

**NOTES TO THE FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED
MARCH 31, 2016**

**Presented on a comparative basis, as applicable, with the information for the year ended
December 31, 2015 and the corresponding information for the three months ended
March 31, 2016**

(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.

These financial statements are for a three-month interim period ended March 31, 2016 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 (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 S.A.E.C.A. 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.

As of March 31, 2016, the Bank had 37 branches (37 branches as of December 31, 2015).

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 three months ended March 31, 2016 and March 31, 2015 it was 2.6% and 1.0% respectively. Accumulated inflation for the year ended December 31, 2015 was 3.1%.

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.
- m. It allows accounting treatments for specific situations or circumstances approved by the Superintendency of Banks.

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 March 31, 2016 and December 31, 2015 is as follows:

Company name	Condition	Investment currency	Face value	% equity interest	Carrying value in PYG
March 31, 2016					
Bancard S.A. - Paraguay	Affiliate	PYG	5.775.000.000	6,67%	6.582.846.968
VISA INC - USA	Non-affiliate	USD	1	Minority	6.192
SWIFT	Non-affiliate	EUR	19.800	Minority	111.035.560
Total					6.693.888.720
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

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 March 31, 2016, and December 31, 2015, by type of share, is as follows:

At March 31, 2016

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, 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 March 31, 2016, and 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 March 31, 2016, 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 Manager Risk Individuals and SMEs	Jorge Sienkawiec
	Erik Heyl	Finance Manager	Mats Hernegard
	Francisco Yanagida	Human Resources Manager	Oscar Godoy Silvero
	Adrian Lorenzutti	Operations Manager	María del Carmen Valenzuela
Syndic	Mirian Raatz de Soley	Bussiness Support Manager	Isabel Galiano de Ayala
	Roland Wolff	Information Technology Manager	Rodrigo Bauza
Alternate Syndic	Sandra Yshizuka	Administrative Manager	Mirta González
		Corporate Banking Acting Manager	Fabio Sitzmann Hein
		Branch Manager	Walter Duarte Kallus
		Private Banking Manager	Justin Van Der Sluis
		Treasury Manager	Anahi Heisecke
		Correspondent and Foreign Trade Manager	Daniel Cibils
		Regular Notary	María Fernanda Carrón
		General Accountant	Leticia Perez Dominguez
			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 March 31, 2016, and December 31, 2015 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 March 31, 2016 (PYG per foreign currency unit)	Exchange rate at December 31, 2015 (PYG per foreign currency unit)	Exchange rate at March 31, 2015 (PYG per foreign currency unit)
1 US Dollar	5.628,71	5.806,91	4.799,00
1 Euro	6.409,97	6.337,08	5.151,25
1 Yen	50,03	48,16	39,99
1 Real	1.577,46	1.456,10	1.499,13
1 Argentine Peso	384,26	447,34	544,11
1 Pound Sterling	8.096,90	8.619,20	7.125,56
1 Swiss Franc	5.871,19	5.869,12	4.936,23
1 Swedish Krona	694,31	688,97	556,13
1 Chinese Yuan	872,71	894,79	774,13
1 Australian Dollar	4.315,53	4.230,91	3.656,36
1 Canadian Dollar	4.334,11	4.180,04	3.786,19

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 March 31, 2016 and December 31, 2015 is as follows:

Item	March 31, 2016		December 31, 2015	
	Arbitrated amount to USD	Equivalent amount in PYG	Arbitrated amount to USD	Equivalent amount in PYG
Total assets in foreign currency	1.729.208.833,61	9.733.215.053.730	1.647.337.952,35	9.565.943.228.808
Total liabilities in foreign currency	(1.725.669.773,92)	(9.713.294.713.060)	(1.647.933.306,41)	(9.569.400.396.274)
Long position in foreign currency	3.539.060	19.920.340.670	(595.354)	(3.457.167.467)

At March 31, 2016 and December 31, 2015, 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 March 31, 2016 and December 31, 2015 are as follows:

Item	March 31, 2016 PYG	December 31, 2015 PYG
Minimum cash requirement in PYG	406.037.360.682	411.333.165.036
Minimum cash requirements in USD	948.716.435.194	1.004.850.705.538
Minimum cash requirement in EUR	10.634.637.323	16.727.059.539
Special cash requirement in PYG	1.516.121.401	825.800.000
Special cash requirement in USD	4.776.733.538	3.804.149.248
Monetary Transactions Operations	403.605.000.000	177.251.000.000
Current accounts in PYG	589.357	44.705
Current accounts in USD	332.536.041.043	217.065.021.157
Current accounts EUR	5.332.645.829	5.038.310.473
Total	2.113.155.564.367	1.836.895.255.696

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 March 31, 2016 and December 31, 2015 respectively, which does not exceed their estimated realizable value.

As of March 31, 2016

Government and private securities	Issuance currency	Amount in issuance currency	Amount in Paraguayan guaranies	
			Face value	Carrying amount
Paraguayan Treasury Bonds (a)	PYG	314.362.981.987	314.362.981.987	249.384.235.004
Monetary Regulation Instruments (b)	PYG	456.990.244.135	456.990.244.135	428.111.184.528
Accrued interest			-	39.416.104.932
Total			771.353.226.122	716.911.524.464

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

(a) As of March 31, 2016 and December 31, 2015, the Bank has granted as guarantee Paraguayan Treasury Bonds held in its portfolio at those dates, for a total amount of PYG 37.500.000.000 and PYG 39.650.418.934, respectively, therefore its availability is restricted, as mentioned in note c.12b. According to the chart of accounts the Central Bank of Paraguay repurchase transactions are recorded as operations to liquidate assets and liabilities (see note C.18).

(b) As of March 31, 2016 the Bank has received Letters of Monetary Regulation BCP as securities as collateral affected repurchase by offering liquidity to other financial institutions through the window Liquidity Interbank BCP (which They are described in note c.18), for a total value of PYG. 50.000.244.135, whose availability is restricted as discussed in note c.12.

(c) As of March 31, 2016 and December 31, 2015, the Bank has granted Monetary Regulation Instruments for PYG 25.536.79.942 and PYG 13.934.411.578, 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 March 31, 2016 and 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 March 31, 2016

Risk category	Carrying amount before allowances (a)	Guarantees computable for allowances	Allowances		Carrying amount after allowances
			Minimum % (b)	Booked (c)	
1	585.691.991.143	121.339.695.875	0%	-	585.691.991.143
2	33.901.326.490	31.471.416.820	5%	(887.409.190)	33.013.917.300
Total	619.593.317.633	152.811.112.695		(887.409.190)	618.705.908.443

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

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	March 31, 2016 PYG	December 31, 2015 PYG
Term loans not subject to adjustment	1.622.434.749.048	982.297.804.359
Amortized loans not subject to adjustment	7.145.494.925.639	7.928.373.007.624
Checks acquired in Paraguay	1.482.106.450	792.523.180
Loans for overdrafts	176.299.947.879	143.327.854.224
Receivables from deferred credit documents	133.386.351.430	118.282.475.861
Receivables from use of credit cards	133.323.560.754	130.643.072.662
Loans with managed funds	454.378.023.733	683.365.267.088
Bills discounted	157.920.038.142	184.848.951.891
Deferred checks discounted	238.596.411.993	352.195.105.579
Portfolio Purchase	313.043.968.775	335.270.161.927
Transactions pending settlement	40.089.500.000	52.072.144.854
Loans to the government sector	7.535.575.092	10.127.381.717
Receivables from accrued financial products	253.862.691.043	231.178.401.734
(-) Valuation gains recognition suspended	(911.088.365)	(4.042.402.700)
(-) Allowances	(178.895.554.416)	(180.192.370.436)
Total	10.498.041.207.197	10.968.539.379.564

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 March 31, 2016

Risk Category	Carrying amount before allowances (a)	Guarantees computable for allowances	Allowances		Carrying amount after allowances
			Minimum % (b)	Booked (d)	
1	8.519.663.526.618	4.598.600.469.773	0%	-	8.519.663.526.618
1a	631.800.721.793	216.259.540.816	0,5%	(3.300.723.425)	628.499.998.368
1b	223.310.939.178	120.884.241.700	1,5%	(2.443.702.902)	220.867.236.276
2	999.168.667.668	580.270.593.928	5%	(34.466.055.841)	964.702.611.827
3	205.882.937.739	97.882.191.099	25%	(38.705.406.673)	167.177.531.066
4	83.389.626.038	33.774.259.299	50%	(30.915.416.896)	52.474.209.142
5	5.944.628.070	2.969.285.060	75%	(2.685.449.247)	3.259.178.823
6	7.775.714.509	2.062.113.007	100%	(6.040.542.348)	1.735.172.161
Generic allowances (c)				(60.338.257.084)	(60.338.257.084)
Total	10.676.936.761.613	5.652.702.694.682		(178.895.554.416)	10.498.041.207.197

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

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	March 31, 2016 PYG	December 31, 2015 PYG
Nonperforming loans - Status: past due	24.017.962.131	14.887.318.422
Nonperforming loans - Status: undergoing proceeding	108.605.287.676	59.779.657.492
Nonperforming loans - Status: delinquent	135.481.686.952	188.105.760.706
Nonperforming loans - Financial sector	1.620.806.576	1.672.119.884
Accrued interests	12.368.978.388	13.210.407.955
(-) Unrealized valuation earnings	(3.861.071.461)	(6.322.268.830)
(-) Allowances	(132.451.147.733)	(158.612.502.451)
Total	145.782.502.529	112.720.493.178

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 March 31, 2016

Risk category	Carrying amount before allowances (a)	Guarantees computable for allowances	Allowances		Carrying amount after allowances
			Minimum % (b)	Booked (c)	
1a	2.649.550	-	0,5%	(13.248)	2.636.302
1b	3.666.769.500	1.743.520.132	1,5%	(156.687.562)	3.510.081.938
2	18.641.437.751	8.286.025.657	5%	(2.166.259.478)	16.475.178.273
3	31.173.855.324	8.530.936.287	25%	(7.343.895.479)	23.829.959.845
4	68.701.213.810	12.250.145.543	50%	(29.860.402.715)	38.840.811.095
5	53.097.186.135	11.891.836.798	75%	(33.084.898.781)	20.012.287.354
6	102.950.538.192	43.111.547.722	100%	(59.838.990.470)	43.111.547.722
Total	278.233.650.262	85.814.012.139		(132.451.147.733)	145.782.502.529

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

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 March 31, 2016 and December 31, 2015, breaks down as follows:

Item	March 31, 2016	December 31, 2015
Prepayment of goods and services purchases	3.019.203.376	2.952.456.014
Prepaid expenses	10.787.582.900	2.290.241.215
Deferred changes related bound issuance abroad	17.219.430.587	18.563.658.352
Prepaid income tax (a)	17.371.809.512	17.371.809.512
Value-added tax deductible	1.465.412.706	1.767.745.787
Tax credit certificates	8.817.057.671	15.857.636.229
	77.100.000	-
Receivables from forward sale of goods	1.924.505.758	1.943.528.784
Expenses to be recovered	1.486.063.236	1.421.373.403
Compensation claimed for losses	-	2.264.694.900
Other	4.898.556.042	553.800.841
Suspense account	1.876.858.454	1.933.465.668
Lawsuit expenses recoverable	3.193.232.332	3.012.181.548
Uncollected accrued interest	1.530.661.444	1.035.565.868
Allowances (Note c.7)	(2.796.224.411)	(2.653.420.957)
Total	70.871.249.607	68.314.737.164

- a) The accrual for income tax liabilities included in the "Accruals" as of March 31, 2016 and December 31, 2015 was approximately PYG. 23.402.441.326 and PYG. 18.421.622.748, 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 period ended March 31, 2016 and for the year ended December 31, 2015 in the accounts of forecasts is summarized as follows:

As of March 31, 2016

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	(2.750.353)	(31.708.145)	-	18.133.993	302.823	(16.021.682)
Performing loans - financial sector	(902.883.770)	(357.084.914)	-	346.228.273	26.331.221	(887.409.190)
Performing loans - nonfinancial sector	(180.192.370.436)	(64.243.091.498)	45.280.000	62.584.932.013	2.909.695.505	(178.895.554.416)
Other receivables	(2.653.420.957)	(215.434.063)	-	32.068.421	40.562.188	(2.796.224.411)
Nonperforming loans	(158.612.502.451)	(141.558.165.175)	91.710.719.976	73.494.692.438	2.514.107.479	(132.451.147.733)
Investments	(8.769.240.392)	(911.681.725)	-	-	-	(9.680.922.117)
Total	(351.133.168.359)	(207.317.165.520)	91.755.999.976	136.476.055.138	5.490.999.216	(324.727.279.549)

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)

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 March 31, 2016 and December 31, 2015 is comprised as follows:

Description		March 31, 2016	December 31, 2015
Corporate securities			
Investments in securities issued by private sector	Note b.4	6.693.888.720	6.693.888.916
Subtotal		6.693.888.720	6.693.888.916
Assets acquired in credit recovery			
Real estate		168.930.498.223	149.480.777.719
Subtotal		168.930.498.223	149.480.777.719
Other investments		3.658.662	3.774.492
Allowances	Nota c.7	(9.680.922.117)	(8.769.240.392)
Total		165.947.123.488	147.409.200.735

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 in the three months ended March 31, 2016 was 2.6% and for the year ended December 31, 2015 was 3.1%. 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 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 March 31, 2016, and December 31, 2015.

The breakdown of property, plant and equipment as of March 31, 2016, and December 31, 2015 is as follows:

Item	ORIGINAL VALUE				
	Balance at the beginning of year	Additions	Disposals	Revaluation	Balance at the end of year
Bank Owned:					
Real property - Land	10.218.599.137	-	-	227.670.902	10.446.270.039
Real property - Buildings	4.1378.708.549	-	-	1.263.779.379	42.642.487.928
Furniture and office supplies	37.956.438.223	147.820.533	(283.490.763)	965.829.042	38.786.597.035
Computer hardware	53.384.428.592	409.939.329	(2.057.818)	840.001.321	54.632.311.424
Bank safe-deposit boxes	1.992.983.642	-	-	50.100.651	2.043.084.293
Transport materials	1.983.210.003	-	-	39.066.847	2.022.276.850
Taken leasing:					
Computer hardware	2.090.400.327	-	(54.793.985)	-	2.035.606.342
As of March 31, 2016	149.004.768.473	557.759.862	(340.342.566)	3.386.448.142	152.608.633.911
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

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%	-	-	-	-	-	10.446.270.039
Real property - Buildings	2,50%	(15.911.229.564)	(302.400.785)	-	(480.030.608)	(16.693.660.957)	25.948.826.971
Furniture and office supplies	10%	(21.031.467.647)	(1.137.750.154)	234.259.873	(445.267.641)	(22.380.225.569)	16.406.371.466
Computer hardware	25%	(36.699.767.972)	(1.672.827.935)	2.057.818	(327.225.865)	(38.697.763.954)	15.934.547.470
Bank safe-deposit boxes	10%	(1.364.243.559)	(47.860.929)	-	(30.786.678)	(1.442.891.166)	600.193.127
Transport materials	20%	(1.614.735.167)	(50.038.455)	-	(26.480.292)	(1.691.253.914)	331.022.936
Taken leasing:							
Computer hardware	25%	(1.494.663.166)	(128.366.937)	54.793.985	-	(1.568.236.118)	467.370.224
As of March 31, 2016		(78.116.107.075)	(3.339.245.195)	291.111.676	(1.309.791.084)	(82.474.031.678)	70.134.602.233
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

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 March 31, 2016 is within such limit.

c.10. Deferred charges

As of March 31, 2016 and December 31, 2015, this account is as follows:

Item	Net amount at beginning of year	Increases	Amortization for the year	Net amount at end of year
March 31, 2016				
Improvements and facilities in leased real property (*)	6.461.089.632	-	(769.483.190)	5.691.606.442
Office supplies and others	2.301.959.009	920.021.999	(759.611.525)	2.462.369.483
Total	8.763.048.641	920.021.999	(1.529.094.715)	8.153.975.925
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

(*) 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 March 31, 2016 and December 31, 2015 is as follows:

Authorization Resolution issued by the Central Bank of Paraguay	Issuance currency	Issuance amount (*)	Maturity	Amount in issuance currency	Accounting balance at March 31, 2016	Accounting balance at December 31, 2015
00196/2010	PYG	25.000.000.000	1463 días	25.000.000.000	-	-
00196/2010	PYG	25.000.000.000	1827 días	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		110.000.000.000		110.000.000.000		
00196/2010	USD	5.000.000,00	1820 días	1.550.000	8.724.500.500	9.000.710.500
00196/2010	USD	5.000.000,00	2184 días	428.000	2.409.087.880	2.485.357.480
USD TOTAL		10.000.000,00		1.978.000		
PYG EQUIVALENT TOTAL					71.133.588.380	71.486.067.980

(*) 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 March 31, 2016 and December 31, 2015, the capital was included in the chapter of "Outstanding Bonds", in the items "Bonds issued abroad - Financial Sector" for an amount of PYG 1.688.613.000.000 and PYG 1.742.073.000.000, 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 March 31, 2016 and December 31, 2015, the limitations were as follows:

a) Minimum and special cash requirement:

The Central Bank of Paraguay account as of March 31, 2016 and December 31, 2015, includes PYG 1.371.681.288.138 and PYG 1.437.540.879.361, 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 March 31, 2016 and December 31, 2015, the balance in "Government securities" (see note c.4) included Paraguayan Treasury Bonds for a total of PYG 37.500.000.000 and PYG 39.650.418.934, respectively, which grants Repo transactions.

As of March 31, 2016 the Bank has received Letters of Monetary Regulation BCP as securities as collateral affected repurchase by offering liquidity to other financial institutions through the window Liquidity Interbank BCP (which are described in the note C.18), for a total value of PYG. 50.000.244.135, whose availability is restricted by the term of such operations.

As of March 31, 2016 and December 31, 2015, the Entity has issued Monetary Regulation Instruments for PYG 25.536.798.942 and PYG 13.934.411.578, 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 2016 and 2015 is PYG 46.552.000.000 and PYG 43.296.000.000, respectively, according to Circular SB SG No. 006/2016 and Circular SB SG No. 001/2015, respectively.

The Integrated Capital (common and preferred shares) of the Bank as of March 31, 2016 and December 31, 2015 amounted to PYG 784.946.400.000 (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 29, 2016 approved the distribution of earnings of 2015 fiscal year as follows:

Item	Currency	Amounts
Booking of legal reserve	PYG	45.975.151.811
Capitalization of earnings	PYG	123.082.300.000
Cash dividends - preferred shares	PYG	40.000.000.000
Cash dividends - common shares	PYG	2.396.684.495
Total		211.454.136.306

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

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 March 31, 2016 and December 31, 2015, the Bank granted in favor of Bancard S.A. a stand by guarantee in the amount of USD 2.265.000, 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 March 31, 2016 and 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.

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 March 31, 2016 and December 31, 2015, classified according to remaining maturity.

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

As of March 31, 2016

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	277.015.816.080	238.613.719.190	26.406.867.657	35.996.613.080	41.560.301.627	619.593.317.633
Performing loans nonfinancial sector	2.062.655.713.577	3.224.003.371.335	1.293.651.910.953	1.893.707.430.974	2.202.918.334.774	10.676.936.761.613
Total Performing loans	2.339.671.529.657	3.462.617.090.525	1.320.058.778.609	1.929.704.044.055	2.244.478.636.400	11.296.530.079.246
Obligations financial sector	555.281.989.797	382.687.051.796	330.706.108.451	2.253.164.081.039	520.932.251.527	4.042.771.482.610
Obligations nonfinancial sector	5.646.436.477.667	1.254.049.165.904	1.198.527.006.132	1.628.523.233.921	484.981.721.689	10.212.517.605.313
Total Obligations	6.201.718.467.464	1.636.736.217.700	1.529.233.114.583	3.881.687.314.960	1.005.913.973.216	14.255.289.087.923

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

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 (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 portfolio by number of customers

The concentration of portfolio held by the Bank as of March 31, 2016 and December 31, 2015, 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 (*)	%	No performing PYG (*)	%	Performing PYG (*)	%	No performing PYG (*)	%
As of March 31, 2016								
10 largest borrowers	480.239.035.883	78%	1.620.806.576	100%	885.885.254.623	8%	133.534.981.575	48%
50 next largest borrowers	139.354.281.750	22%	-	0%	2.341.308.180.491	22%	83.049.913.614	30%
100 next largest borrowers	-	0%	-	0%	1.875.657.064.914	18%	33.583.365.833	12%
Other largest borrowers	-	0%	-	0%	5.574.086.261.585	52%	26.444.582.664	10%
Total	619.593.317.633	100%	1.620.806.576	100%	10.676.936.761.613	100%	276.612.843.686	100%
As of December 31, 2015								
10 largest borrowers	440.149.527.536	71%	1.672.119.884	103%	925.482.119.330	9%	119.630.742.840	43%
50 next largest borrowers	141.497.304.362	23%	-	0%	2.403.465.114.116	23%	83.981.402.617	30%
100 next largest borrowers	-	0%	-	0%	1.923.727.374.511	18%	42.892.184.080	16%
Other largest borrowers	-	0%	-	0%	5.896.057.142.043	55%	23.156.546.208	8%
Total	581.646.831.898	94%	1.672.119.884	100%	11.148.731.750.000	104%	269.660.875.745	97%

(*) 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 March 31, 2016						
10 largest depositors	461.555.520.094	65%	779.458.115.901	9%	1.429.244.893.662	97%
50 next largest depositors	228.059.552.056	32%	1.179.262.673.464	14%	46.664.795.440	3%
100 next largest depositors	19.905.503.409	3%	1.050.174.784.480	13%	-	0%
Others depositors	-	0%	5.333.444.153.936	64%	-	0%
Total	709.520.575.559	100%	8.342.339.727.781	100%	1.475.909.689.102	100%
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%

(*) 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 March 31, 2016				
Residents in Paraguay	619.593.317.633	100%	10.676.936.761.613	100%
Nonresidents in Paraguay	-	0%	-	0%
Sub-Total	619.593.317.633	100%	10.676.936.761.613	100%
Allowances	(887.409.190)		(178.895.554.416)	
TOTAL	618.705.908.443		10.498.041.207.197	
In local currency	289.309.321.605	49%	3.528.530.081.561	32%
In foreign currency	330.283.996.028	51%	7.148.406.680.052	68%
Sub-Total	619.593.317.633	100%	10.676.936.761.613	100%
Allowances	(887.409.190)		(178.895.554.416)	
TOTAL	618.705.908.443		10.498.041.207.197	
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	

(*) 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 March 31, 2016				
Residents in Paraguay	1.205.295.065.752	31%	9.175.905.009.502	99%
Nonresidents in Paraguay	2.708.960.922.347	69%	112.574.200.000	1%
Sub-Total (*)	3.914.255.988.099	100%	9.288.479.209.502	100%
Other liabilities (**)	128.515.494.511		924.038.395.811	
TOTAL	4.042.771.482.610		10.212.517.605.313	
In local currency	499.259.734.853	13%	3.614.160.944.365	39%
In foreign currency	3.414.996.253.246	87%	5.674.318.265.137	61%
Sub-Total (*)	3.914.255.988.099	100%	9.288.479.209.502	100%
Other liabilities (**)	128.515.494.511		924.038.395.811	
TOTAL	4.042.771.482.610		10.212.517.605.313	
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	

(*) 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 March 31, 2016		As of December 31, 2015	
	PYG	%	PYG	%
Agriculture	4.423.994.367.709	41%	4.631.966.475.482	43%
Livestock activities	741.019.958.656	7%	789.248.881.706	7%
Industry	1.176.086.851.664	11%	1.191.268.621.178	11%
Retail trade	1.207.764.712.318	11%	1.305.331.504.545	12%
Wholesale business	856.000.942.187	8%	935.540.298.030	9%
Services	962.974.888.290	9%	994.744.637.649	9%
Consumer	405.300.253.489	4%	420.759.333.907	4%
Exports	653.688.290.608	6%	662.496.217.256	6%
Consumption - housing	155.649.683.650	1%	158.245.877.909	1%
Government sector	7.606.847.630	0%	10.481.969.028	0%
Others	86.849.965.412	1%	48.647.933.310	0%
Total	10.676.836.765.133	100%	11.483.711.750.000	104%

(Total includes interest income, unrealized valuation adjustments and forward contracts net of allowances.)

c.16 Credits and contingencies involving related parties

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

As of March 31, 2016

Item	Carrying amount before allowances (b)	Allowances	Carrying amount net of allowances
Assets			
Deposits in Financial Entities	7.269.758.372	-	7.269.758.372
Performing loans (a)	178.615.655.630	(2.444.962)	178.613.210.668
Credit-related contingencies	4.615.037.077	-	4.615.037.077
Total	190.500.451.079	(2.444.962)	190.498.006.117
Liabilities			
Deposits	49.400.509.163	-	49.400.509.163
Total	49.400.509.163		49.400.509.163

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

(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 March 31, 2016 and December 31, 2015 is as follows:

Item	March 31, 2016 PYG	December 31, 2015 PYG
Taxes payable	12.108.429.921	11.487.015.226
Social security payables	405.264.159	682.943.205
Dividends payable	105.967.042	105.967.042
Financial lease payables	647.696.279	852.249.056
Accounts payable	4.525.505.492	2.109.790.769
Cashier's check issued	55.205.630.491	26.583.502.254
Other liabilities	14.749.970.648	1.881.153.450
Total	87.748.464.032	43.702.621.002

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.

The amounts recorded in the Operations window interbank liquidity (Operations VLI) - 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 that are in custody by the BCP, the nominal value of the securities transferred.

FINANCIAL SECTOR

Forward Operations

Forward purchases of foreign currency - Financial Sector:	March 31, 2016 PYG	December 31, 2015 PYG
Debtors for purchase transactions forward foreign currency	50.054.422.482	-
Payable for purchase transactions forward foreign currency	(50.054.422.482)	-
Total Forward contracts - Assets	50.054.422.482	-
Total Forward contracts - Liabilities	(50.054.422.482)	-

NO FINANCIAL SECTOR

Repo Operations

Forward purchases of securities sold - Non-financial Sector:	March 31, 2016 PYG	December 31, 2015 PYG
Debtors for future purchase transactions of sold securities (repo)	37.500.000.000	39.650.418.934
Creditors for future purchase transactions of sold securities (repo)	(37.500.000.000)	(39.650.418.934)

Forward Operations

Forward sales of foreign currency - Non-financial sector:	March 31, 2016 PYG	December 31, 2015 PYG
Receivables from sales transactions forward foreign currency	2.589.500.000	9.808.616.420
Creditors for operations through forward foreign currency	(2.818.135.481)	(10.323.557.948)

Forward purchases of foreign currency - Non-financial sector:	March 31, 2016 PYG	December 31, 2015 PYG
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	40.089.500.000	52.072.144.854
Total Forward contracts - Liabilities	(40.318.135.481)	(52.559.226.882)

c.19 Relevant information for the period

a) Given the need to strengthen the regulatory capital of the Bank as a result of steady and gradual increase in the Bank's assets as of April 26, 2013 the Extraordinary General Meeting grants the Board the authority to issue subordinated bonds in Guarani and US Dollars up to a maximum equivalent to Gs.150.000.000.000 (Guarani hundred and fifty billion).

In exercising that discretion, the Board determined in its Acts No. 008/2015 dated 18 August 2015 and No. 010/2015 dated November 25, 2015, the issuance of subordinated bonds under the schemes Programs Global emission called G2 and USD2, worth Gs. 50,000,000,000 (Guarani Fifty billion) and US \$ 18,630,000 (US Dollars Eighteen million six hundred thirty thousand) respectively.

By Resolution SB. SG. No. 00027/2016 dated February 26, 2016, the Superintendency of Banks has authorized the issuance of subordinated bonds in domestic and foreign currency up to a maximum equivalent of Gs. 150 billion.

The following data broadcasts made are as follows:

Series	Currency of issue	Issue amount (*)	Date of issue	Maturity
1	U\$S	10.000.000	04/25/2016	2555 days
2	U\$S	8.630.000	04/26/2016	
Total		18.630.000		

At the date of issuance of these financial statements, the Regional Bank S.A.E.C.A.It has not offered even on the market the Subordinated Notes in Guarani.

b) During the years 2014 and 2015, international cereal prices have suffered a major decline that has affected agricultural producers in the region and could spread to the entire chain of production and marketing of these products. The drop in commodity prices impacted directly and indirectly on the income of much of domestic producers and assemblers, resulting in an increase in bad debts throughout the system and therefore forecasts. The measures taken in the bank, since the middle of last year, allowed to correct the situation and to cushion the impact, having closed the period with a controlled default. The increase in spending forecast confirms the ability of Regional Bank successfully face an economic cycle with retraction, and even maintain positive growth rates in the portfolio and profits. Some of these measures have been based on the realization of refinancings or restructurings, constitution of generic and specific provisions, application of guarantees and warranties awarded in certain cases.

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 March 31, 2016 and December 31, 2015, totaled PYG 1.271.780.000.000 and PYG 1.216.216.000.000, 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 March 31, 2016 and December 31, 2015, the Bank maintained this relationship:

	<u>March 31,</u> <u>2016</u>	<u>December</u> <u>31, 2015</u>
Tier 1 - Principal Capital	11,50%	11,00%
Tier 2 – Principal Capital + Supplementary Capital	14,42%	13,19%

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 46.552 million as of March 31, 2016, (PYG 43.296 million as of December 31, 2015). 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 March 31, 2016, and December 31, 2015, the Bank had a paid in capital in common and preferred shares of PYG 784.946.400.000, 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 March 31, 2016, the net adjustment is an expense of PYG. 465.990.715 included in the chapter "Prior year adjustments" (loss PYG. 9.397.818 at March 31, 2015).

E. CONCERNING THE CONTINGENCIES AND MEMORANDUM ACCOUNTS

The balance of contingency accounts as of March 31, 2016 and December 31, 2015 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	March, 31 2016 PYG	December, 31 2015 PYG
	117.496.616.029	251.625.073.334
Guarantees provided	67.981.496.362	93.741.887.387
Documentary letters of credit to be negotiated	340.393.641.391	298.239.194.286
Credit to be used in current accounts (overdraft lines)	283.693.673.952	292.700.540.559
Credit to be used through credit cards	-	-
Other	809.565.427.734	936.306.695.566

a) Memorandum accounts

The accounts are comprised as follows:

Concept	March, 31 2016 PYG	December, 31 2015 PYG
Guarantees received	11.823.822.324.250	12.491.342.528.948
Administration of securities and deposits	898.089.440.976	832.317.995.926
Business abroad and collections	40.414.852.537	66.368.863.455
Sale and Transfer of portfolio	205.659.867.180	132.499.816.526
Other memorandum accounts	705.405.250.986	694.739.443.747
Total	13.673.391.735.929	14.217.268.648.602

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	March, 31 2016 PYG	March, 31 2015 PYG
Income from valuation of financial assets and liabilities in foreign currency	1.861.821.728.220	1.953.635.009.495
Loss from valuation of financial assets and liabilities in foreign currency	(1.859.828.665.357)	(1.949.305.106.209)
Net foreign exchange differences on financial assets and liabilities in foreign currency	1.993.062.863	4.329.903.286
Income from valuation of other assets and liabilities in foreign currency	8.460.865.509	278.756.175.311
Loss from valuation of other assets and liabilities in foreign currency	(5.965.111.067)	(285.140.511.277)
Net foreign exchange differences on other assets and liabilities in foreign currency	2.495.754.442	(6.384.335.966)
Net foreign exchange differences on total assets and liabilities in foreign currency	4.488.817.305	(2.054.432.680)

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 March 31, 2016 and March 31, 2015 amounted to PYG 12.342.250.666 and PYG 12.335.417.024, 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 March 31, 2016 and March 31, 2015, amounts to total PYG 4.980.818.578 and PYG 2.845.486.013, 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

No other post-March 31, 2016 that involves significant changes in the financial structure and results for the three months ended on that date facts.

Encarnación, May 30, 2016

Francisco Furman S.
General Accountant

Roland Wolff
Syndic

Eugenio Oze de Morvil
General Manager

Raúl Vera Bogado
President