

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED ON
DECEMBER 31, 2015**

Presented for comparative purposes with the financial prior year
(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 S.A.E.C.A. (hereinafter referred as Banco Regional S.A.E.C.A. or "the Entity" or "the Bank") at December 31, 2015 will be considered by the General Assembly to be held in 2016, within the period specified in the Bylaws and Article 1079 of the Civil Code.

The financial statements of the Bank at December 31, 2014 were approved by the Ordinary Shareholders' Meeting held on April 25, 2015.

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 (hereinafter referred as "Central Bank of Paraguay" or "BCP") 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. 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 December 31, 2015, the Bank had 37 branches (36 branches at December 31, 2014).

b.2 Basis of preparation of the financial statements

The financial statements are a free translation into English of those originally prepared in Spanish, expressed in local currency (Guaranies or PYG).

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 basis of historical cost, except for property, plant and equipment that are exposed to their revalued amounts, as explained in note c.9 and the treatment assigned to monetary assets and liabilities in foreign currency, as explained in note c.1, not recognized in the overall effects of inflation on the financial position of the institution, or results of operations. According to the Consumer Price Index published by the Central Bank of Paraguay, inflation for the year ended on December 31, 2015 and 2014 was 3.1% and 4.2% respectively.

The accounting 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.

b.3 Foreign branches

The Bank has no foreign branches.

b.4 Shareholdings in other companies

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

Company name	Condition	Investment currency	Face value	% equity interest	Carrying value in PYG
December 31, 2015					
Bancard S.A. - Paraguay	Affiliate	PYG	5.775.000.000	6,67%	6.582.846.968
VISA INC - USA	Non-affiliate	USD	1	Minority	6.388
SWIFT	Non-affiliate	EUR	19.800	Minority	111.035.560
Total					6.693.888.916
December 31, 2014					
Bancard S.A. - Paraguay	Affiliate	PYG	5.121.000.000	6,67%	5.928.846.968
VISA INC - USA	Non-affiliate	USD	1	Minority	5.092
SWIFT	Non-affiliate	EUR	19.800	Minority	120.314.515
Total					6.049.166.575

The abovementioned investments are recorded in the "Investments in securities issued by the private sector". See note c.8.

b.5 Capital structure and characteristics of the shares

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

At December 31, 2015

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	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	-	250.000.000.000
7.849.464			784.946.400.000

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	-	250.000.000.000
6.874.558			687.455.800.000

At December 31, 2015, the shareholder composition 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%
Total	784.946.400.000	100,00%	100%

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 for this fiscal year.

b.6 Board of Directors and Executive Officers

At December 31, 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	Manager Risk Individuals and SMEs	Mats Hernegard
	Francisco Yanagida	Finance Manager	Oscar Godoy Silvero
	Adrian Lorenzutti	Human Resources Manager	María del Carmen Valenzuela
Syndic	Mirian Raatz de Soley	Operations Manager	Isabel Galiano de Ayala
	Roland Wolff	Business Support Manager	Rodrigo Bauza
Alternate Syndic	Sandra Yshizuka	Information Technology Manager	Mirta González
		Administrative Manager	Fabio Sitzmann Hein
		Corporate Banking Acting Manager	Walter Duarte Kallus
		Branch Manager	Justin Van Der Sluis
		Private Banking Manager	Anahi Heisecke
		Treasury Manager	Daniel Cibils
		Correspondent and Foreign Trade Manager	María Fernanda Carrón
		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 accounting principles generally accepted 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 accounting principles generally accepted 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

The assets and liabilities stated in foreign currency are valued at the exchange rates prevailing at December 31, 2015 and 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	Exchange rate at December 31, 2015 (PYG per foreign currency unit)	Exchange rate at December 31, 2014 (PYG per foreign currency unit)
1 US Dollar	5.806,91	4.629,00
1 Euro	6.337,08	5.634,42
1 Yen	48,16	38,76
1 Real	1.456,10	1.739,05
1 Argentine Peso	447,34	541,44
1 Pound Sterling	8.619,20	7.205,50
1 Swiss Franc	5.869,12	4.684,27
1 Swedish Krona	688,97	597,94
1 Chinese Yuan	894,79	746,50
1 Australian Dollar	4.230,91	3.796,71
1 Canadian Dollar	4.180,04	3.989,14

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 December 31, 2015 and 2014 is as follows:

Item	December 31, 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	1.647.337.952,35	9.565.943.228.808	1.673.417.543	7.746.249.807.974
Total liabilities in foreign currency	(1.647.933.306,41)	(9.569.400.396.274)	(1.675.371.739)	(7.755.295.778.627)
Long position in foreign currency	(595.354)	(3.457.167.467)	(1.954.195)	(9.045.970.653)

At December 31, 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 and/or results depending on the positions taken on the financial market. The Bank controls market risk by monitoring the limits established in the Market Risk Policies approved by the Assets and Liabilities Committee and the Board of Directors.

c.3. Deposits in the Central Bank of Paraguay

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

Item	December 31, 2015 PYG	December 31, 2014 PYG
Minimum cash requirement in PYG	411.333.165.036	449.544.934.069
Minimum cash requirements in USD	1.004.850.705.538	905.450.626.826
Minimum cash requirement in EUR	16.727.059.539	10.947.417.637
Special cash requirement in PYG	825.800.000	215.600.000
Special cash requirement in USD	3.804.149.248	205.374.102
Monetary Transactions Operations	177.251.000.000	292.807.000.000
Current accounts in PYG	44.705	8.938.876.193
Current accounts in USD	217.065.021.157	78.032.871.410
Current accounts EUR	5.038.310.473	2.637.321.901
Total	1.836.895.255.696	1.748.780.022.138

See additionally paragraph a), of note c.12

c.4 Government and private securities

The government and private securities acquired by Banco Regional S.A.E.C.A. involve Paraguayan Treasury Bonds, Bonds from the Development Finance Agency (AFD), Monetary Regulation Instruments and Private Bonds not listed on securities markets, and the securities of private companies in Paraguay listed on the stock exchange or secondary market. The government and private securities at cost value plus accrued interest to be collected at December 31, 2015 and 2014 respectively, which does not exceed their estimated realizable value.

As of December 31, 2015

Government and private securities	Issuance currency	Amount in issuance currency	Amount in Paraguayan guaranies	
			Face value	Carrying amount
Paraguayan Treasury Bonds (a)	PYG	386.853.335.994	386.853.335.994	315.024.407.102
Monetary Regulation Instruments (b)	PYG	451.280.000.000	451.280.000.000	418.992.098.760
Accrued interest			-	42.039.871.960
Total			838.133.335.994	776.056.377.822

As of December 31, 2014

Government and private securities	Issuance currency	Amount in issuance currency	Amount in Paraguayan guaranies	
			Face value	Carrying amount
Paraguayan Treasury Bonds (a)	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 (b)	PYG	693.990.000.000	693.990.000.000	648.840.110.916
Accrued interest			-	38.323.651.649
Total			1.130.324.112.500	1.047.045.119.630

(a) As of December 31, 2015 and December 31, 2014, the Bank has granted as guarantee Paraguayan Treasury Bonds held in its portfolio at those dates, for a total amount of PYG 39.650.418.934 and PYG 47.588.889.573, respectively, therefore its availability is restricted, as mentioned in note c.12b.

(b) As of December 31, 2015 and December 31, 2014, the Bank has granted Monetary Regulation Instruments for PYG 13.934.411.578 and PYG 15.124.339.553, respectively, as minimum guarantees required by the BCP, under general regulations of the SIPAP (See also 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 December 31, 2015, there were no other 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 the 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 (1, 1.a y 1.b);
- c) Accrued interest on performing loans ranked on category "1" and category "2" subjectively, are recognized as revenue in their entirety. Accrued interest receivable at the reporting date on nonperforming loans and/or performing loans ranked on category "2" and higher, 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 risk categories "2" or higher since its entry into arrears, have been suspended, and are recognized as revenue when 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) Generic allowances have been made of net loan portfolio of specific allowances 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. It has been also registered additional generic allowances, according to the Board of Directors determination; 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 December 31, 2015

Risk category	Carrying amount before allowances (a)	Guarantees computable for allowances	Allowances		Carrying amount after allowances
			Minimum % (b)	Booked (c)	
1	547.940.878.393	123.706.921.429	0%	-	547.940.878.393
2	33.705.953.505	30.563.124.382	5%	(902.883.770)	32.803.069.735
Total	581.646.831.898	154.270.045.811		(902.883.770)	580.743.948.128

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
Total	864.998.545.251	136.615.284.094		(663.257.870)	864.335.287.381

References:

- (a) Includes capital 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, 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 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	December 31, 2015 PYG	December 31, 2014 PYG
Term loans not subject to adjustment	982.297.804.359	336.620.117.351
Amortized loans not subject to adjustment	7.928.373.007.624	6.999.827.853.951
Checks acquired in Paraguay	792.523.180	787.474.818
Loans for overdrafts	143.327.854.224	178.311.525.860
Receivables from deferred credit documents	118.282.475.861	68.879.453.511
Receivables from use of credit cards	130.643.072.662	103.920.872.374
Loans with managed funds	683.365.267.088	313.150.416.631
Bills discounted	184.848.951.891	261.942.880.743
Deferred checks discounted	352.195.105.579	647.599.555.969
Portfolio Purchase	335.270.161.927	126.788.098.484
Transactions pending settlement	52.072.144.854	75.089.889.573
Loans to the government sector	10.127.381.717	6.499.011.725
Receivables from accrued financial products	231.178.401.734	158.077.623.786
(-) Valuation gains recognition suspended	(4.042.402.700)	(1.189.259.073)
(-) Allowances	(180.192.370.436)	(82.322.978.224)
Total	10.968.539.379.564	9.193.982.537.479

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 December 31, 2015

Risk Category	Carrying amount before allowances (a)	Guarantees computable for allowances	Allowances		Carrying amount after allowances
			Minimum % (b)	Booked (d)	
1	9.268.880.621.612	4.644.258.928.264	0%	-	9.268.880.621.612
1a	593.731.269.823	354.404.064.684	0,5%	(2.792.807.764)	590.938.462.059
1b	195.160.243.460	124.865.276.100	1,5%	(1.980.207.501)	193.180.035.959
2	793.844.929.123	467.414.746.003	5%	(27.524.685.508)	766.320.243.615
3	175.526.251.429	77.474.224.225	25%	(34.403.260.878)	141.122.990.551
4	104.897.065.478	30.742.464.857	50%	(42.014.862.085)	62.882.203.393
5	9.969.326.788	5.351.040.714	75%	(4.400.031.278)	5.569.295.510
6	6.722.042.287	2.228.598.532	100%	(4.568.182.469)	2.153.859.818
Generic allowances (c)				(62.508.332.953)	(62.508.332.953)
Total	11.148.731.750.000	5.706.739.343.379		(180.192.370.436)	10.968.539.379.564

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)
Total	9.276.305.515.703	4.178.909.696.011		(82.322.978.224)	9.193.982.537.479

References:

- (a) Includes capital 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, 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;
- (c) Generic allowances established by the Bank in accordance with the requirements of Resolution 1/2007 of the Central Bank of Paraguay; and additional generic allowances defined by the Board of Directors of the Entity; 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 for the second one.

c.6.3 Nonperforming loans

The nonperforming loans portfolio is comprised as follows:

Item	December 31, 2015 PYG	December 31, 2014 PYG
Nonperforming loans - Status: past due	14.887.318.422	23.866.647.693
Nonperforming loans - Status: undergoing proceedings	59.779.657.492	35.161.377.665
Nonperforming loans - Status: delinquent	188.105.760.706	142.368.263.868
Nonperforming loans - Financial sector	1.672.119.884	2.552.519.002
Accrued interests	13.210.407.955	9.606.545.640
(-) Unrealized valuation earnings	(6.322.268.830)	(1.075.890.197)
(-) Allowances	(158.612.502.451)	(130.582.961.979)
Total	112.720.493.178	81.896.501.692

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 December 31, 2015

Risk category	Carrying amount before allowances (a)	Guarantees computable for allowances	Allowances		Carrying amount after allowances
			Minimum % (b)	Booked (c)	
1b	1.793.794.991	397.796.393	1,5%	(85.752.480)	1.708.042.511
2	8.191.652.387	2.029.462.725	5%	(1.270.092.797)	6.921.559.590
3	24.340.569.421	7.681.838.831	25%	(5.929.025.509)	18.411.543.912
4	40.634.266.861	16.108.495.359	50%	(15.807.105.206)	24.827.161.655
5	47.324.983.232	10.604.192.300	75%	(29.577.491.512)	17.747.491.720
6	149.047.728.737	43.675.375.390	100%	(105.943.034.947)	43.104.693.790
Total	271.332.995.629	80.497.160.998		(158.612.502.451)	112.720.493.178

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)	
1a	8.379.654	-	0,5%	(41.898)	8.337.756
1b	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
Total	212.479.463.671	56.890.182.452		(130.582.961.979)	81.896.501.692

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, 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 December 31, 2015 and 2014, breaks down as follows:

Item	December 31, 2015	December 31, 2014
Prepayment of goods and services purchases	2.952.456.014	3.172.023.382
Prepaid expenses	2.290.241.215	1.923.649.982
Deferred changes related bound issuance abroad	18.563.658.352	23.560.559.217
Prepaid income tax (a)	17.371.809.512	17.371.809.511
Value-aded tax deductible	1.767.745.787	1.753.784.931
Tax credit certificates	15.857.636.229	518.486.489
Receivables from forward sale of goods	1.943.528.784	2.348.929.296
Expenses to be recovered	1.421.373.403	688.993.911
Compensation claimed for losses	2.264.694.900	960.038.900
Other	553.800.841	735.797.476
Suspense account	1.933.465.668	1.863.705.696
Lawsuit expenses recoverable	3.012.181.548	2.467.539.872
Valuation gains to be realized	-	(15.680.000)
Uncolelected accrued interest	1.035.565.868	1.793.675.314
Allowances (Note c.7)	(2.653.420.957)	(2.727.641.002)
Total	68.314.737.164	56.415.672.975

- a) The accrual for income tax liabilities included in the "Accruals" as of December 31, 2015 and 2014 was approximately PYG. 18.421.622.748 and PYG. 8.786.082.611, 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 movement recorded during the years ended December 31, 2015, and 2014, in the allowance accounts is summarized as follows

As of December 31, 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)	(593.546.220)	-	600.486.437	(7.467.497)	(2.750.353)
Performing loans - financial sector	(663.257.870)	(1.943.593.581)	-	1.873.785.904	(169.818.223)	(902.883.770)
Performing loans - nonfinancial sector	(82.322.978.224)	(435.586.365.848)	85.762.065	353.354.458.875	(15.723.247.304)	(180.192.370.436)
Other receivables	(2.727.641.002)	(1.705.103.357)	662.696.421	1.297.164.489	(180.537.508)	(2.653.420.957)
Nonperforming loans	(130.582.961.979)	(231.364.821.729)	63.226.171.937	145.426.345.613	(5.317.236.293)	(158.612.502.451)
Investments	(10.127.753.563)	(8.769.240.392)	10.064.202.986	300.844.232	(237.293.655)	(8.769.240.392)
Total	(226.426.815.711)	(679.962.671.127)	74.038.833.409	502.853.085.550	(21.635.600.480)	(351.133.168.359)

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)
Total	(246.006.949.400)	(484.373.460.615)	114.860.704.177	390.591.549.302	(1.498.659.175)	(226.426.815.711)

c.8 Investments

The investments account includes:

Assets acquired in credit recovery:

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, 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.

Other 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 December 31, 2015 and 2014 is comprised as follows:

Description	December 31, 2015	December 31, 2014
Corporate securities		
Investments in securities issued by private sector Note b.4	6.693.888.916	6.049.166.575
Subtotal	6.693.888.916	6.049.166.575
Assets acquired in credit recovery		
Movable - Organic sugar from Azucarera Iturbe S.A.	-	13.512.051.000
Real estate	149.480.777.719	22.716.760.836
Subtotal	149.480.777.719	36.228.811.836
Other investments	3.774.491	3.008.850
Investment income in the private sector	1	-
Allowances Nota c.7	(8.769.240.392)	(10.127.753.563)
Total	147.409.200.735	32.153.233.698

c.9. Property, plant and equipment

The original values of property, plant and equipment and their accumulated depreciations are revalued up to the end of each year, pursuant to the change in the Consumer Price Index published by the Central Bank of Paraguay. According to this index, accumulated inflation of the years ended at December, 2015, and 2014, was 3,1% and 4,2%, respectively. The net increase of the revaluation reserve at the end of each the year is disclosed in the "Revaluation reserve" account of the Bank's

Item	ORIGINAL VALUE				
	Balance at the beginning of year	Additions	Disposals	Revaluation	Balance at the end of year
Bank Owned:					
Real property - Land	9.995.083.180	-	-	223.515.957	10.218.599.137
Real property - Buildings	40.138.733.472	-	-	1.239.975.077	41.378.708.549
Furniture and office supplies	43.018.515.082	1.232.675.377	(7.331.707.255)	1.036.955.019	37.956.438.223
Computer hardware	46.846.454.195	8.326.625.217	(2.853.296.696)	1.064.715.626	53.384.498.342
Bank safe-deposit boxes	1.998.824.599	50.600.000	(107.387.850)	50.946.893	1.992.983.642
Transport materials	1.923.198.666	-	-	60.011.337	1.983.210.003
Taken leasing:					
Computer hardware	1.878.368.600	212.031.727	-	-	2.090.400.327
As of December 31, 2015	145.799.177.794	9.821.932.321	(10.292.391.801)	3.676.119.909	149.004.838.223
As of December 31, 2014	143.870.443.576	13.238.831.096	(15.890.878.131)	4.580.781.253	145.799.177.794

shareholders' equity.

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 revalued assets, taken as a whole, does not exceed the recoverable value thereof as of December 31, 2015, and 2014.

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

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	
Bank Owned:							
Real property - Land	0%	-	-	-	-	-	10.218.599.137
Real property - Buildings	2.50%	(14.445.169.657)	(1.016.690.892)	-	(449.369.015)	(15.911.229.564)	25.467.478.985
Furniture and office supplies	10%	(22.656.373.748)	(4.306.432.914)	6.377.732.241	(446.393.226)	(21.031.467.647)	16.924.970.576
Computer hardware	25%	(31.597.179.577)	(7.548.739.508)	2.901.098.182	(455.016.819)	(36.699.837.722)	16.684.660.620
Bank safe-deposit boxes	10%	(1.278.315.375)	(164.113.151)	107.271.548	(29.086.581)	(1.364.243.559)	628.740.083
Transport materials	20%	(1.247.324.421)	(329.765.404)	-	(37.645.342)	(1.614.735.167)	368.474.836
Taken leasing:							
Computer hardware	25%	(989.732.394)	(504.930.772)	-	-	(1.494.663.166)	595.737.161
As of December 31, 2015		(72.214.095.172)	(13.870.672.641)	9.386.101.971	(1.417.510.983)	(78.116.176.825)	70.888.661.398
As of December 31, 2014		(73.070.575.051)	(13.119.470.810)	15.645.345.939	(1.669.395.250)	(72.214.095.172)	73.585.082.622

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 PP&E, which is 50% of effective equity. The book value of fixed assets of the Company at December 31, 2015 is within such limit.

c.10. Deferred charges

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

Item	Net amount at beginning of year	Increases	Amortization for the year	Net amount at end of year
December 31, 2015				
Improvements and facilities in leased real property (*)	9.467.415.650	1.554.150.891	(4.560.476.909)	6.461.089.632
Office supplies and others	2.274.686.907	3.452.622.296	(3.425.350.194)	2.301.959.009
Total	11.742.102.557	5.006.773.187	(7.985.827.103)	8.763.048.641
December 31, 2014				
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
Total	10.975.687.229	7.243.213.424	(6.476.798.096)	11.742.102.557

(*) 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) Issued 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 December 31, 2015 and 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 December 31, 2015	Accounting balance at December 31, 2014
00196/2010	PYG	25.000.000.000	1827 días	25.000.000.000	-	25.000.000.000
00196/2010	PYG	20.000.000.000	1827 días	20.000.000.000	20.000.000.000	20.000.000.000
00196/2010	PYG	20.000.000.000	1820 días	20.000.000.000	20.000.000.000	20.000.000.000
00196/2010	PYG	20.000.000.000	2002 días	20.000.000.000	20.000.000.000	20.000.000.000
PYG TOTAL		85.000.000.000		85.000.000.000		
00196/2010	USD	5.000.000,00	1820 días	1.550.000	9.000.710.500	7.174.950.000
00196/2010	USD	5.000.000,00	2184 días	428.000	2.485.357.480	1.981.212.000
USD TOTAL		10.000.000,00		1.978.000		
PYG EQUIVALENT TOTAL					71.486.067.980	94.156.162.000

(*) 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) Issued 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 December 31, 2015 and 2014, the capital was included in the chapter of "Outstanding Bonds", in the items "Bonds issued abroad - Financial Sector" for an amount of PYG 1.742.073.000.000 and PYG 1.388.700.000.000, 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.

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

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

a) Minimum and special cash requirement:

The Central Bank of Paraguay account as of December 31, 2015 and 2014, includes PYG 1.437.540.879.361 and PYG 1.366.363.952.634, respectively, which are restricted accounts held by the Bank as the minimum and special cash requirements. (See note c.3)

b) Government securities:

As of December 31, 2015 and 2014, the balance in "Government securities" (see note c.4) included Paraguayan Treasury Bonds for a total of PYG 39.650.418.934 and PYG 47.588.889.573, respectively, which grants Repo transactions.

As of December 31, 2015 and December 31, 2014, the Entity has issued Monetary Regulation Instruments for PYG 13.934.411.578 and PYG 15.124.339.553, respectively, as minimum guarantees constituted that are required by the BCP, under general regulations of the 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 Law 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 December 31, 2015 and 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 Ordinary 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	28.688.408.352
Capitalization of earnings	PYG	61.464.000.000
Cash dividends - preferred shares	PYG	40.000.000.000
Cash dividends - common shares	PYG	4.503.550.793
Total		134.655.959.145

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

Items	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
Total		150.678.821.453

f) Preferred share dividends

According to the original 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 Meeting 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 meetings must establish new conditions for the following periods of five years.

The Ordinary General Shareholders' Meeting 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 Entity 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 shareholders are subject to a withholding tax of 15% for income tax.

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

As of December 31, 2015 and 2014, the Bank granted in favor of Bancard S.A. a stand by guarantee in the amount of USD 2.265.000 and USD 2.385.000, respectively, issued by the Rabobank Netherland to guarantee the balances resulting from user transactions at automatic teller machines (ATMs) or points of sale (POS) of the Infonet network, as well as obligations that may arise from MasterCard, VISA and BancardCheck credit card transactions.

c.13 Guarantees granted with respect to liabilities

As of December 31, 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.

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.

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.

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

c.14 Distribution of performing loans and financial liabilities according to their maturity dates

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

Balances include interest accrued, forward contracts/repo and loans before allowances.

As of December 31, 2015

Item	Terms remaining to maturity					Total
	Up to 30 days	From 31 days up to 180 days	From 181 days up to 1 year	Over 1 year up to 3 years	Over 3 years	
Performing loans financial sector	206.404.015.341	262.121.949.633	21.987.762.358	46.044.030.419	45.089.074.147	581.646.831.898
Performing loans nonfinancial sector	1.251.437.190.869	4.101.475.063.248	1.656.504.016.087	1.902.279.611.256	2.237.035.868.540	11.148.731.750.000
Total Performing loans	1.457.841.206.210	4.363.597.012.881	1.678.491.778.445	1.948.323.641.675	2.282.124.942.687	11.730.378.581.898
Obligations financial sector	476.058.099.722	235.406.965.280	359.297.835.266	534.366.496.407	2.337.074.286.889	3.942.203.683.564
Obligations nonfinancial sector	5.079.502.010.136	1.521.855.236.717	1.265.405.479.542	1.686.311.912.633	482.936.901.926	10.036.011.540.954
Total Obligations	5.555.560.109.858	1.757.262.201.997	1.624.703.314.808	2.220.678.409.040	2.820.011.188.815	13.978.215.224.518

As of December 31, 2014

Item	Terms remaining to maturity					Total
	Up to 30 days	From 31 days up to 180 days	From 181 days up to 1 year	Over 1 year up to 3 years	Over 3 years	
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
Total Performing loans	1.207.849.046.943	4.197.700.398.620	1.456.042.985.341	1.556.375.096.753	1.723.336.533.297	10.141.304.060.954
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
Total Obligations	5.367.526.765.035	1.943.590.562.221	1.805.329.982.148	1.398.709.450.506	2.031.352.019.685	12.546.508.779.595

Liquidity risk management: Liquidity risk is the risk that a bank may encounter difficulties in meeting its obligations related to financial commitments 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 (Treasured, 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 portfolio by number of customers

The concentration of portfolio held by the Bank as of December 31, 2015 and 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. Loans portfolio

Number of customers	Amount and percentage of the Financial Sector loan portfolio				Amount and percentage of the Nonfinancial Sector loan portfolio			
	Performing PYG (*)	%	Nonperforming PYG (*)	%	Performing PYG (*)	%	Nonperforming PYG (*)	%
As of December 31, 2015								
10 largest borrowers	440.149.527.536	76%	1.672.119.884	100%	925.482.119.330	8%	119.630.742.840	44%
50 next largest borrowers	141.497.304.362	24%	-	0%	2.403.465.114.116	22%	83.981.402.617	31%
100 next largest borrowers	-	0%	-	0%	1.923.727.374.511	17%	42.892.184.080	16%
Other largest borrowers	-	0%	-	0%	5.896.057.142.043	53%	23.156.546.208	9%
Total	581.646.831.898	100%	1.672.119.884	100%	11.148.731.750.000	100%	269.660.875.745	100%
As of December 31, 2014								
10 largest borrowers	529.530.300.888	61%	2.552.519.002	100%	761.154.673.538	8%	93.812.714.176	45%
50 next largest borrowers	248.893.459.471	29%	-	0%	1.904.207.337.380	21%	61.117.759.245	29%
100 next largest borrowers	86.574.784.892	10%	-	0%	1.480.182.340.697	16%	31.043.079.370	15%
Other largest borrowers	-	0%	-	0%	5.130.761.164.088	55%	23.953.391.878	11%
Total	864.998.545.251	100%	2.552.519.002	100%	9.276.305.515.703	100%	209.926.944.669	100%

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

b. Deposit portfolio

Number of customers	Amount and percentage of deposit portfolio					
	Financial Sector		Non-Financial Sector		Government Sector	
	PYG (*)	%	PYG (*)	%	PYG (*)	%
As of December 31, 2015						
10 largest depositors	265.783.295.502	59%	743.003.409.401	9%	1.391.066.870.883	98%
50 next largest depositors	165.362.265.198	37%	1.270.504.895.906	15%	26.398.549.518	2%
100 next largest depositors	16.958.088.792	4%	1.018.761.607.701	12%	-	0%
Others depositors	-	0%	5.313.880.925.958	64%	-	0%
Total	448.103.649.492	100%	8.346.150.838.966	100%	1.417.465.420.401	100%
As of December 31, 2014						
10 largest depositors	332.672.874.282	57%	605.840.506.859	8%	1.195.439.736.684	97%
50 next largest depositors	206.544.336.040	35%	800.845.233.582	11%	38.999.096.551	3%
100 next largest depositors	46.884.326.914	8%	785.093.404.805	10%	870.254.202	0%
Others depositors	1.455.332.412	0%	5.324.448.663.476	71%	-	0%
Total	587.556.869.648	100%	7.516.227.808.722	100%	1.235.309.087.437	100%

(*) Include amounts of current account and time deposits, without accrued interests at the end of the year.

c.15.2 Concentration by geographic area and currency

a. Loans portfolio

Item	Loans to Financial Sector PYG (*)	%	Loans to Nonfinancial Sector PYG (*)	%
As of December 31, 2015				
Residents in Paraguay	581.646.831.898	100%	11.148.731.750.000	100%
Nonresidents in Paraguay	-	0%	-	0%
Sub-Total	581.646.831.898	100%	11.148.731.750.000	100%
Allowances	(902.883.770)		(180.192.370.436)	
TOTAL	580.743.948.128		10.968.539.379.564	
In local currency	287.865.023.978	49%	3.600.859.516.108	32%
In foreign currency	293.781.807.920	51%	7.547.872.233.892	68%
Sub-Total	581.646.831.898	100%	11.148.731.750.000	100%
Allowances	(902.883.770)		(180.192.370.436)	
TOTAL	580.743.948.128		10.968.539.379.564	
As of December 31, 2014				
Residents in Paraguay	864.998.545.251	100%	9.276.305.515.703	100%
Nonresidents in Paraguay	-	0%	-	0%
Sub-Total	864.998.545.251	100%	9.276.305.515.703	100%
Allowances	(663.257.870)		(82.322.978.224)	
TOTAL	864.335.287.381		9.193.982.537.479	
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%
Sub-Total	864.998.545.251	100%	9.276.305.515.703	100%
Allowances	(663.257.870)		(82.322.978.224)	
TOTAL	864.335.287.381		9.193.982.537.479	

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

b. Deposits and mortgages portfolio

Item	Financial Sector PYG	%	Nonfinancial Sector PYG	%
As of December 31, 2015				
Residents in Paraguay	936.944.067.430	24%	9.771.506.470.219	99%
Nonresidents in Paraguay	2.906.232.393.069	76%	116.138.200.000	1%
Sub-Total (*)	3.843.176.460.499	100%	9.887.644.670.219	100%
Other liabilities (**)	99.027.223.065		148.366.870.735	
TOTAL	3.942.203.683.564		10.036.011.540.954	
In local currency	478.711.819.864	12%	3.861.643.728.230	39%
In foreign currency	3.364.464.640.635	88%	6.026.000.941.989	61%
Sub-Total (*)	3.843.176.460.499	100%	9.887.644.670.219	100%
Other liabilities (**)	99.027.223.065		148.366.870.735	
TOTAL	3.942.203.683.564		10.036.011.540.954	
As of December 31, 2014				
Residents in Paraguay	962.623.757.464	29%	8.916.042.246.913	100%
Nonresidents in Paraguay	2.352.602.051.695	71%	-	0%
Sub-Total (*)	3.315.225.809.159	100%	8.916.042.246.913	100%
Other liabilities (**)	157.986.398.387		157.254.325.136	
TOTAL	3.473.212.207.546		9.073.296.572.049	
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%
Sub-Total (*)	3.315.225.809.159	100%	8.916.042.246.913	100%
Other liabilities (**)	157.986.398.387		157.254.325.136	
TOTAL	3.473.212.207.546		9.073.296.572.049	

(*) 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 Nonfinancial sector (*)			
	As of December 31, 2015		As of December 31, 2014	
	PYG	%	PYG	%
Agriculture	4.631.966.475.482	42%	3.725.172.348.806	40%
Livestock activities	789.248.881.706	7%	727.835.225.327	8%
Industry	1.191.268.621.178	11%	998.749.794.855	11%
Retail trade	1.305.331.504.545	12%	1.260.665.915.100	14%
Wholesale business	935.540.298.030	8%	744.322.132.146	8%
Services	994.744.637.649	9%	835.846.330.088	9%
Consumer	420.759.333.907	4%	351.138.685.544	4%
Exports	662.496.217.256	6%	407.760.823.256	4%
Consumption - housing	158.245.877.909	1%	144.023.809.129	2%
Government sector	10.481.969.028	0%	6.589.111.402	0%
Others	48.647.933.310	0%	74.201.340.050	1%
Total	11.148.731.750.000	100%	9.276.305.515.703	100%

(*) 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 December 31, 2015

Item	Carrying amount before allowances (b)	Allowances	Carrying amount net of allowances
Assets			
Deposits in Financial Entities	69.959.568.762	-	69.959.568.762
Performing loans (a)	191.036.378.547	(178.943.698)	190.857.434.849
Credit-related contingencies	3.663.307.044	-	3.663.307.044
Total	264.659.254.353	(178.943.698)	264.480.310.655
Liabilities			
Deposits	37.880.423.100	-	37.880.423.100
Total	37.880.423.100		37.880.423.100

As of December 31, 2014

Item	Carrying amount before allowances (b)	Allowances	Carrying amount net of allowances
Performing loans (a)	181.981.630.481	-	181.981.630.481
Credit-related contingencies	4.282.792.955	-	4.282.792.955
Total	186.264.423.436	-	186.264.423.436

Liabilities			
Deposits	40.009.674.119	-	40.009.674.119
Total	40.009.674.119		40.009.674.119

(a) The performing credits do 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 December 31, 2015 and 2014 is as follows:

Item	December 31, 2015 PYG	December 31, 2014 PYG
Taxes payable	11.487.015.226	11.940.471.375
Social security payables	682.943.205	501.678.605
Dividends payable	105.967.042	90.952.285
Financial lease payables	852.249.056	1.075.426.685
Accounts payable	2.109.790.769	7.188.436.039
Cashier's check issued	26.583.502.254	37.546.161.590
Other liabilities	1.881.153.450	2.494.868.702
Total	43.702.621.002	60.837.995.281

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 each 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.

Under regulations of the Central Bank of Paraguay repo transactions are recorded as part of "Transactions to be settled" in the areas Appropriations current financial brokerage and financial intermediation obligations.

FINANCIAL SECTOR

Forward Operations

Forward sales of foreign currency - Financial Sector:	December 31, 2015 PYG	December 31, 2014 PYG
Receivables from sales transactions forward foreign currency	-	69.627.500.000
Creditors for operations through forward foreign currency	-	(68.509.200.000)
Forward purchases of foreign currency - Financial Sector:	December 31, 2015 PYG	December 31, 2014 PYG
Debtors for purchase transactions forward foreign currency	-	17.832.378.258
Payable for purchase transactions forward foreign currency	(5)	(18.463.915.207)
Total Forward contracts - Assets	-	87.459.878.258
Total Forward contracts - Liabilities	(5)	(86.973.115.207)

NO FINANCIAL SECTOR

Repo Operations

Forward purchases of securities sold - Non-financial Sector:	December 31, 2015 PYG	December 31, 2014 PYG
Debtors for future purchase transactions of sold securities (repo)	39.650.418.934	47.588.889.573
Creditors for future purchase transactions of sold securities (repo)	(39.650.418.934)	(47.588.889.573)

Forward Operations

Forward sales of foreign currency - Non-financial sector:	December 31, 2015 PYG	December 31, 2014 PYG
Receivables from sales transactions forward foreign currency	9.808.616.420	27.501.000.000
Creditors for operations through forward foreign currency	(10.323.557.948)	(28.260.765.223)
Forward purchases of foreign currency - Non-financial sector:	31.12.2015	31.12.2014
Debtors for purchase transactions forward foreign currency	2.613.109.500	-
Payable for purchase transactions forward foreign currency	(2.585.250.000)	-
Total Forward contracts - Assets	52.072.144.854	75.089.889.573
Total Forward contracts - Liabilities	(52.559.226.882)	(75.849.654.796)

c.19 Relevant information for the year**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
Total		500.000	100.000	50.000.000.000

The Board of Directors decided, according to meeting minute N° 4/2014 dated April 25, 2014 the timing and conditions for the issuance of shares, with a deadline for integrating on October 30, 2014 to those shareholders who have opted for preemptive rights. In the context of this issuance, the shareholders of the Bank have integrated shares, amount to PYG 19.670.400.000, with an issuance premium of PYG 22.620.960.000. They also decided, according to meeting minute N° 3/2015 dated March 20, 2015, to proceed to the issuance of shares of the mentioned issuance premium.

As the deadline for existing shareholders exercising their right of first refusal expired, issuance of such shares was channeled through public offering on the stock exchange through prospectus of shares submitted to the National Securities Commission of Paraguay on December 11, 2014. In this regard, the Bank received as of December 31, 2014 as irrevocable contributions of future shareholders the amount of PYG 14.300.000.000, of which were capitalized at December 31, 2015, the amount of PYG 13.405.700.000 and still pending capitalization the amount of PYG 894.300.000. These contributions were negotiated with an issuance premium of PYG 16.445.000.000, that are registered in the "Not capitalized contributions" account of equity.

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

The debtor Azucarera Iturbe SA reported in late December 2013 that it had taken procedures for Call of Creditors.

From that moment, at the request of national authorities (Ministry of Industry and Trade mainly), several meetings among all creditors of Azucarera Iturbe S.A. were performed, intending to establish legal and administrative conditions that would allow normal operation of the sugar plant 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 of Azucarera Iturbe S.A. participated.

As result of these meetings, in late March 2014, representatives of Azucarera Iturbe S.A. signed an engagement letter with the consent of the participating creditors at meetings, by which they agreed to establish the conditions for restoring the operation of the plant, and before April 30, 2014 to make the payment of the debts to employees

and workers, sugarcane growers, shippers and other suppliers of main services to the production system of the plant. Subsequently, provided at the request of the Ministry of Industry and Trade, the deadline was extended again until late May / 2014, but the representatives of Azucarera Iturbe S.A. did not comply with the commitment of payment to the above mentioned obligations, this being a fundamental and unavoidable condition to develop a plan to re-start the sugar plant.

Given these situations and the lack of concrete evidence of intent to revive the plant by the representatives of Azucarera Iturbe S.A., Banco Regional S.A.E.C.A. took the decision to start the liquidation of guarantees with which it counted. In this regard, at the end of June 2014, the Bank took possession of 6,919 tons of sugar by means of execution of warrants guarantee (organic sugar) for a net value of USD 600 / tonne, totaling USD 4,151,400, and that amount was partially applied as repayment of the debts of Azucarera Iturbe S.A. with the Bank. In parallel, the Bank, together with the other trust creditors, also instructed the trustee (Banco Familiar S.A.E.C.A.) to start the liquidation of the trust by following the procedures established in the respective trust agreement.

Current situation:

On April 10, 2015, Banco Familiar S.A.E.C.A. in its quality as Trustee proposed to the courts of Asunción, a trial against Azucarera Iturbe S.A., demanding the eviction and restoration of buildings and industrial facilities that integrate the autonomous patrimony. The referred process is in progress.

Also, according to the established in the respective Trust Agreement, the Trustee proceeded to the "Call to Private Bid Pricing Contest for the sale of movable and immovable property of Azucarera Iturbe S.A."; that process was disrupted because of the filing of a Amparo action by Azucarera Iturbe S.A..

This Amparo action ended with the sentence according to S.D. N° 51 dated on September 4, 2015, by the Criminal Court of Guarantees N° 6 of this capital, which decided to admit the amparo brought on behalf of Azucarera Iturbe S.A., and consequently nullifying the call to private competition prices.

The Trustee, through its legal representatives filed an appeal against the referred S.D. N° 51, dictated by the Criminal Trial Judge, Lawyer Lici Ma. Teresa Sánchez S.

The Court of Appeal Criminal Jurisdiction reversed the decision of the Court of First Instance, also stating that each party should pay the costs to their lawyers. After this procedure, Azucarera Iturbe S.A. appealed again to the Resolution Criminal Court on the Supreme Court.

By the other side, Banco Familiar S.A.E.C.A., on its capacity as trustee of the Trust Azucarera Iturbe, started an Eviction lawsuit on the judge of the First turn of the Civil and Commercial Court. This lawsuit was intended to make Azucarera Iturbe deliver possession of the Industrial Plant to the Trust Bank. It was rejected by the Court of First Instance, and the resolution was appealed. The file is currently based in the Court of Appeal in Civil and Commercial Matters.

Banco Regional S.A.E.C.A. has the privilege of collection on the proceeds of the sale of the trust property, once canceled the cost and expenses of the trust for redemption / cancellation of loans granted by the Banco Regional S.A.E.C.A. The balance will be applied to repay loans from other creditors secured by the pension trust. The purpose

of the liquidation of the trust is to preserve the integrity of the plant to induce other pledgees having eventually will provide 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 PYG 194.612 million.

As of December 31, 2015, the credit balance with Azucarera Iturbe S.A. after the liquidation of warrants guarantees (about organic sugar) received amounts to PYG 55.371 million, of which PYG 30.000 million are supported by the Autonomous 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 set by the year ended December 31, 2015 specific allowances to cover possible losses for approximately PYG 8.551 million. Additionally, there were at beginning of year allowances set in the years 2014 and 2013 by approximately PYG 17.812 million and PYG 13.528 million, respectively, totaling an allowance for doubtful at December 31, 2015 of PYG 39.891 million, approximately.

While there is a risk associated with the slow pace of the legal liquidation process, the specific situation of Banco Regional S.A.E.C.A. is sufficiently supported by the size of their assets, liquidity preference payment in settlement and allowances set. This implies that the effect on the results of the case is mainly limited to the net profit for the years 2014 and 2013, and therefore its impact is limited and isolated, the rest of the portfolio and asset has a normal evolution. The statement of income at December 31, 2015 compared with the year ended December 31, 2014 should be considered in this context.

D. EQUITY

d.1 Effective Equity

The effective equity is used for determining limits and operational restrictions established by the Superintendence of Banks of the Central Bank of Paraguay, for financial entities operating in Paraguay.

The Bank's shareholders' equity as of December 31, 2015 and 2014, totaled PYG 1.216.216.000.000 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 December 31, 2015 and 2014, the Bank maintained this relationship:

	<u>December</u> <u>31, 2015</u>	<u>December</u> <u>31, 2014</u>
Tier 1 - Principal Capital	11.00%	12.82%
Tier 2 – Principal Capital + Supplementary Capital	13.19%	13.69%

d.2 Minimum capital

The minimum capital adjusted for inflation in 2015, 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 million as of December 31, 2015, (PYG 39.711 million 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 December 31, 2015, and 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 Prior year adjustments

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 December 31, 2015, the net adjustment is an expense of PYG. 410.274.552 included in the chapter "Prior year adjustments" (loss PYG. 1.198.965.152 at December 31, 2014).

E. CONCERNING THE CONTINGENCIES AND MEMORANDUM ACCOUNTS

The balance of contingency accounts as of December 31, 2015 and 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:

a) Contingency accounts

Items	December 31, 2015 PYG	December 31, 2014 PYG
Guarantees provided	251.625.073.334	218.243.997.599
Documentary letters of credit to be negotiated	93.741.887.387	103.190.097.228
Credit to be used in current accounts	298.239.194.286	384.090.685.716
Credit to be used through credit cards	292.700.540.559	222.107.516.141
Other	-	2
Total	936.306.695.566	927.632.296.686

a) Memorandum accounts

The accounts are comprised as follows:

Item	December 31, 2015 PYG	December 31, 2014 PYG
Guarantees received	12.491.342.528.948	10.674.260.380.224
Administration of securities and deposits	832.317.995.928	5.369.763.934.362
Business abroad and collections	66.368.863.453	80.067.343.389
Other memorandum accounts	827.239.260.273	651.984.200.070
Total	14.217.268.648.602	16.776.075.858.045

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, 2007, and its subsequent amendments and additions:

- a) Interest accrued and not collected from borrowers with nonperforming loans and unrealized valuation earnings;
- b) 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.
- c) 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.
- d) Income to be realized through the sale of assets in installments, which are recognized as revenue as the loans are collected;
- e) Unrealized valuation of earnings of the above mentioned transactions.
- f) 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	December 31, 2015	December 31, 2014
Income from valuation of financial assets and liabilities in foreign currency	7.155.436.897.318	4.731.725.642.409
Loss from valuation of financial assets and liabilities in foreign currency	(7.157.844.936.545)	(4.733.808.565.277)
Net foreign exchange differences on financial assets and liabilities in foreign currency	(2.408.039.227)	(2.082.922.868)
Income from valuation of other assets and liabilities in foreign currency	25.975.939.282	53.331.746.018
Loss from valuation of other assets and liabilities in foreign currency	(40.409.267.946)	(54.931.025.757)
Net foreign exchange differences on other assets and liabilities in foreign currency	(14.433.328.664)	(1.599.279.739)
Net foreign exchange differences on total assets and liabilities in foreign currency	(16.841.367.891)	(3.682.202.607)

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 years ended December 31, 2015 and 2014 amounted to PYG 48,186,020,911 and PYG 45,097,242,098, 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” of the Statement of Income.

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 December 31, 2015 and 2014, amounts to total PYG 18,421,622,748 and PYG 8,786,082,611, respectively. This amount does not include the accrual of the additional 5% rate related to the distribution of earnings mentioned in note c.12.g), as the Bank books this additional income tax charge in the year in which the Shareholders' Meeting decides the distribution. The charge is recorded in the chapter "Other operating expenses" of the Statement of Income.

f.5 Effects of Inflation

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

G. EVENTS SUBSEQUENT TO YEAR-END

There are no other events that took place after December 31, 2015, that involved significant changes in equity and income ended on that date.

Encarnación, February 26, 2016

Francisco Furman S.
General Accountant

Roland Wolff
Syndic

Eugenio Oze de Morvil
General Manager

Raúl Vera Bogado
President