash earnings are taxed at the rate of 5%. The Bank records the additional charge of income tax in the year in which the Shareholders decides the distribution.

Moreover, according to the tax regime established by those laws, profits remitted to foreign beneficiaries are subject to a withholding tax of 15% for income tax.

**h) Guarantees given in favor of Bancard S.A.:**

At September 30, 2015 and December 31, 2014 the Bank has given Bancard SA one Standby Letter of Credit issued by the Rabobank Netherland US \$ 2,385,000 guaranteed operations resulting from user transactions at ATMs (ATMs) and point of sale (POS's) of the Infonet network, and the obligations that they can derived as a result of the operations of credit cards MasterCard, VISA and BancardCheck brands.

**c.13 Guarantees granted with respect to liabilities**

As of September 30, 2015, the following guarantees had been granted with regard to liabilities:

The loans borrowed from GOVCO LLC, under an agreement with Citibank N.A. New York and secured by the Overseas Private Investment Corporation (OPIC), for a total of USD 33,750,000 with maturity dates on March 1, 2018, and March 1, 2020; are guaranteed through customer promissory notes pledged for a total value of USD 36,637,170.00.

As of December 31, 2014, the following guarantees had been granted with regard to liabilities:

The loans borrowed from GOVCO LLC, under an agreement with Citibank N.A. New York and secured by the Overseas Private Investment Corporation (OPIC), for a total of USD 33,750,000 with maturity dates on March 1, 2018, and March 1, 2020; are guaranteed through customer promissory notes pledged for a total value of USD 37,041,930.00.

Additionally, the Bank is committed to comply with certain financial, positive and negative covenants according to the contracts and agreements with multilateral credit institutions, and according to the prospectus of securities abroad, which are monitored by the Board and Management of the Bank. At September 30, 2015, no breaches of those clauses are presented.

There are no other limitations to the free disposal of assets or equity nor other restrictions on property rights.

**c.14 Distribution of financial intermediation receivables and obligations according to maturity dates**

Below are the placements and deposits as of September 30, 2015 and December 31, 2014, classified according to remaining maturity.

Balances include interest accrued until the end of each year, forward contracts / repo and loans before allowances.

**As of September 30, 2015**

| Item                                 | Terms remaining to maturity |                          |                            |                           |                          |                           |
|--------------------------------------|-----------------------------|--------------------------|----------------------------|---------------------------|--------------------------|---------------------------|
|                                      | Up to 30 days               | From 31 up to 180 days   | From 181 days up to 1 year | Over 1 year up to 3 years | Over 3 years             | TOTAL                     |
| Performing loans financial sector    | 490,767,862,269             | 209,511,164,529          | 118,661,972,660            | 46,738,994,989            | 46,144,951,606           | 911,824,946,053           |
| Performing loans nonfinancial sector | 1,796,121,007,753           | 2,742,211,272,653        | 2,204,924,331,724          | 1,819,278,443,222         | 2,321,146,387,911        | 10,883,681,443,263        |
| <b>Total Performing loans</b>        | <b>2,286,888,870,022</b>    | <b>2,951,722,437,182</b> | <b>2,323,586,304,384</b>   | <b>1,866,017,438,211</b>  | <b>2,367,291,339,517</b> | <b>11,795,506,389,316</b> |
| Obligations financial sector         | 767,238,162,731             | 410,309,379,226          | 344,553,658,691            | 510,038,173,218           | 2,247,803,407,363        | 4,279,942,781,229         |
| Obligations nonfinancial sector      | 5,741,717,580,272           | 1,385,828,578,673        | 1,378,830,237,014          | 1,174,162,856,457         | 630,143,380,989          | 10,310,682,633,405        |
| <b>Total Obligations</b>             | <b>6,508,955,743,003</b>    | <b>1,796,137,957,899</b> | <b>1,723,383,895,705</b>   | <b>1,684,201,029,675</b>  | <b>2,877,946,788,352</b> | <b>14,590,625,414,634</b> |

**As of December 31, 2014**

| Item                                 | Terms remaining to maturity |                        |                            |                           |                   |                   |
|--------------------------------------|-----------------------------|------------------------|----------------------------|---------------------------|-------------------|-------------------|
|                                      | Up to 30 days               | From 31 up to 180 days | From 181 days up to 1 year | Over 1 year up to 3 years | Over 3 years      | TOTAL             |
| Performing loans financial sector    | 95,756,357,109              | 504,375,006,533        | 153,759,568,628            | 65,684,386,704            | 45,423,226,277    | 864,998,545,251   |
| Performing loans nonfinancial sector | 1,112,092,689,834           | 3,693,325,392,087      | 1,302,283,416,713          | 1,490,690,710,049         | 1,677,913,307,020 | 9,276,305,515,703 |

|                                 |                          |                          |                          |                          |                          |                           |
|---------------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|---------------------------|
| <b>Total Performing loans</b>   | <b>1,207,849,046,943</b> | <b>4,197,700,398,620</b> | <b>1,456,042,985,341</b> | <b>1,556,375,096,753</b> | <b>1,723,336,533,297</b> | <b>10,141,304,060,954</b> |
| Obligations financial sector    | 385,505,118,536          | 610,439,235,082          | 339,397,591,629          | 374,506,068,840          | 1,763,364,193,459        | 3,473,212,207,546         |
| Obligations nonfinancial sector | 4,982,021,646,499        | 1,333,151,327,139        | 1,465,932,390,519        | 1,024,203,381,666        | 267,987,826,226          | 9,073,296,572,049         |
| <b>Total Obligations</b>        | <b>5,367,526,765,035</b> | <b>1,943,590,562,221</b> | <b>1,805,329,982,148</b> | <b>1,398,709,450,506</b> | <b>2,031,352,019,685</b> | <b>12,546,508,779,595</b> |

**Liquidity risk management:** Liquidity risk is the risk that a bank may encounter difficulties in meeting its obligations related to financial liabilities that are settled with a delivery of cash or other financial asset. The Bank's Board of Directors and Management control its liquidity mainly by matching the maturities of its assets and liabilities, pursuant to the short, medium and long term strategies in place and monitored (Treasury, ALM and Market Risk) on ongoing basis, for both assets and liabilities.

Additionally, the Bank has defined contingency plans for situations requiring temporary liquidity. The liquidity position is monitored and the liquidity stress tests are conducted on a regular basis in a variety of different scenarios that cover both normal market conditions and more severe ones. All liquidity policies and procedures are subject to the review and approval of the Assets and liabilities Committee and Board of Directors.

### c. 15 Concentration of the loans and deposits portfolio

#### c.15.1 Concentration of the financial intermediation portfolio by number of customers

The concentration of portfolio held by the Bank as of September 30, 2015 and December 31, 2014 respectively with the financial sector (SF) and nonfinancial (SNF) is exposed both in its portfolio of performing loans and nonperforming loans as on its obligations intermediation financial.

##### a. Credits

| Number of customers             | Amount and percentage of the Financial Sector loan portfolio |             |                      |             | Amount and percentage of the Nonfinancial Sector loan portfolio |             |                        |             |
|---------------------------------|--|-------------|----------------------|-------------|---|-------------|------------------------|-------------|
|                                 | Performing   | %           | Nonperforming        | %           | Performing  | %           | Nonperforming          | %           |
|                                 | PYG (*)  |             | PYG (*)              |             | PYG (*)   |             | PYG (*)                |             |
| <b>As of September 30, 2015</b> |  |             |                      |             |   |             |                        |             |
| 10 largest borrowers            | 441,671,360,262  | 48%         | 2,870,983,894        | 100%        | 975,211,885,131   | 9%          | 104,508,488,493        | 40%         |
| 50 next largest borrowers       | 213,121,010,264  | 23%         | -                    | 0%          | 2,405,437,254,094   | 22%         | 87,932,534,007         | 33%         |
| 100 next largest borrowers      | 257,032,575,527  | 28%         | -                    | 0%          | 1,883,546,701,112   | 17%         | 45,736,970,460         | 17%         |
| Other                           | -  | 0%          | -                    | 0%          | 5,619,485,602,926   | 52%         | 24,732,398,452         | 9%          |
| <b>TOTAL</b>                    | <b>911,824,946,053</b>                                       | <b>100%</b> | <b>2,870,983,894</b> | <b>100%</b> | <b>10,883,681,443,263</b>                                       | <b>100%</b> | <b>262,910,391,412</b> | <b>100%</b> |
| <b>As of December 31, 2014</b>  |  |             |                      |             |   |             |                        |             |
| 10 largest borrowers            | 529,530,300,888  | 78%         | 2,552,519,002        | 99%         | 761,154,673,538   | 8%          | 93,812,714,176         | 40%         |
| 50 next largest borrowers       | 248,893,459,471  | 37%         | -                    | 0%          | 1,904,207,337,380   | 19%         | 61,117,759,245         | 26%         |
| 100 next largest borrowers      | 86,574,784,892   | 13%         | -                    | 0%          | 1,480,182,340,697   | 15%         | 31,043,079,370         | 13%         |
| Other                           | -  | 0%          | -                    | 0%          | 5,130,761,164,088   | 51%         | 23,953,391,878         | 10%         |
| <b>TOTAL</b>                    | <b>864,998,545,251</b>                                       | <b>128%</b> | <b>2,552,519,002</b> | <b>100%</b> | <b>9,276,305,515,703</b>  | <b>92%</b>  | <b>209,926,944,669</b> | <b>90%</b>  |

(\*) Include interest income, unrealized valuation earnings and forward contracts / repo, before allowances.

##### b. Deposits

| Number of customers             | Amount and percentage of deposit portfolio |             |                          |             |                          |             |
|---------------------------------|--|-------------|--------------------------|-------------|--------------------------|-------------|
|                                 | Financial Sector                           | %           | Non-Financial Sector     | %           | Government Sector        | %           |
|                                 | PYG (*)                                    |             | PYG (*)                  |             | PYG (*)                  |             |
| <b>As of September 30, 2015</b> |  |             |                          |             |                          |             |
| 10 largest depositors           | 360,864,740,534                            | 59%         | 731,314,004,707          | 9%          | 1,463,320,259,151        | 97%         |
| 50 next largest depositors      | 229,149,296,410                            | 37%         | 1,198,540,064,242        | 14%         | 38,686,877,915           | 3%          |
| 100 next largest depositors     | 22,008,681,148                             | 4%          | 1,021,098,554,145        | 12%         | -                        | 0%          |
| Others depositors               | -  | 0%          | 5,369,390,520,994        | 65%         | -                        | 0%          |
| <b>TOTAL</b>                    | <b>612,022,718,092</b>                     | <b>100%</b> | <b>8,320,343,144,088</b> | <b>100%</b> | <b>1,502,007,137,066</b> | <b>100%</b> |
| <b>As of December 31, 2014</b>  |  |             |                          |             |                          |             |



|                             |                        |            |                          |            |                          |             |
|-----------------------------|------------------------|------------|--------------------------|------------|--------------------------|-------------|
| 10 largest depositors       | 332,672,874,282        | 48%        | 605,840,506,859          | 8%         | 1,195,439,736,684        | 97%         |
| 50 next largest depositors  | 206,544,336,040        | 30%        | 800,845,233,582          | 10%        | 38,999,096,551           | 3%          |
| 100 next largest depositors | 46,884,326,914         | 7%         | 785,093,404,805          | 10%        | 870,254,202              | 0%          |
| Others depositors           | 1,455,332,412          | 0%         | 5,324,448,663,476        | 66%        | -                        | 0%          |
| <b>TOTAL</b>                | <b>587,556,869,648</b> | <b>85%</b> | <b>7,516,227,808,722</b> | <b>94%</b> | <b>1,235,309,087,437</b> | <b>100%</b> |

(\*) Include amounts of deposits and / forward without interest payable at the close of each year.

### c.15.2 Concentration by geographic area and currency

#### a. Credits

| Item                            | Loans to Financial Sector<br>PYG (*) | %           | Loans to Nonfinancial Sector<br>PYG (*) | %           |
|---------------------------------|--------------------------------------|-------------|---|-------------|
| <b>As of September 30, 2015</b> |                                      |             |   |             |
| Residents in Paraguay           | 911,824,946,053                      | 100%        | 10,883,681,443,263                      | 100%        |
| Nonresidents in Paraguay        | -                                    | 0%          | -                                       | 0%          |
| <b>Sub-Total</b>                | <b>911,824,946,053</b>               |             | <b>10,883,681,443,263</b>               |             |
| Allowances                      | (1,046,862,424)                      |             | (155,182,457,035)                       |             |
| <b>TOTAL</b>                    | <b>910,778,083,629</b>               | <b>100%</b> | <b>10,728,498,986,228</b>               | <b>100%</b> |
| In local currency               | 555,513,804,635                      | 54%         | 3,392,044,624,716                       | 32%         |
| In foreign currency             | 356,311,141,418                      | 46%         | 7,491,636,818,547                       | 68%         |
| <b>Sub-Total</b>                | <b>911,824,946,053</b>               |             | <b>10,883,681,443,263</b>               |             |
| Allowances                      | (1,046,862,424)                      |             | (155,182,457,035)                       |             |
| <b>TOTAL</b>                    | <b>910,778,083,629</b>               | <b>100%</b> | <b>10,728,498,986,228</b>               | <b>100%</b> |
| <b>As of December 31, 2014</b>  |                                      |             |   |             |
| Residents in Paraguay           | 864,998,545,251                      | 100%        | 9,276,305,515,703                       | 100%        |
| Nonresidents in Paraguay        | -                                    | 0%          | -                                       | 0%          |
| <b>Sub-Total</b>                | <b>864,998,545,251</b>               | <b>100%</b> | <b>9,276,305,515,703</b>                | <b>100%</b> |
| Allowances                      | (663,257,870)                        |             | (82,322,978,224)                        |             |
| <b>TOTAL</b>                    | <b>864,335,287,381</b>               |             | <b>9,193,982,537,479</b>                |             |
| In local currency               | 539,422,810,129                      | 62%         | 3,233,772,755,238                       | 35%         |
| In foreign currency             | 325,575,735,122                      | 38%         | 6,042,532,760,465                       | 65%         |
| <b>Sub-Total</b>                | <b>864,998,545,251</b>               | <b>100%</b> | <b>9,276,305,515,703</b>                | <b>100%</b> |
| Allowances                      | (663,257,870)                        |             | (82,322,978,224)                        |             |
| <b>TOTAL</b>                    | <b>864,335,287,381</b>               |             | <b>9,193,982,537,479</b>                |             |

(\*) Include amounts of loans, credits, forward contracts and interest income.

#### b. Deposits

| Item                            | Financial Sector<br>PYG  | %           | Nonfinancial Sector<br>PYG | %           |
|---------------------------------|--------------------------|-------------|----------------------------|-------------|
| <b>As of September 30, 2015</b> |                          |             |                            |             |
| Residents in Paraguay           | 1,039,435,710,853        | 26%         | 10,154,708,275,815         | 100%        |
| Nonresidents in Paraguay        | 2,899,089,060,881        | 74%         | -                          | 0%          |
| <b>Sub-Total (*)</b>            | <b>3,938,524,771,734</b> | <b>100%</b> | <b>10,154,708,275,815</b>  | <b>100%</b> |
| Other liabilities (**)          | 341,418,009,495          |             | 155,974,357,590            |             |
| <b>TOTAL</b>                    | <b>4,279,942,781,229</b> |             | <b>10,310,682,633,405</b>  |             |
| In local currency               | 484,559,550,204          | 12%         | 4,162,735,704,149          | 42%         |
| In foreign currency             | 3,453,965,221,530        | 88%         | 5,991,972,571,666          | 58%         |
| <b>Sub-Total (*)</b>            | <b>3,938,524,771,734</b> | <b>100%</b> | <b>10,154,708,275,815</b>  | <b>100%</b> |
| Other liabilities (**)          | 341,418,009,495          |             | 155,974,357,590            |             |
| <b>TOTAL</b>                    | <b>4,279,942,781,229</b> |             | <b>10,310,682,633,405</b>  |             |
| <b>As of December 31, 2014</b>  |                          |             |                            |             |
| Residents in Paraguay           | 962,623,757,464          | 29%         | 8,916,042,246,913          | 100%        |
| Nonresidents in Paraguay        | 2,352,602,051,695        | 71%         | -                          | 0%          |
| <b>Sub-Total (*)</b>            | <b>3,315,225,809,159</b> | <b>100%</b> | <b>8,916,042,246,913</b>   | <b>100%</b> |
| Other liabilities (**)          | 157,986,398,387          |             | 157,254,325,136            |             |
| <b>TOTAL</b>                    | <b>3,473,212,207,546</b> |             | <b>9,073,296,572,049</b>   |             |
| In local currency               | 533,579,743,908          | 16%         | 4,170,060,486,475          | 47%         |
| In foreign currency             | 2,781,646,065,251        | 84%         | 4,745,981,760,438          | 53%         |



|                        |                          |             |                          |             |
|------------------------|--------------------------|-------------|--------------------------|-------------|
| <b>Sub-Total (*)</b>   | <b>3,315,225,809,159</b> | <b>100%</b> | <b>8,916,042,246,913</b> | <b>100%</b> |
| Other liabilities (**) | 157,986,398,387          |             | 157,254,325,136          |             |
| <b>TOTAL</b>           | <b>3,473,212,207,546</b> |             | <b>9,073,296,572,049</b> |             |

(\*) Include amounts of demand deposits and time deposits without interest accrued to the closing date, direct loans from financial institutions, bonds outstanding and deferred documentary credits.

(\*\*) Other liabilities include accrued interest not considered deposits and ATM transactions pending transactions to be settled.

### C 15.3 Loan portfolio non-financial sector distributed by economic sector

| Economic Sector       | Loans to non-financial sector (*) |             |                          |             |
|-----------------------|-----------------------------------|-------------|--------------------------|-------------|
|                       | As of September 30, 2015          |             | As of December 31, 2014  |             |
|                       | PYG                               | %           | PYG                      | %           |
| Agriculture           | 4,512,264,590,683                 | 41%         | 3,725,172,348,806        | 40%         |
| Livestock activities  | 761,653,826,560                   | 7%          | 727,835,225,327          | 8%          |
| Industry              | 1,045,664,725,534                 | 10%         | 998,749,794,855          | 11%         |
| Retail trade          | 1,326,092,300,433                 | 12%         | 1,260,665,915,100        | 14%         |
| Wholesale business    | 934,286,744,572                   | 9%          | 744,322,132,146          | 8%          |
| Services              | 973,216,512,598                   | 9%          | 835,846,330,088          | 9%          |
| Consumer              | 421,370,599,545                   | 4%          | 351,138,685,544          | 4%          |
| Exports               | 688,194,375,107                   | 6%          | 407,760,823,256          | 4%          |
| Consumption - housing | 156,560,515,243                   | 1%          | 144,023,809,129          | 2%          |
| Government sector     | 7,227,218,008                     | 0%          | 6,589,111,402            | 0%          |
| Others                | 57,150,034,980                    | 1%          | 74,201,340,050           | 1%          |
| <b>Total</b>          | <b>10,883,681,443,263</b>         | <b>100%</b> | <b>9,276,305,515,703</b> | <b>100%</b> |

(\*) Includes interest income, unrealized valuations earnings and forward contracts / repo, before allowances.

### c.16 Credits and contingencies involving related parties

The balances with related parties each year end are as follows:

#### As of September 30, 2015

| Item                               | Carrying amount before allowances (c) | Allowances       | Carrying amount net of allowances |
|------------------------------------|---------------------------------------|------------------|-----------------------------------|
| <b>Assets</b>                      |                                       |                  |                                   |
| Deposits in financial institutions | 56,646,959,918                        | -                | 56,646,959,918                    |
| Performing loans (a)               | 201,622,213,682                       | (150,000)        | 201,622,063,682                   |
| Credit-related contingencies       | 3,840,225,817                         | -                | 3,840,225,817                     |
| <b>TOTAL</b>                       | <b>262,109,399,417</b>                | <b>(150,000)</b> | <b>262,109,249,417</b>            |
| <b>Liabilities</b>                 |                                       |                  |                                   |
| Deposits                           | 41,423,827,810                        | -                | 41,423,827,810                    |
| <b>TOTAL</b>                       | <b>41,423,827,810</b>                 |                  | <b>41,423,827,810</b>             |

#### As of December 31, 2014

| Item                         | Carrying amount before allowances (c) | Allowances | Carrying amount net of allowances |
|------------------------------|---------------------------------------|------------|-----------------------------------|
| <b>Assets</b>                |                                       |            |                                   |
| Performing loans (a)         | 181,981,630,481                       | -          | 181,981,630,481                   |
| Credit-related contingencies | 4,282,792,955                         | -          | 4,282,792,955                     |

|                    |                        |          |                        |
|--------------------|------------------------|----------|------------------------|
| <b>TOTAL</b>       | <b>186,264,423,436</b> | <b>-</b> | <b>186,264,423,436</b> |
|                    |                        |          |                        |
| <b>Liabilities</b> |                        |          |                        |
| Deposits           | 40,009,674,119         | -        | 40,009,674,119         |
| <b>TOTAL</b>       | <b>40,009,674,119</b>  |          | <b>40,009,674,119</b>  |

(a) Does not include accrued interest.

(b) Law 861/96 establishes limits for lending to related parties, which may not exceed an amount equivalent to 20% of the effective equity of the Bank.

### c.17 Other liabilities

This account as of September 30, 2015 and December 31, 2014 is as follows:

| Item                     | September 30, 2015<br>PYG | December 31, 2014<br>PYG |
|--------------------------|---------------------------|--------------------------|
| Taxes payable            | 10,145,492,239            | 11,940,471,375           |
| Social security payables | 306,669,260               | 501,678,605              |
| Dividends payable        | 105,967,042               | 90,952,285               |
| Financial lease payables | 1,007,297,955             | 1,075,426,685            |
| Accounts payable         | 18,532,376,839            | 7,188,436,039            |
| Cashier's check issued   | 26,071,823,916            | 37,546,161,590           |
| Other liabilities        | 6,425,718,723             | 2,494,868,702            |
| <b>Total</b>             | <b>62,595,345,974</b>     | <b>60,837,995,281</b>    |

### c.18 Transactions to be settled

This chapter records the balances of the following transactions:

#### a) Forward Operations

Contracts are compulsory exchange of currencies in the future at a rate previously agreed between the parties ("Forwards" coin) that are initially recognized at fair value conclusion. Thereafter, any change in that amount is credited to income, valuing at nominal value converted at spot prices start; and all contracts denominated in foreign currency are updated at the spot rate on the closing date of the financial statements.

#### b) Repo operations

A repo operation occurs when the Bank acquires or transfers securities in exchange for the delivery of an amount of cash, assuming in the act and time commitment to transfer or acquire back the property of such securities to its "counterpart" values of the same species and Features the same day or at a later date at a specified price.

#### c) Operations window interbank liquidity (VLI)

The window of interbank liquidity, is a means by which banks and finance companies can sue and offer liquidity to the BCP, by: i) a transaction by which a bank or financial company offers and BCP liquidity; ii) another transaction by which a bank or financial company asks liquidity to BCP, to which must hold Letters of Monetary Regulation at the Central Bank of Paraguay. The legal relationship in both contracts will be between the Central Bank of Paraguay and the bank or financial company in his capacity as liquidity provider or claimant. No legal relationship exists between the suppliers and demanders financial institutions, for carrying out the operations described herein.

The amounts recorded in the VLI operations - offer consist of the amounts granted to BCP plus bonuses agreed. In turn, the VLI operations - Demand refers to the irrevocable commitment to sell securities obtained under the operation, and who are in custody by the BCP, the nominal value of the securities transferred.

## FINANCIAL SECTOR

**Operations on interbank liquidity window**

| <b>Stop operations in interbank liquidity - offer</b> | <b>September 30, 2015</b> | <b>December 31, 2014</b> |
|---|---------------------------|--------------------------|
| Liquidity supply operations - Financial Sector        | 251,828,049,804           | -                        |

| <b>Stop operations in interbank liquidity - demand</b>             | <b>September 30, 2015</b> | <b>December 31, 2014</b> |
|--|---------------------------|--------------------------|
| Demand for liquidity operations - Financial Sector Interbank (VLI) | (260,210,636,766)         | -                        |

**Forward Operations**

| <b>Forward sales of foreign currency - Financial Sector:</b> | <b>September 30, 2015</b> | <b>December 31, 2014</b> |
|--|---------------------------|--------------------------|
| Receivables from sales transactions forward foreign currency | 2,405,500,000             | 69,627,500,000           |
| Creditors for operations through forward foreign currency    | (2,818,045,000)           | (68,509,200,000)         |

| <b>Forward purchases of foreign currency - Financial Sector:</b> | <b>September 30, 2015</b> | <b>December 31, 2014</b> |
|--|---------------------------|--------------------------|
| Debtors for purchase transactions forward foreign currency       | 2,836,209,342             | 17,832,378,258           |
| Payable for purchase transactions forward foreign currency       | (2,420,519,116)           | (18,463,915,207)         |

|  |                          |                         |
|--|--------------------------|-------------------------|
| <b>Total Forward contracts - Assets</b>      | <b>257,069,759,146</b>   | <b>87,459,878,258</b>   |
| <b>Total Forward contracts - Liabilities</b> | <b>(265,449,200,882)</b> | <b>(86,973,115,207)</b> |

**NO FINANCIAL SECTOR**

**Repo**

| <b>Forward purchases of securities sold - Non-financial Sector:</b>  | <b>September 30, 2015</b> | <b>December 31, 2014</b> |
|--|---------------------------|--------------------------|
| Debtors for future purchase transactions of sold securities (repo)   | 27,487,963,948            | 47,588,889,573           |
| Creditors for future purchase transactions of sold securities (repo) | (27,487,963,948)          | (47,588,889,573)         |

**Forward Operations**

| <b>Forward sales of foreign currency - nonfinancial sector:</b> | <b>SEPTEMBER 30, 2015</b> | <b>December 31, 2014</b> |
|---|---------------------------|--------------------------|
| Receivables from sales transactions forward foreign currency    | 34,640,400,000            | 27,501,000,000           |
| Creditors for operations through forward foreign currency       | (36,081,136,773)          | (28,260,765,223)         |

|  |                         |                         |
|--|-------------------------|-------------------------|
| <b>Total Forward contracts - Assets</b>      | <b>62,128,363,948</b>   | <b>75,089,889,573</b>   |
| <b>Total Forward contracts - Liabilities</b> | <b>(63,569,100,721)</b> | <b>(75,849,654,796)</b> |

**c.19 Relevant information for the nine months ended September 30, 2015.****a) Issuance of shares**

On April 25, 2014, the Ordinary Shareholders Assembly authorized the Board to issue Ordinary Simple A and B Shares, with the right to one vote per share with the following values:

| Type of shares | %  | Number of shares | Par value      | Total value           |
|----------------|----|------------------|----------------|-----------------------|
| Simple Group A | 60 | 300,000          | 100,000        | 30,000,000,000        |
| Simple Group B | 40 | 200,000          | 100,000        | 20,000,000,000        |
| <b>Total</b>   |    | <b>500,000</b>   | <b>100,000</b> | <b>50,000,000,000</b> |

Directory by Act No. 4/2014 dated April 25, 2014 the Board has defined the timing and conditions for the issuance of the shares, with a deadline for integrating the October 30, 2014 for those shareholders who have opted for preemptive rights. In the context of this issue, the shareholders of the Company have integrated shares, worth Gs. 19.6704 billion, with a premium of Gs. 22,620,960,000. Directory by Act No. 3/2015 dated March 20, 2015 the Board decided to proceed with the issuance of shares of that premium.

In view has expired deadline for existing at the date of the Meeting shareholders exercise their right of first refusal, the issue of such shares was channeled through public offering on the Stock Exchange by prospectus of shares submitted to the National Securities Commission on 11 December 2014. In this regard, the Bank has received in December 2014 as irrevocable contributions for future shareholders the sum of Gs. 14.3 billion of which were capitalized as of September 30, 2014 in the amount of Gs. 13.4057 billion and capitalization are pending Gs. 894 300 000. These contributions were negotiated with a premium totaling Gs. 16,445,000,000 which are recorded in the account unfunded Contributions of equity.

**b) Matters related to debtor Azucarera Iturbe S.A.**Background:

The debtor Azucarera Iturbe SA, reported in late December 2013, it had taken steps to call for bankruptcy.

From that moment, at the request of national authorities (Ministry of Industry and Trade mainly), several meetings between all creditors of Azucarera Iturbe SA were performed, intending to establish legal and administrative conditions that would allow normal operation of the sugar mill and thus manage a scheme of repayment to creditors of the company within a reasonable time. In several of these meetings also managers and directors of the Bank and representatives participated Azucarera Iturbe SA

As a result of these meetings, at the end of March 2014, representatives of Azucarera Iturbe SA They signed a letter of intent, with the consent of the participating creditors at meetings, by which they agreed to establish the conditions for restoring the operation of the factory, and before April 30, 2014 to make the payment of the debts to the employees and workers, cane growers, transporters and other providers of essential services to the production system of the plant. Subsequently, and always at the request of the Ministry of Industry and Trade, the deadline extended again until the end of May / 2014, without being directly responsible for Azucarera Iturbe SA they could comply with the obligation to pay the aforementioned, this being a fundamental and unavoidable to develop a recovery plan sugar mill factor.

Given these situations and given the lack of concrete signs of intentions to reactivate the plant by the responsible Azucarera Iturbe SA, the Regional Bank SAECA He took the decision to start the liquidation

of the collateral he had. In this regard at the end of June 2014, it took possession of 6,919 tons of sugar as collateral Warrant (about organic sugar) for a net value of US \$ 600 / tonne, totaling US \$ 4,151,400, and the amount applied to the partial repayment of debts of Azucarera Iturbe SA In parallel, the Bank, together with the other creditors trust, issued directions to the trustee (Family Bank SAECA) corresponding to the beginning of the process of liquidation of the pension trust following the procedure established in the respective trust agreement.

Current situation:

In the framework of the implementation of autonomous assets, as of April 10, 2015, the Family Bank SAECA in its capacity as Trustee he raised before the Courts of Asuncion, a trial against Azucarera Iturbe SA demanding the removal and restoration of buildings and industrial facilities that comprise the autonomous equity. The referral process is in full progress.

Similarly, in accordance with the provisions of the Indenture of Trust, the Trust proceeded to "Call Private Price Competition for the sale of movable and immovable property of the Azucarera Iturbe SA", a process that was cut short by the interposition of amparo by the representative of Azucarera Iturbe SA

This appeal ended with the enactment of SD No. 51 dated September 4, 2015, by the Criminal Trial Court No. 6 of this capital, by which it decided to admit the appeal brought on behalf of Azucarera Iturbe SA and accordingly annul the call to private competition prices.

The Trust, through their legal representatives filed an appeal against the aforementioned SD No. 51 issued by the Criminal Trial Judge, Lawyer Lici Ma. Teresa S. Sanchez at the date of this report is pending.

Banco Regional S.A.E.C.A. has the privilege of charge on the proceeds of the sale of the trust property, once canceled costs and charges to the pension trust for repayment / cancellation of loans granted by the Regional Bank SAECA The balance will be applied to repay loans from other creditors guaranteed by the pension trust. The purpose of the liquidation of the trust is to preserve the integrity of the plant to induce other creditors holding liens will eventually offer its guarantees for a complete sale of the plant for its revival in the shortest possible time with new investors. According to the valuation carried out in December 2013 the value of the pension trust is Gs. 194 612 000.

As of September 30, 2015, the credit balance with Azucarera Iturbe SA after the liquidation of the collateral warrants (about organic sugar) received amounts to Gs. 55,371,000, of which Gs. 30,000 million are backed by the Independent Trust Estate, while the rest are unsecured loans.

Also, following the guidelines established in Resolution 1, Act No. 60, the Board of the Central Bank of Paraguay on September 28, 2007, as amended, the Bank has become the period ended 30 September 2015 specific provisions to cover possible losses of approximately Gs. 8551000. Additionally, there were at beginning of year allowances recorded in the years 2014 and 2013 by approximately Gs. 17,812,000 and Gs. 13,528,000 respectively, totaling an allowance for doubtful at September 30, 2015 of approximately Gs. 39,891,000.

While there is a risk associated with the apparent slow pace of settlement risk, the specific situation of Regional Bank SAECA It is sufficiently supported by the size of their assets, liquidity preference in liquidation collection and allowances set. This implies that the effect on results of this case was limited to profits for the years 2014 and 2013 and therefore its impact is limited and isolated, the rest of the portfolio assets have a normal evolution. The income statement as of September 30, 2015 comparative with the period ended 30 September 2014 must be analyzed within this context.

#### **D. EQUITY**



#### **d.1 Effective Equity**

The effective equity is used for determining limits and operational restrictions imposed on financial institutions operating in Paraguay by the Superintendence of Banks of the Central Bank of Paraguay.

The Bank's shareholders' equity as of September 30, 2015 and December 31, 2014, totaled PYG 1,189,178,000,000 and PYG 1,113,966,000,000, respectively.

According to the Resolution of the Board of the Central Bank of Paraguay No. 1, Act No. 44 dated July 21, 2011, as amended by Resolution No. 3, Act No. 4 dated February 2, 2012, the minimum percentage of effective equity should keep financial institutions of the country is a) Tier 1 - Main Capital 8%, b) Tier 2 - Main Capital plus supplementary capital of 12%.

As of September 30, 2015 and December 31, 2014 the Bank maintained this relationship:

|  | <u>September 30,</u><br><u>2015</u> | <u>December 31,</u><br><u>2014</u> |
|--|-------------------------------------|------------------------------------|
| Tier 1 - Principal Capital                         | 12.26%                              | 12.82%                             |
| Tier 2 – Principal Capital + Supplementary Capital | 13.08%                              | 13.69%                             |

#### **d.2 Minimum capital**

The minimum capital adjusted for inflation in 2014 according to Central Bank of Paraguay provisions on this matter, is mandatory for banks operating in the Paraguayan financial system to hold as paid in capital at least an amount of PYG 43,296,000,000 as of December 31, 2015, (PYG 39,711,000,000 as of December 31, 2014). The potential capital deficit of a bank with regard to the minimum capital required annually to financial institutions must be covered prior to the end of the first six months of each year.

As of September 30, 2015, and December 31, 2014, the Bank had a paid in capital in common and preferred shares of PYG 784,946,400,000 and PYG 687,455,800,000, respectively, which exceeded the minimum amount required by Central Bank of Paraguay regulations as of those dates.

#### **d.3 Adjustments to accumulated results**

The Plan and Manual states that BCP accounts settings prior year's results are recorded in the income statement for the year without affecting the equity accounts of the Bank. At September 30, 2015 the net adjustment is an expense of PYG. 674,655,191 included in the chapter "Prior year adjustments" (gain PYG. 1,110,730,965 at September 30, 2014).

#### **d.4 Earnings (loss) per share**

The Bank calculates the net earnings (loss) per share based on the following criteria:

**Preferred shares:** Preferred yearly dividend to be paid on the face value of the shares. The annual preferred dividend shall be paid from the liquid profits of each year, so that if there are no profits in a year there will be no amount due whatsoever to preferred shareholders nor an obligation against the following year's profit. They shall have preference over common shares in collecting dividends. Preferred shares will have preference in the collection of dividends over common shares that may be issued subsequently by the Bank.

**Common shares:** Based on the income of the year to be distributed to common shareholders (less the amounts to be allocated to the legal reserve, capital adjustment, compensation to directors and syndics chargeable to profits, as decided by the Shareholders' Meeting pursuant to the bylaws and preferred share dividends) divided by the number of common shares. As set forth in the bylaws, holders of common shares are entitled to receive at least 10% of net profit for the year on account of dividends, if there is any such profit.

### **E. CONCERNING THE CONTINGENCIES AND MEMORANDUM ACCOUNTS**



### a) Contingency accounts

The balance of contingency accounts as of September 30, 2015 and December 31, 2014 corresponds to credit lines granted to debtors for credit card transactions, loans granted in current accounts, and other agreed pending utilization lines. These lines as a whole do not exceed 10% of total assets.

The Bank has recorded in contingency accounts the following balances related to commitments or responsibilities:

| Items   | September 30, 2015     | December 31, 2014      |
|---|------------------------|------------------------|
|   | PYG                    | PYG                    |
| Guarantees provided                                     | 277,279,559,934        | 218,243,997,599        |
| Documentary letters of credit to be negotiated          | 68,746,442,861         | 103,190,097,228        |
| Credit to be used in current accounts (overdraft lines) | 298,600,614,611        | 384,090,685,716        |
| Credit to be used through credit cards                  | 288,800,531,658        | 222,107,516,141        |
| Other   | 2                      | 2                      |
| <b>TOTAL CONTINGENCIES ACCOUNTS</b>                     | <b>933,427,149,066</b> | <b>927,632,296,686</b> |

### b) Memorandum accounts

The accounts are comprised as follows:

| Concept                                   | September 30, 2015        | December 31, 2014         |
|---|---------------------------|---------------------------|
| Guarantees received                       | 12,212,083,685,771        | 10,674,260,380,224        |
| Administration of securities and deposits | 1,130,566,846,103         | 5,369,763,934,362         |
| Business abroad and collections           | 67,756,639,060            | 80,067,343,389            |
| Other memorandum accounts                 | 731,533,658,160           | 651,984,200,070           |
| <b>Total</b>                              | <b>14,141,940,829,094</b> | <b>16,776,075,858,045</b> |

## F. INFORMATION REGARDING INCOME (LOSS)

### f.1 Recognition of income and loss

The Bank applied the accrual method in recognizing income and allocating expenses and costs incurred, with the following exceptions referred to the fact that income is recognized as profit upon collection, as set forth by Resolution No. 1, Record No. 60 issued by the Central Bank of Paraguay on September 28, 1007, and Resolution No. 37, Record No. 72, dated November 29, 2011:

- Interest accrued and not collected from borrowers with nonperforming loans and unrealized valuation earnings;
- Financial products accrued and not collected related to borrowers and credits classified in categories 2 (not by subjective criteria), 3, 4, 5 and 6. The same are recognized as profit upon collection.
- Unrealized valuation earnings of borrowers with nonperforming loans, which are classified in categories 2 (not by subjective criteria), 3, 4, 5 and 6. The same are recognized as profit upon collection.
- Income to be realized through the sale of assets in installments, which are recognized as revenue as the loans are collected;
- Unrealized valuation of earnings of the above mentioned transactions.
- Certain fees for bank services.

## f.2 Foreign exchange difference

Foreign exchange differences related to assets and liabilities in foreign currency are shown as net amounts in the “Valuation of assets and liabilities in foreign currency” line of the statement of income, and their breakdown is as follows:

| Item  | September 30, 2015      | September 30, 2014     |
|---|-------------------------|------------------------|
| Income from valuation of financial assets and liabilities in foreign currency                   | 5,862,383,621,637       | 3,482,038,998,810      |
| Loss from valuation of financial assets and liabilities in foreign currency                     | (5,867,257,630,972)     | (3,486,168,535,725)    |
| <b>Net foreign exchange differences on financial assets and liabilities in foreign currency</b> | <b>(4,874,009,335)</b>  | <b>(4,129,536,915)</b> |
| Income from valuation of other assets and liabilities in foreign currency                       | 30,738,144,534          | 43,126,168,923         |
| Loss from valuation of other assets and liabilities in foreign currency                         | (38,795,648,553)        | (42,280,826,790)       |
| <b>Net foreign exchange differences on other assets and liabilities in foreign currency</b>     | <b>(8,057,504,019)</b>  | <b>845,342,133</b>     |
| <b>Net foreign exchange differences on total assets and liabilities in foreign currency</b>     | <b>(12,931,513,354)</b> | <b>(3,284,194,782)</b> |

As described in point (c) of note f.1 above, the foreign exchange differences related to loans in foreign currency that are nonperforming and/or performing and classified in categories “3”, “4”, “5” and “6”, are recognized as income as they are collected.

The net foreign exchange differences from foreign exchange and arbitrage transactions are disclosed in the lines of the statement of income called “Other operating income - Gains for exchange and arbitrage operations”.

## f.3 Contributions to the Deposit Guarantee Fund (FGD)

Under the provisions of Law No. 2334 dated December 12, 2003, financial institutions provide mandatory funds to the FGD administered by the Central Bank of Paraguay an amount equivalent to the 0.12% of the average quarterly balances of its portfolio of deposits domestic and foreign, on a quarterly basis.

The amount contributed by the company to FGD for the periods ended September 30, 2015 and 2014 amounted to PYG. 38,403,967,323 and PYG. 33,662,908,515 respectively. The amounts contributed by the Bank to the DGF, are not recoverable and are included in the line "General Expenses" of the chapter "Other operating expenses".

## f.4 Income tax

Income tax which is charged to the results for the year at a rate of 10% is based on book income before tax, adjusted by the items that the law and its regulations include or exclude for the determination of net taxable income.

The income tax charger to results of the years ended September 30, 2015 and 2014, amounts to total PYG 13,742,013,938 and PYG 5,698,325,373 respectively. This amount does not include the accrual of the additional 5% rate related to the distribution of earnings mentioned in note c.12e), as the Bank books this additional income tax charge in the year in which the Shareholders’ Meeting decides the distribution, this charge is recorded in the line “Others” included in the chapter "Other operating expenses".

## f5. EFFECTS OF INFLATION

No adjustment for inflation procedures have been applied, except as mentioned in note c.9.

## **G. EVENTS SUBSEQUENT TO PERIOD**

No other post-September 30, 2015 that involve significant changes in the financial structure and results for the six months ended on that date facts.