

**Regional**

**SEGUROS**

# **ANNUAL REPORT**

2022-2023





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Annual Report and  
Financial Statements  
as of June 30, 2023

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# General Information

We are an Insurance Company founded in 1994 in Encarnación. We have the merit of being the only insurance company with headquarters in the interior of the Republic, with projection to the other most important productive areas of the country.

Therefore 2019, we have been part of the Regional Economic Group, with Banco Regional, Regional Casa de Bolsa, and Fundación Regional.

Since July 2023, after the merger by absorption of Banco Regional SAECA, the company becomes part of SUDAMERIS BANK, the biggest bank of the country.



## Company name

Regional S.A. de Seguros.



## Headquarters

Avenida Irrazábal casi Ruta VI, Encarnación, Paraguay.



## RUC

80010491-9.



## Phone

021 729 3700



## Website

[www.regionalseguros.com.py](http://www.regionalseguros.com.py)



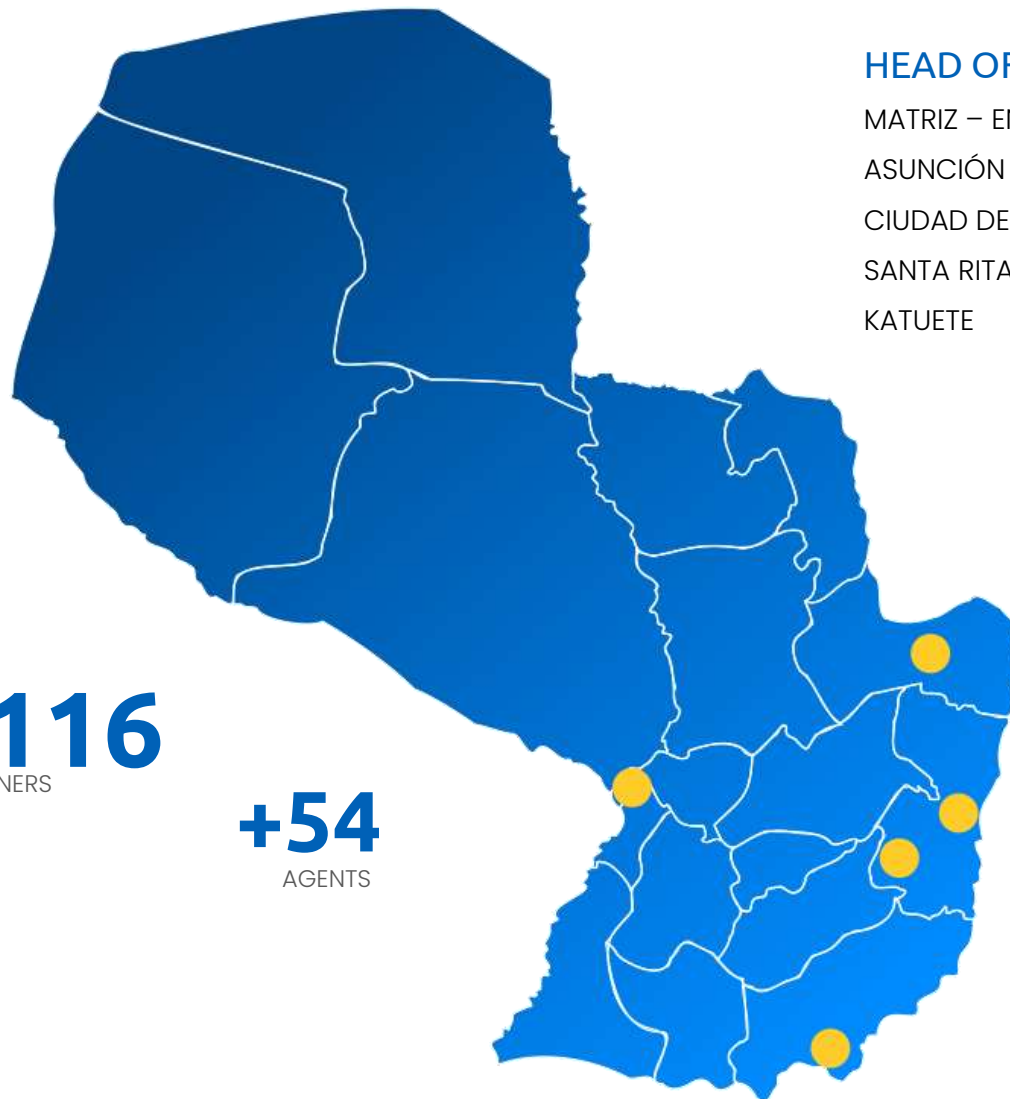
## Social networks

Facebook, Instagram, LinkedIn (@regionalseguros\_py).

# »» Where we are

**+116**  
PARTNERS

**+54**  
AGENTS



## HEAD OFFICES

MATRIZ – ENCARNACIÓN

ASUNCIÓN

CIUDAD DEL ESTE

SANTA RITA

KATUETE

# Letter from the President

Dear Shareholders,

In the name and on behalf of the Board of Directors, it is our pleasure to send you the Annual Report, Financial Statements, Independent Auditors' Report and the Statutory Auditor's Report for the fiscal year 2022-2023.

In the national context, the economy has decreased -0.3% mainly due to climatic factors that affect our primary sector and electricity, the main source of production; and an inflation of 8.1% mainly due to the global geopolitical factor that affects us as an importer of fuels and industrial products. The outlook for 2023 is better, with an estimated inflation of 4.5% and economic growth estimated by ECLAC at 4.2%, the second best in Latin America, which will be an important incentive for the prospects of the insurance industry in the country.

The world is immersed in constant changes of all kinds, which is not alien to our reality as a company, we are starting a new period with the shareholding change that means belonging to the most preponderant financial group in the country, which is a great challenge to take ahead and face the changes to be in the short term among the largest insurance companies in the environment.

We hereby welcome the representatives of Sudameris Bank, the main shareholder of Regional Seguros S.A., to the 30th Assembly.

As for the domestic insurance market, the volume of premiums has grown by 12%, highlighting the higher growth of the 8 companies owned by Banks, which have grown by 29% of premiums compared to the previous year, accumulating 58% of the total profits of the insurance market, leaving the remaining 42% to the other 27 insurance companies.

Regional S. A. de Seguros has grown by 7% in accrued premiums and with excellent technical results, which places us among the top 5 companies in terms of return on invested capital.

All this has been possible thanks to the support of the reinsurers who provide us with excellent coverage contracts and the human team that makes up this Company, the Agents and the Bank, with whom we work together to achieve these objectives.

Finally, we could not forget to thank our Heavenly Father who gives us health and strength to all this human team to overcome all the adversities that life gives us in order to improve ourselves day by day and renew our commitment to give our best effort in our daily work.

Thank you very much.

**Lic. Luis Alberto Rodríguez F.**  
Presidente



# Our Purpose

## MISSION

To be protagonists in the insurance sector, protecting people, their assets and companies through agile, reliable and innovative services with committed and competent human resources.

## VISION

To be recognized as one of the best insurance companies in the country for the excellence of its services.

## Corporate Principles



### HONESTY

To have a culture of integrity and incorruptibility. To be honest with oneself and with the Company. That each member is ethical in their actions or work and prioritizes the values and interests of the company over other personal or other companies.



### INNOVATION

Openness to new ideas and ways to make processes better and more agile. Continuous improvement of processes, products and services.



### COMMITMENT

To feel identified with the Company's objectives and to be loyal to the institution; to demonstrate it in daily behavior with a job well done. To defend what we believe in and perform our work with rectitude and professionalism.



### ACKNOWLEDGMENT

To value at all levels of the institution a job well done and good performance.



### PROACTIVITY

To be foresighted. To be able to anticipate things. Not to remain with the criticism without a solution.



# Incorporation of the Company

Regional S.A. de Seguros was incorporated in the city of Encarnación, Republic of Paraguay, on the fifth day of April 1993 by Public Deed No. 19.

The Company has its legal domicile in the City of Encarnación, Capital of the Department of Itapúa, Republic of Paraguay. The duration of the Company was fixed at 99 years.

The main purpose of the Company is to carry out all insurance and coinsurance operations against all kinds of risks and all kinds of operations related to these businesses. The capital stock is set at the amount of Gs. 100,000,000,000 (one hundred thousand million guaraníes) represented by 1,000,000 nominative shares, founder and ordinary types.

The Company shall be managed by a Board of Directors composed of Regular and Alternate Directors. The number of Directors and Alternates shall be no less than five and no more than fifteen members, appointed by the Ordinary Shareholders' Meeting. They shall serve for two years and may be reelected. The Board of Directors has the broadest powers to direct, administer and dispose of all the business and assets of the corporation, determining the operations to be carried out in accordance with its purposes.

**List of Shareholders and their  
Percentage of Ownership as of 30/06/2023**

Shareholder	RUC/CI	Participation	N° of Shares
Regional Bank	80020981-8	99,9995%	390.090
Francisco Yanagida	680.862	0,00051%	2

**SUDAMERIS**



After the merger with Banco Regional S.A.E.C.A., which took place on 01/07/2023, Sudameris Bank became the largest bank in the country, acquiring at the same time the stock of **Regional S.A. de Seguros**.

Sudameris Bank is an open stock corporation whose majority shareholder is Abbeyfield Financial Holdings, domiciled in Ireland.

With more than 65 years of experience in the Paraguayan market, Sudameris Bank stands out for its commitment to innovation, quality and social responsibility.







# Board of Directors

President:

Lic. Luis Rodríguez

Vice-president:

Abog. Leonardo Petta

Directors:

Lic. Francisco Yanagida  
Lic. Ricardo Carmona

Alternate Directors:

Lic. Juan Carlos Meza  
Lic. Jorge Castelví

Trustee:

Lic. Patrocinio Ibarra

Alternate Trustee:

Lic. María Magdalena González

# »» Administration /Management Staff

General Manager:

Lic. Jorge Castelví

Administrative and Financial Manager:

CPN Ana María Sischik

Technical Manager:

Lic. Marcelo Garay

Claims Manager:

Abog. Herman Schmidke

Business Manager:

Ing. Sergio Leiva

Risk and Process Manager:

Lic. Diego González

IT Manager:

Lic. Jorge Smulders

Audit Manager:

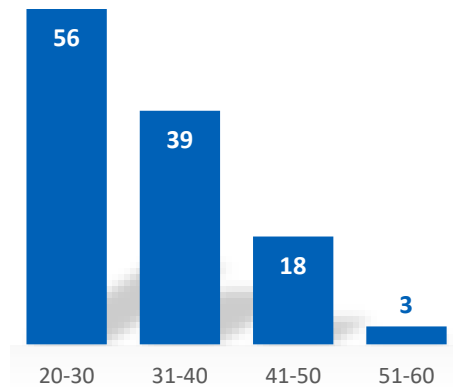
Lic. Daniela Benítez

Compliance Officer:

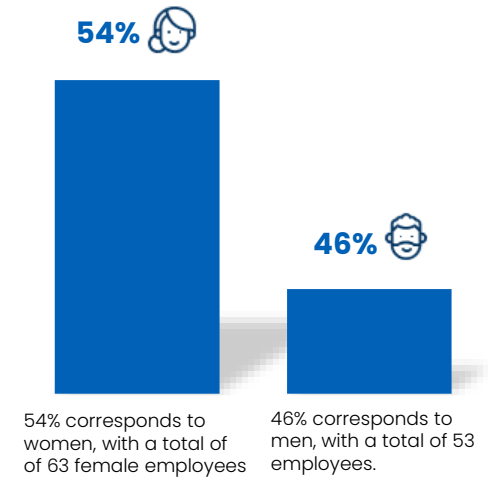
Lic. Lis Paniagua

# >> Diversity of People

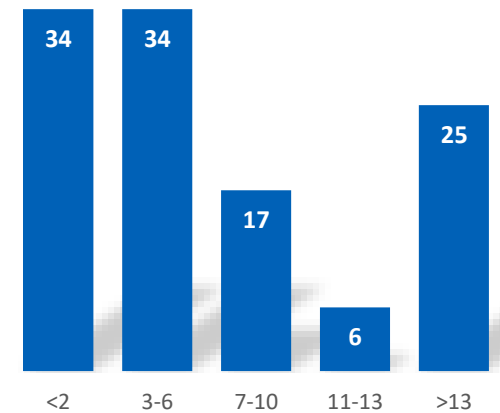
Number of people by **age**



Number of people by **gender**



Number of people by **seniority**



# » Corporate Governance

The company, in line with good Corporate Governance practices, has developed its management during the 2022-2023 fiscal year through the different Committees, strengthening the internal control and supervision systems of the Company's operations, defining the main Strategies and the transparency of information, as fundamental pillars of management.

## Technical Committee

Bimonthly

Res. SS.SG. 110/10 Art. 3.3 and Res. 16/2022 Art. 22

POSITION	NAME AND SURNAME
Coordinating Director	Luis Rodríguez
Alternate Director	Leonardo Petta
General Manager	Jorge Castelví
Technical Manager	Marcelo Garay
Risk Manager	Diego González
Business Manager	
Claims Manager	
Legal Advisor	
Actuary	

The main duties of the Technical Committee are, among others: analysis of new products, rates, policies, reinsurance contracts, claims, review of actuarial reports. During the 2022-2023 fiscal year, the following topics were discussed:

- Updating of Subscription Policy, Reinsurance and Retrocession Policy, Organization and Function Manuals.
- Development of tools: Personal Accident Web Quotation System, Web Health Declaration, Geolocation.
- Studies and negotiations of reinsurance contracts.
- Study of insurance coverage plans and adaptation of plans to Res. SS.SG. 215/2017.

## Administration and Finance Committee

Monthly Periodicity

Res. SS.SG. 110/10 Art.3.3 and Res. 16/2022 Art.22

POSITION	NAME AND SURNAME
Coordinating Director	Francisco Yanagida
General Manager	Jorge Castelví
Administration and Finance Manager	Ana María Sischik
Accountant	
IT Manager	
Business Manager	

The purpose of this Committee is to advise, render opinions and report to the Board of Directors on economic and financial matters affecting the Company. Among the main issues dealt with during the year ended are:

- Analysis and approval of Solvency Margin and Representativeness Reports.
- Investment analysis and approval.
- Study and approval of the General Budget for the fiscal year.
- Evaluation of monthly budget compliance.
- Approval of improvement projects and good resource management practices.

# » Corporate Governance

## Audit and Internal Control Committee

Periodicity Quarterly

Res. SS.SG. 110/10 Art. 3.3 and Res. 16/2022 Art. 23

POSITION	NAME AND SURNAME
Coordinating Director	Juan Carlos Meza
Alternate Director	Ricardo Carmona
General Manager	Jorge Castelví
Internal Audit Manager	Daniela Benítez
IT Auditor	Guillermo Acosta
Trustee	Patrocinio Ibarra

Among the functions of the Audit and Internal Control Committee are the verification of the implementation of the Internal Control System, supervision of compliance with the External Audit contract, monitoring of the Company's Policies and Strategies, establishing and approving control mechanisms.

In fiscal year 2022-2023 it has addressed the following topics:

- Internal Audit Reports.
- Internal IT Audit Reports.
- Internal Audit Reports on the Internal Control System of the AML/CFT (Anti-Money Laundering/Combating the Financing of Terrorism) Compliance Area.
- Internal Audit work plan and schedule 2022-2023.

## ML/FT Prevention Committee

Periodicity Quarterly

SEPRELAD Res. 71/2019 and Res. 16/2022 Art. 22

POSITION	NAME AND SURNAME
Coordinating Director	Leonardo Petta
Alternate Director	Luis Rodríguez
General Manager	Jorge Castelví
PLAFT Compliance Officer	Lis Paniagua
Legal Advisor	Ramón Castillo

Its purpose is to support the Compliance Officer in the adoption and enforcement of policies and procedures necessary for the proper functioning of the ML/FT (Money Laundering/Combating the Financing of Terrorism) prevention system.

The main points discussed by this Committee are detailed below:

- Presentation of the annual AML/CFT training plan.
- Presentation of reports corresponding to the area of compliance - AML/CFT .

# » Corporate Governance

## Information Technology and Information Security Committee (IT and IS)

Periodicity Quarterly

Res. SS.SG. 219/18 PO.01.01 and Res. 16/2022 Art. 22

POSITION	NAME AND SURNAME
Coordinating Director	Luis Rodríguez
Alternate Director	Ricardo Carmona
General Manager	Jorge Castelví
IT Manager	Jorge Smulders
Information Security Resp.	Fernando Tumanuma
IT Internal Auditor	Guillermo Acosta
Finance and Administration Manager	Ana María Sischik

This Committee is mainly oriented to plan, do, verify and act on IT resources including applications, information, infrastructure and people.

The following topics were presented at the meetings held during fiscal year 2022-2023:

- MGCTI update and compliance. Complete development from the IT area.
- Management reports, change requests.
- Security test reports, presentation of results and solution proposals. Implementation of training and information security awareness tools.
- Collaboration and Support for project execution: Electronic invoicing, Geolocation, CRM Customer Relationship Management, VPOS 2.0.

## Risk Committee

Periodicity Quarterly

Res. 16/22 Art. 24

POSITION	NAME AND SURNAME
Coordinating Director	Ricardo Carmona
Alternate Director	Francisco Yanagida
General Manager	Jorge Castelví
Risk and Process Manager	Diego González
Trustee	Patrocínio Ibarra
Managers according to subject matter	

The main objective of this Committee is to establish parameters to be considered at the time of assuming the various risks inherent to the business line, as well as the Policies and analysis of the company's objectives.

During the 2022-2023 fiscal year, the following topics have been addressed:

- Risk Methodology.
- Mapping, analysis, evaluation and mitigants surveyed with different teams. Monitoring them.
- Risk Appetite.

# » Corporate Governance

## Human Resources and Compensation Committee

Semiannual periodicity

Res. 16/22 Art. 26

POSITION	NAME AND SURNAME
Coordinating Director	Luis Rodríguez
Alternate Director	Francisco Yanagida
General Manager	Jorge Castelví
Risk and Process Manager	Diego González
Trustee	Patrocinio Ibarra
Head of Human Resources and OD Management	Eva Fariña
Administration and Finance Manager	Ana María Sischik

The Committee's duties include proposing evaluation mechanisms, supervising the implementation of the Human Resources Policy, personnel renewal and replacement processes, and monitoring compensation issues.

## Ethics and Regulatory Compliance Committee

Semiannual periodicity

Res. 16/22 Art. 27

POSITION	NAME AND SURNAME
Coordinating Director	Leonardo Petta
Alternate Director	Luis Rodríguez
General Manager	Jorge Castelví
Internal Audit Manager	Daniela Benítez
Internal IT Auditor	Guillermo Acosta

This Committee is responsible for monitoring compliance with laws, regulations and internal rules, as well as reviewing and evaluating ethical standards and values, and their dissemination in the Company.



# Our Reinsurers



 **MS AMLIN AG** (AM Best: A)  
Incendio y Misceláneos, Vida y Accidentes Personales, Caución.



 **SCOR REINSURANCE COMPANY** (AM Best: A+)  
Incendio y Misceláneos, Automóviles.



 **KOREAN REINSURANCE** (AM Best: A)  
Incendio y Misceláneos



 **MAPFRE RE COMPAÑÍA DE REASEGUROS S.A.** (AM Best: A+)  
Incendio y Misceláneos



 **REASEGURADORA PATRIA S.A.** (AM Best: A)  
Incendio y Misceláneos



 **HANNOVER RÜCK SE** (AM Best: A+)  
Vida y Accidentes Personales



 **NAVIGATORS INSURANCE** (AM Best: A)  
Caución



 **BEAZLEY LLOYD'S SYNDICATE** (AM Best: A)  
Caución



# Production

+7%

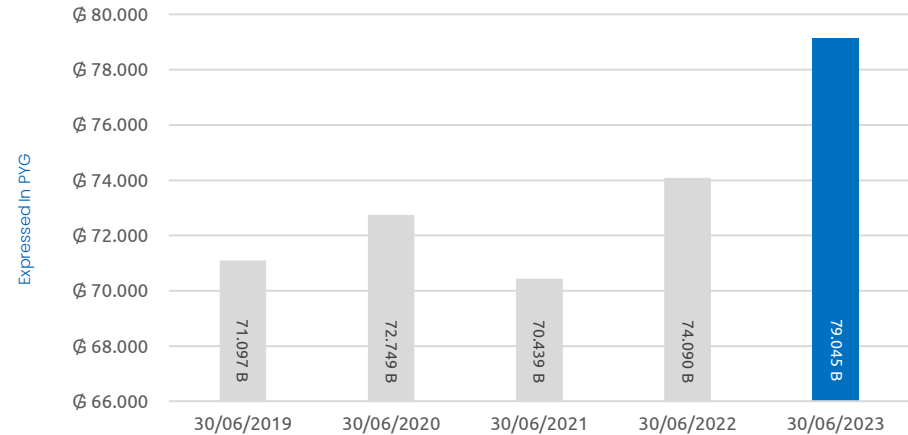


Direct Premiums  
+ Reinsurance premiums accepted

\*Translator's note: In Spanish, the term "mil millones" (1.000.000.000) holds an equivalent value to "one billion" in English.

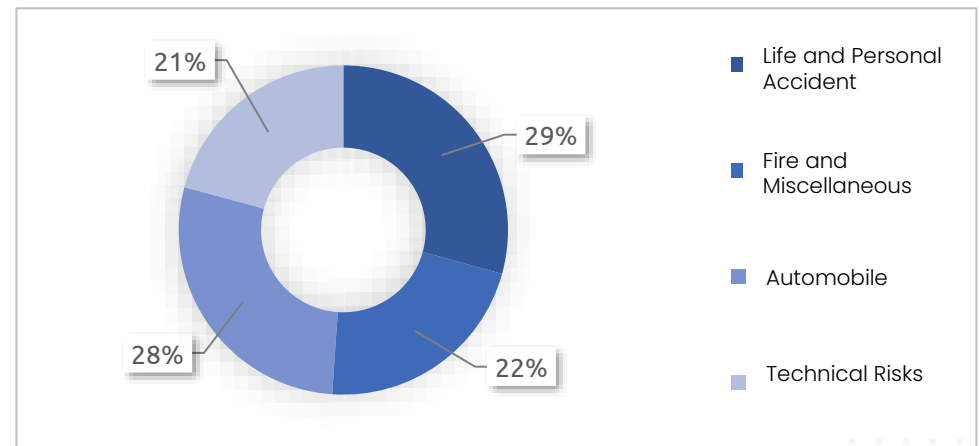
## Direct Premiums plus Accepted Premium

Direct and Accepted Premiums of Regional Seguros reached the amount of Gs. 79.045 Billion\*, presenting a year-on-year growth of 7% with respect to the previous fiscal year.



## Portfolio Composition

Property Life, Technical Risks and Automobile products make up the company's main sales portfolios, where the products focused on the Agricultural sector provide great support to loans for machinery or production.



# Claims



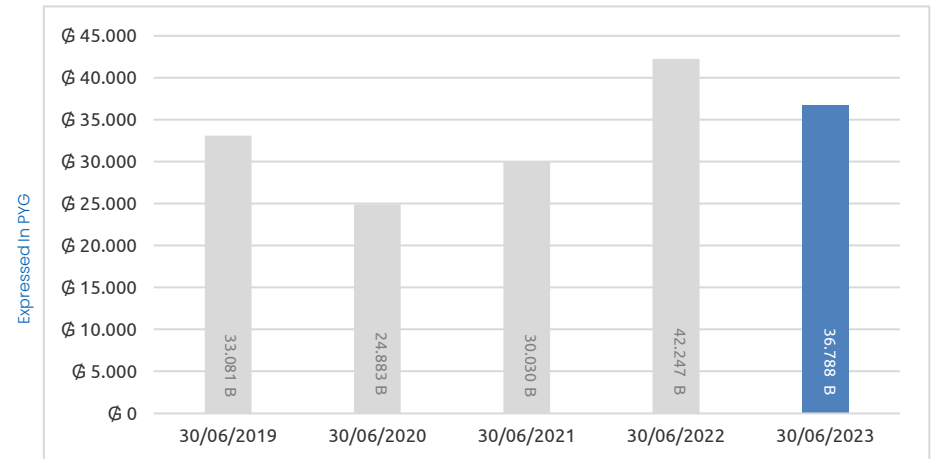
**-13%**

Paid Direct Insurance Claims

\*Translator's note: In Spanish, the term "mil millones" (1.000.000.000) holds an equivalent value to "one billion" in English.

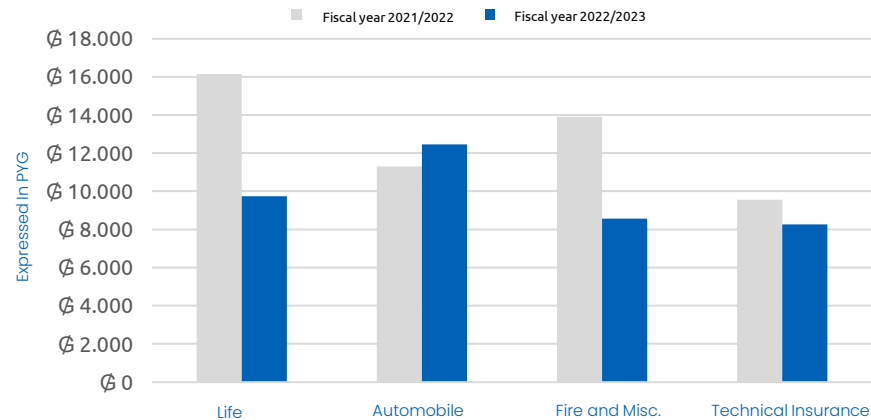
## Direct Insurance Claims

Direct Insurance Claims settled during the year amounted to Gs. 36.788 billion, with a decrease of 13% compared to the previous year.

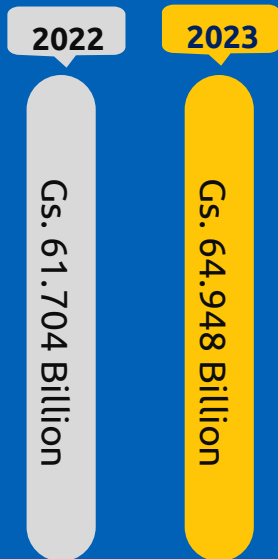


## Composition of the Claims Portfolio

During the year ended June 30, claims decreased in intensity, the main ones being Property Life and Fire, while automobiles have increased in frequency and costs, especially due to the increase of the dollar.



# Equity



+5%

Share Capital + Reserves + Earnings

\*Translator's note: In Spanish, the term "mil millones" (1.000.000.000) holds an equivalent value to "one billion" in English.

## Balance of equity accounts

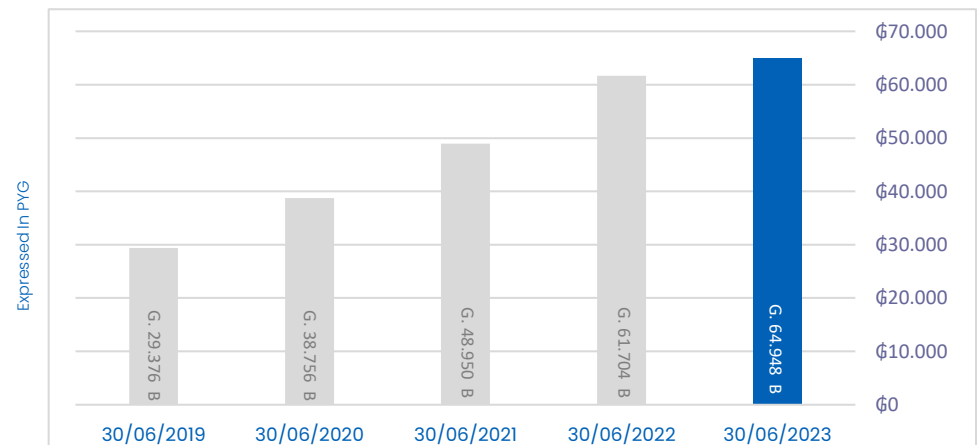
The company's shareholders' equity increased by 5% compared to the previous year, represented by the increase in net income for the year and the legal reserve.

Equity	Amount (B)
Share Capital	€ 39.009
Reserves	€ 10.579
Income for the year	€ 15.360
<b>Total Shareholders' Equity</b>	<b>€ 64.948</b>

Expressed In PYG

## Equity

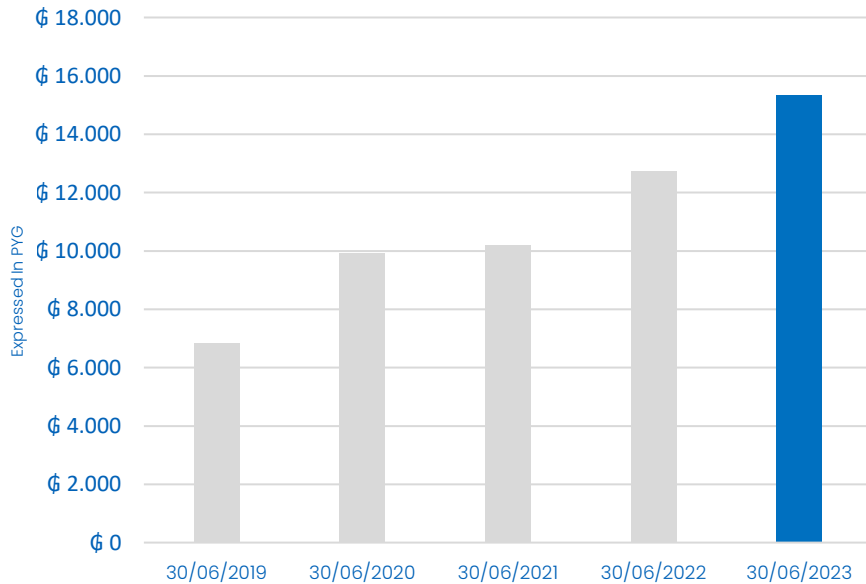
Below is the evolution of Equity over the last 5 years.



## Income for the year

The result for the year amounted to Gs.15.359 B. A good technical performance was observed in most of the sections, mainly in Life, Fire and Technical Risk. Compared to the year 2022, the result presented an increase of 20%. On the other hand, the result of the investment portfolio had an increase of 13% in relation to the previous year.

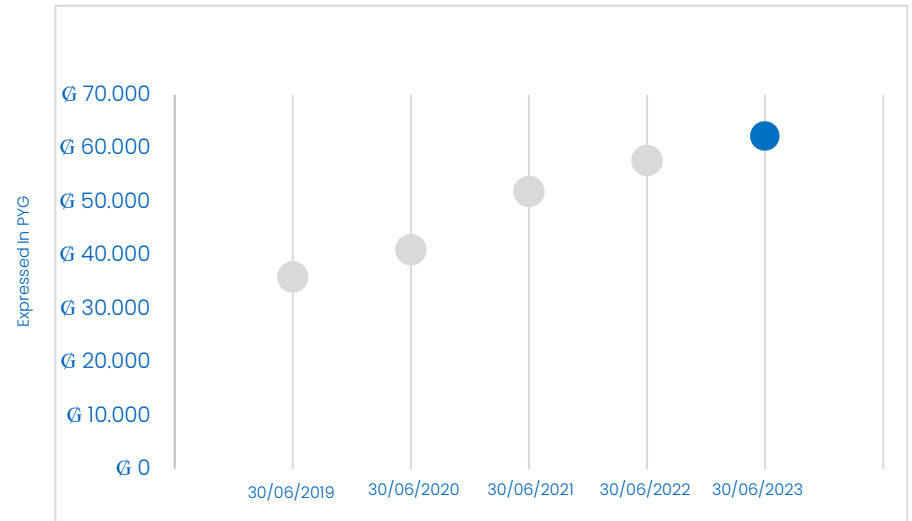
### Changes in net income over the last 5 years.



## Investments

The company has continued with a cautious investment policy, considering high standards in terms of credit quality, diversification and liquidity based on the policy of matching investments and technical reserves, represented in Resolution SS.SG No.132, and the guarantee funds required by Resolution SS.SG No.133.

### Evolution of the financial investment portfolio over the last 5 years,



# FINANCIAL STATEMENTS



# INDEPENDENT AUDITORS' REPORT



## Dictamen de los Auditores Independientes

Señores Presidente y Directores de  
Regional S.A. de Seguros  
Presente

### Dictamen sobre los estados financieros

Hemos auditado los estados financieros que se acompañan de Regional S.A. de Seguros, en adelante "la entidad", que comprenden el balance general al 30 de junio de 2023, los correspondientes estados de resultados, de evolución del patrimonio neto y de flujos de efectivo por el año que terminó en esa fecha, así como un resumen de políticas contables importantes, otras notas aclaratorias y anexos.

#### Responsabilidad de la administración por los estados financieros

La administración de la entidad es responsable de la preparación y presentación razonable de estos estados financieros de acuerdo con las normas, reglamentaciones e instrucciones contables establecidas por la Superintendencia de Seguros del Banco Central del Paraguay y con normas de información financiera emitidas por el Consejo de Contadores Públicos del Paraguay. Esta responsabilidad incluye diseñar, implementar y mantener el control interno relevante a la preparación y presentación razonable de los estados financieros que estén libres de representaciones erróneas de importancia relativa, ya sea debidas a fraude o error; seleccionando y aplicando políticas contables apropiadas, y haciendo estimaciones contables que sean razonables en las circunstancias.

#### Responsabilidad del auditor

Nuestra responsabilidad es expresar una opinión sobre estos estados financieros con base en nuestra auditoría. Condujimos nuestra auditoría de acuerdo con lo requerido por la Superintendencia de Seguros del Banco Central del Paraguay a través de su Resolución SS.SG. N° 242/2004 y con normas de auditoría vigentes en Paraguay emitidas por el Consejo de Contadores Públicos del Paraguay. Dichas normas requieren que cumplamos con requisitos éticos así como que planeemos y desempeñemos la auditoría para obtener seguridad razonable sobre si los estados financieros están libres de representación errónea de importancia relativa.

Una auditoría implica desempeñar procedimientos para obtener evidencia de auditoría sobre los montos y revelaciones en los estados financieros. Los procedimientos seleccionados dependen del juicio del auditor, incluyendo la evaluación de los riesgos de representación errónea de importancia relativa de los estados financieros, ya sea debida a fraude o error. Al hacer esas evaluaciones del riesgo, el auditor considera el control interno relevante a la preparación y presentación razonable de los estados financieros por la entidad, para diseñar los procedimientos de auditoría que sean apropiados en las circunstancias, pero no con el fin de expresar una opinión sobre la efectividad del control interno de la entidad. Una auditoría también incluye evaluar lo apropiado de las políticas contables usadas y lo razonable de las estimaciones contables hechas por la administración, así como evaluar la presentación general de los estados financieros.

Consideramos que la evidencia de auditoría que hemos obtenido es suficiente y apropiada para proporcionar una base para nuestra opinión de auditoría.

Av. Brasil 707 (Asunción - Paraguay)  
021 232 505 - 0982 434 601  
bca@bca.com.py - www.bca.com.py

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## Opinión

En nuestra opinión, los referidos estados financieros presentan razonablemente, respecto de todo lo importante, la situación patrimonial y financiera del Regional S.A. de Seguros al 30 de junio de 2023, los resultados de sus operaciones y sus flujos de efectivo por el año que terminó en esa fecha, de acuerdo con las disposiciones reglamentarias contables emitidas por la Superintendencia de Seguros del Banco Central del Paraguay y con las normas de información financiera emitidas por el Consejo de Contadores Públicos del Paraguay.

## Otros asuntos

Los estados financieros de Regional S.A. de Seguros por el año terminado al 30 de junio de 2022, fueron auditados por otros auditores cuyo dictamen al respecto de fecha 23 de septiembre de 2022, expresó una opinión sin salvedades.

Asunción, 15 de septiembre de 2023

BCA - Benítez Codas & Asociados

Javier Benítez Duarte  
Socio

Mat. Consejo CPP 528 A  
Mat. Colegio CPy C652

Av. Brasil 707 (Asunción - Paraguay)  
021 232 505 - 0982 434 601  
bca@bca.com.py - www.bca.com.py

2

## INFORME DEL SINDICO

Señores:  
**ACCIONISTAS DE  
REGIONAL S.A. DE SEGUROS**

En mi carácter de síndico de Regional S.A. de Seguros, he examinado los documentos detallados en el párrafo siguiente. Los documentos citados son responsabilidad del Directorio de la Sociedad. Mi responsabilidad es informar sobre dichos documentos basado en el trabajo que se menciona en el párrafo:

### 1. DOCUMENTOS EXAMINADOS CORRESPONDIENTES AL 30º EJERCICIO CERRADO AL 30 DE JUNIO 2023.

- Estado de situación patrimonial al 30 de Junio de 2023.
- Estado de resultados por ejercicio finalizado el 30 de Junio de 2023.
- Estado de evolución del patrimonio neto por el ejercicio finalizado al 30 de Junio de 2023.
- Estado de Flujo de Efectivo del ejercicio finalizado el 30 de Junio de 2023.
- Notas a los Estados Contables y anexos del ejercicio finalizado al 30 de Junio de 2023.
- Inventario al 30 de Junio de 2023.
- Memoria del Directorio por el ejercicio finalizado el 30 de Junio de 2023.

### 11. ALCANCE DEL EXAMEN

Mi examen fue realizado de acuerdo con lo dispuesto en el Art. 1124 del CODIGO CIVIL PARAGUAYO, en sus Incisos (a) al (k), verificando la congruencia de los documentos examinados con la información sobre las decisiones societarias y la adecuación de dichas decisiones a la ley y a los estatutos, en lo relativo a sus aspectos formales y documentales, velando el cumplimiento de:

- La Ley 827/96 DE SEGUROS
- La Ley 125/91 DEL REGIMEN TRIBUTARIO modificada por Ley 6380/19 DE LA MODERNIZACIÓN Y SIMPLIFICACIÓN DEL SISTEMA TRIBUTARIO NACIONAL.
- Reglamentos impuestos por la SUPERINTENDENCIA DE SEGUROS
- Los Estatutos Sociales
- Y las decisiones de la asamblea

Para realizar mi tarea profesional sobre los documentos detallados en los ítems a) a e) del párrafo 1, he revisado la auditoría efectuada por el Auditor Externo, quien emitió su informe de acuerdo con las normas de auditoría vigentes. Dicha revisión incluyó la verificación de la planificación del trabajo, de la naturaleza, alcances y oportunidad de los procedimientos aplicados y de los resultados de la auditoría efectuada por dicho profesional. Dicha auditoría requiere que el auditor planifique y desarrolle su tarea con el objetivo de obtener un grado razonable acerca de la inexistencia de manifestaciones no veraces o errores significativos en los estados contables, e incluye examinar, sobre bases selectivas, los elementos de juicio que respaldan la información expuesta en los estados contables, así como evaluar las normas contables utilizadas, las estimaciones significativas efectuadas por el Directorio de la Sociedad y la presentación de los estados contables tomados en conjunto. Dado que no es responsabilidad del síndico efectuar un control de gestión, el examen no se extendió a los criterios y decisiones empresarias de las diversas áreas de la Sociedad, cuestiones que son de responsabilidad exclusiva del Directorio. Considero que mi trabajo me brinda una base razonable para fundamentar mi informe.

Así mismo, en relación con la memoria del Directorio correspondiente al ejercicio terminado el 30 de Junio de 2023, he verificado que contiene la información necesaria en lo que es materia de mi competencia, que sus datos numéricos concuerdan con los registros contables de la Sociedad.

### 111. DICTAMEN

- a) Basado en el examen realizado, en mi opinión, los estados contables se presentan razonablemente, en todos sus aspectos significativos, la situación patrimonial de Regional S.A. de Seguros al 30 de Junio de 2023 y los Resultados de sus operaciones, la evolución del Patrimonio Neto y las variaciones del Flujo de Efectivo por el ejercicio terminado en esa fecha, de acuerdo con las normas contables profesionales.
- b) En relación con la memoria del Directorio, no tengo observaciones que formular en materia de mi competencia, siendo las afirmaciones sobre hechos futuros responsabilidad exclusiva del Directorio.
- e) Los estados contables y el correspondiente inventario surgen de registros contables llevados, en sus aspectos formales, de conformidad con las disposiciones legales vigentes.

Por las consideraciones expuestas, me permito aconsejar a los Señores Accionistas, la aprobación de los citados documentos.

Encarnación, 18 de septiembre de 2023.

  
Patrocinio A. Barra Báez  
Síndico

# STATEMENT OF NET WORTH

AS OF JUNE 30, 2023

Presented on a comparative basis with respect to the year ended on June 30, 2022 (Expressed in guaraníes)

<b>ASSETS</b>	<b>30/06/2023</b>	<b>30/06/2022</b>	<b>LIABILITIES AND NET EQUITY</b>	<b>30/06/2023</b>	<b>30/06/2022</b>
<b>CURRENT ASSET</b>			<b>CURRENT LIABILITY</b>		
Cash and cash equivalents (note 3)	6.965.432.208	7.541.461.265	Debt with Insured Parties (note 13)	122.821.952	262.402.357
Investments (note 8)	20.997.271.529	16.341.025.894	Co-insurance Debts (note 14)	250.257.139	39.905.050
Current Technical Credits (note 4)	26.068.388.129	17.868.524.638	Re-insurance Debts (note 15)	3.528.482.611	2.571.529.285
Administrative Credits (note 6)	2.463.463.374	2.267.849.368	Debt with Intermediaries (note 16)	1.671.673.013	1.997.800.341
Prepaid Expenses	559.713.791	657.940.929	Other Technical Debts	902.346.897	345.462.884
Assets and Rights Received in Payment (note 7)	1.752.543	13.380.516	Administrative Obligations	6.418.130.249	5.001.875.144
Deferred Assets (note 11)	27.035.548.801	23.415.145.800	Insurance Technical Provisions (note 17)	39.939.385.406	37.277.301.433
			Claims Technical Provisions (note 18)	10.190.754.952	11.357.222.636
			Deferred Profits (note 19)	9.452.654.604	8.434.665.862
<b>TOTAL CURRENT ASSETS</b>	<b>84.091.570.375</b>	<b>68.105.328.410</b>	<b>TOTAL CURRENT LIABILITIES</b>	<b>72.476.506.823</b>	<b>67.288.164.992</b>
<b>NON-CURRENT ASSETS</b>			<b>NON-CURRENT LIABILITIES</b>		
Matured Technical Credits (note 5)	3.238.474.954	10.955.866.683	Insurance Technical Provisions (note 17)	10.146.542.854	11.240.891.132
Investments (note 8)	44.959.100.000	42.926.200.000			
Property, Plant, and Equipment (note 10)	14.994.331.245	17.570.120.582			
Deferred Assets (note 11)	287.427.781	675.448.221			
<b>TOTAL NON-CURRENT ASSETS</b>	<b>63.479.333.980</b>	<b>72.127.635.486</b>	<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>10.146.542.854</b>	<b>11.240.891.132</b>
			<b>TOTAL LIABILITIES</b>	<b>82.623.049.677</b>	<b>78.529.056.124</b>
			<b>NET EQUITY</b>		
			Share Capital	39.009.200.000	39.009.200.000
			Pending Capitalization Accounts	115.818	115.818
			Reserves	10.578.718.445	9.941.040.892
			Accumulated Results	-	-
			Current Period's Result	15.359.820.415	12.753.551.062
			<b>TOTAL NET EQUITY</b>	<b>64.947.854.678</b>	<b>61.703.907.772</b>
<b>TOTAL ASSETS</b>	<b>147.570.904.355</b>	<b>140.232.963.896</b>	<b>TOTAL LIABILITIES AND NET EQUITY</b>	<b>147.570.904.355</b>	<b>140.232.963.896</b>
<b>ACCOUNTS OF ORDER AND CONTINGENCIES</b>				<b>30/06/2023</b>	<b>30/06/2022</b>
Insured Capitals				14.188.015.754.836	13.501.766.342.604
Ceded Insured Capitals				9.134.297.303.819	8.293.616.295.284
Accounts of Order and Contingencies				131.347.889.832	146.109.392.536
<b>TOTAL ACCOUNTS OF ORDER AND CONTINGENCIES</b>				<b>23.453.660.948.487</b>	<b>21.941.492.030.424</b>

The notes 1 to 24 and Annex I that accompany these financial statements are an integral part of them.

(FIGURES EXPRESSED IN PYG)



# RESULTS STATEMENTS

## AS OF JUNE 30, 2023

Presented on a comparative basis with respect to the year ended on June 30, 2022 (Expressed in guaraníes)

	<b>30/06/2023</b>	<b>30/06/2022</b>
<b>TECHNICAL PRODUCTION REVENUES</b>		
Direct Premiums	78.441.533.627	73.305.292.209
Accepted Reinsurance Premiums	703.719.508	785.207.766
Release of Technical Insurance Provisions	-	-
<b>TECHNICAL PRODUCTION EXPENSES</b>		
Ceded Reinsurance Premiums	34.475.234.572	31.329.955.107
Creation of Technical Insurance Provisions	-	-
<b>NET EARNED PREMIUMS</b>	<b>44.670.018.563</b>	<b>42.760.544.868</b>
<b>CLAIMS</b>		
Claims	36.788.236.843	42.247.557.975
Life Insurance Benefits and Indemnities	-	-
Claims Settlement Expenses, Salvage, and Recovery	990.974.561	875.981.308
Participation in Recovery of Ceded Reinsurance	-	726.314.253
Accepted Reinsurance Claims	145.476.308	290.759.274
Establishment of Technical Provisions for Claims	7.172.763.350	8.023.473.539
<b>RECOVERY OF CLAIMS</b>		
Recovery of Claims	355.441.784	1.626.858.790
Recovery Claims from Ceded Reinsurance	19.016.708.824	21.833.412.561
Participation in Recovery of Accepted Reinsurance Claims	-	-
Release of Technical Insurance Provisions for Claims	8.339.231.036	9.947.604.931
<b>NET INCURRED CLAIMS</b>	<b>17.386.069.418</b>	<b>18.756.210.067</b>
<b>GROSS TECHNICAL PROFIT/LOSS</b>	<b>27.283.949.145</b>	<b>24.004.334.801</b>
<b>OTHER TECHNICAL INCOME</b>		
Reimbursement of Production Expenses	2.533.103.759	2.257.025.998
Other Income from Reinsured Amounts Ceded	12.168.387.877	11.278.076.394
Other Income from Reinsured Amount Accepted	-	-
Provisions Release	1.203.040.336	1.210.943.393
<b>OTHER TECHNICAL EXPENSES</b>		
Production Expenses	6.971.830.884	6.607.077.205
Reinsurance Cession Expenses	1.160.922.024	1.138.186.643
Accepted Reinsurance Expenses	-	-
Technical Operating Expenses	22.200.832.940	20.582.024.936
Establishment of Provisions	1.793.763.978	1.073.624.869
<b>NET TECHNICAL PROFIT/LOSS</b>	<b>11.061.131.291</b>	<b>9.349.466.933</b>
INVESTMENT INCOME	14.062.198.547	7.561.981.201
INVESTMENT LOSS	8.946.590.821	3.040.634.863
<b>NET PROFIT/LOSS ON INVESTMENTS</b>	<b>5.115.607.726</b>	<b>4.521.346.338</b>
<b>EXTRAORDINARY RESULTS (NET)</b>	<b>728.532.248</b>	<b>315.202.612</b>
<b>NET PROFIT/LOSS BEFORE TAXES</b>	<b>16.905.271.265</b>	<b>14.186.015.883</b>
Income Tax	1.545.450.850	1.432.464.821
<b>NET PROFIT/LOSS FOR THE PERIOD</b>	<b>15.359.820.415</b>	<b>12.753.551.062</b>

Notes 1 to 24 and Annex I attached hereto form an integral part of these financial statement.

(FIGURES EXPRESSED IN PYG)

# STATEMENT OF CHANGES IN NET EQUITY

AS OF JUNE 30, 2023

Presented on a comparative basis with respect to the year ended on June 30, 2022 (Expressed in guaraníes)

Item	Integrated Capital		Pending	Reserves on Earnings			Equity Reserves		Accumulated Results	Result of the Period	Total
	Cash Capital	Secondary Capital	Contributions to be capitalized	Legal	Statutory	Discretionary	Revaluation Reserve	Law 827/96			
<b>Balance at 30/06/2021</b>	<b>29.032.000.000</b>	-	<b>174.042</b>	<b>2.661.939.101</b>	-	-	<b>6.769.375.460</b>	-	<b>(0)</b>	<b>9.941.595.291</b>	<b>38.755.830.087</b>
Transfer of previous year's results	-	-	-	-	-	-	-	-	10.194.526.623	(10.194.526.623)	-
Capitalization of earnings (a)	9.977.200.000	-	-	-	-	-	-	-	(9.977.200.000)	-	-
Capital contributions to be capitalized (a)	-	-	(58.224)	-	-	-	-	-	58.224	-	-
Establishments of reserves	-	-	-	509.726.331	-	-	-	-	(509.726.331)	-	-
Capitalization of revaluation reserve	-	-	-	-	-	-	-	-	-	-	-
Special compensation to staff - Law 285/93	-	-	-	-	-	-	-	-	-	-	-
Result of the year	-	-	-	-	-	-	-	-	-	12.753.551.062	12.753.551.062
<b>Balance at 30/06/2022</b>	<b>39.009.200.000</b>	-	<b>115.818</b>	<b>3.171.665.432</b>	-	-	<b>6.769.375.460</b>	-	-	<b>12.753.551.062</b>	<b>61.703.907.772</b>
Transfer of previous year's results	-	-	-	-	-	-	-	-	-	-	-
Capitalization of earnings (a)	-	-	-	-	-	-	-	-	-	-	-
Capital contributions to be capitalized (a)	-	-	-	-	-	-	-	-	-	-	-
Establishments of reserves	-	-	-	637.677.553	-	-	-	-	-	(637.677.553)	-
Capitalization of revaluation reserve	-	-	-	-	-	-	-	-	-	-	-
Distribution of dividends (b)	-	-	-	-	-	-	-	-	-	(12.115.873.509)	(12.115.873.509)
Special compensation to staff - Law 285/93	-	-	-	-	-	-	-	-	-	-	-
Result of the year	-	-	-	-	-	-	-	-	-	15.359.820.415	15.359.820.415
<b>Balance at 30/06/2023</b>	<b>39.009.200.000</b>	-	<b>115.818</b>	<b>3.809.342.985</b>	-	-	<b>6.769.375.460</b>	-	-	<b>15.359.820.415</b>	<b>64.947.854.678</b>

(a) Approved in Minutes of Assembly No. 34 on October 29, 2021.

(a) Approved in Minutes of Assembly No. 35 on October 27, 2022.

(b) Approved in Minutes of Assembly No. 35 on October 27, 2022.

The notes 1 to 24 and Annex I attached herewith are an integral part of these statements.

(FIGURES EXPRESSED IN PYG)

# STATEMENT OF CASH FLOWS

AS OF JUNE 30, 2023

Presented on a comparative basis with respect to the year ended on June 30, 2022 (Expressed in guaraníes)

	30/06/2023	30/06/2022
<b>A Cash Flow from Operating Activities</b>		
Collection from Clients	78.711.284.522	78.792.136.408
Claims Payments	-17.989.478.790	-41.559.151.370
Supplier Payments	-10.508.069.749	-16.221.348.989
Reinsurance Payments	-25.344.775.460	-796.379.618
Cash Paid to Employees	-11.282.036.441	-11.022.038.095
Income Tax	-1.382.482.659	-123.678.198
Other	-	-
<b>Net Cash Flows from Investing Activities</b>	<b>12.204.441.423</b>	<b>9.069.540.138</b>
<b>B Cash Flows from Investing Activities</b>		
Acquisition of Fixed Assets	-964.946.489	-4.136.124.464
Sales of Fixed Assets	1.302.885.576	-233.248.455
Investments Made	-21.126.285.227	-20.470.200.000
Recovered Investments	15.008.141.442	13.178.200.000
Income/Expense (investment proceeds)	5.115.607.726	4.524.726.259
Net Investment Income	-	-
Other	-	-
<b>Net Cash Flows from Investing Activities</b>	<b>(664.596.972)</b>	<b>(7.136.646.660)</b>
<b>C Cash Flows from Financing Activities</b>		
Capital Integration	-	-
Dividends Paid to Shareholders	-12.115.873.508	-
Acquisition / Amortization of Loans obtained for Construction	-	-
Other	-	-
<b>Net Cash Flows from Financing Activities</b>	<b>(12.115.873.508)</b>	<b>-</b>
<b>NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS</b>	<b>-576.029.057</b>	<b>1.932.893.478</b>
<b>CASH AND EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<b>7.541.461.265</b>	<b>5.608.567.787</b>
<b>CASH AND EQUIVALENTS AT THE END OF THE YEAR</b>	<b>6.965.432.208</b>	<b>7.541.461.265</b>

Notes 1 to 24 and Annex I attached hereto form an integral part of these financial statements.

(FIGURES EXPRESSED IN PYG)

# NOTES TO THE FINANCIAL STATEMENTS

**OF JUNE 30, 2023** Presented on a comparative basis with respect to the year ended on June 30, 2022 (Expressed in guaraníes)

## NOTE 1 – GENERAL INFORMATION ABOUT THE COMPANY

Regional S.A. de Seguros was incorporated by Public Deed No. 19 dated April 5, 1993, as Regional S.A. de Seguros y Reaseguros. The Articles of Incorporation were approved and its legal status was recognized by Decree of the Executive Power of the Nation No. 970, dated November 4, 1993 and registered in the General Directorate of Public Registries, Public Registry of Commerce according to providence on December 28, 1993, noted under No. 39, series "D", folios 204 and following, on January 19, 1994 and in the General Directorate of Public Registries, section Legal Entities and Associations, under No. 181 and folio 1168 and following on April 12, 1994. Authorized to operate by Resolution of the Board of Directors of the Central Bank of Paraguay No. 10 dated March 15, 1994.

The social bylaws were amended as follows:

Public Deed No.	Date	Brief description of the modification
95	12/04/1997	Modifies Articles 1º, 4º, 5º, 22º, 33º, 34º, 35º and 36º, changing its name to Regional S.A. de Seguros. Capital increase to Gs. 3,000,000,000. Registered in the Public Registry of Commerce, under No. 440, Series A, Folio 3567 and following, Contracts Section, dated June 6, 1997 and in the Directorate of Individuals and Legal Entities under No. 235, Series A, Folio 3075 and following, on June 19, 1997.
141	14/11/2003	Modification of Article 5º, increase of Capital Stock to Gs. 6,000,0000. Registered in the Public Registry of Commerce under No. 879, Series B, folio 9376 and following of August 24, 2004. Registered in the Public Registry of Legal Entities and Associations under No. 628, Series C, page 8088 and following, on August 13, 2004.
53	18/01/2012	Modification of Article 5º, increase of Capital Stock to Gs. 12,000,000,000, registered in the Public Registry of Commerce under No. 1120, Series F, folio 9175 and following of June 26, 2012. Registered in the Public Registry of Legal Entities and Associations under No. 704, Series D, folio 9023 and following, on June 28, 2012.
18	28/12/2016	Modification of Articles 5º y 35º, Capital Increase and Conversion of Bearer Shares to Nominative, being the Capital increase to Gs. 20,000,000,000, Art 35º Crediting of Dividends in Account within the month immediately following that sanctioned by the Meeting Inscribed in the Public Registry of Commerce under No. 1, folio 1-11 and following of June 23, 2017. Registered in the Public Registry of Legal Entities and Associations under No. 1, folio 1, on June 23, 2017.
375	11/12/2020	Modification Articles 5º, 6º, 18º, 23º and 34º, Increase of the Capital Stock to Gs. 100,000,000,000, Registered in the Public Registry of Commerce under No. 2, page 13 of March 5, 2021. Registered in the Public Registry of Legal Entities and Associations under No. 2, page 13, on March 5, 2021.

# NOTES TO THE FINANCIAL STATEMENTS

**OF JUNE 30, 2023** Presented on a comparative basis with respect to the year ended on June 30, 2022 (Expressed in guaraníes)

The duration of the Company was established at (99) ninety-nine years from the date of registration of the bylaws in the Public Registry of Commerce, and such term may be extended. La Sociedad tiene como objeto principal:

- To carry out insurance and coinsurance operations against all kinds of risks and all kinds of operations directly or indirectly related to the business, in accordance with the legal provisions in force and the resolutions adopted by the Board of Directors.
- Participate with other national or foreign companies or enterprises, exercise the representation or administration of any operation related to insurance or coinsurance.
- To invest its assets, capital and reserves in all kinds of lawful operations, as well as in lawful acts of commerce in accordance with the laws and the provisions governing the activities of the Insurance Companies and/or those duly authorized by the competent agencies.

The functioning and operations of the Company are governed by its social bylaws, the Paraguayan Civil Code, Law 827/96 on Insurance and its regulations, issued by the Superintendence of Insurance of the Central Bank of Paraguay, Law 6380/19 on Tax Reform, its regulatory decrees and resolutions.

In addition, it receives interest income from fixed-term investments.

The Company's operations are subject to the following taxes:

- a) Value Added Tax
- b) Corporate Income Tax
- c) Profit Sharing Tax

The Head Office is located at Col. Luis Irrazábal Ave. c/Ruta VI in the city of Encarnación, department of Itapúa, Paraguay. The company has branches in the city of Asunción and Ciudad del Este, and agencies in Hohenau, Bella Vista, Santa Rita, Katuete and Cnel. Bogado.

## NOTE 2 - ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Resolution SS. SG. No. 240/04 issued by the Superintendency of Insurance, approving the Chart of Accounts and Manual of Accounts. The most important accounting principles and practices applied for the recording of operations and preparation of the Company's financial statements are as follows:

### 2.1. Basis for the Preparation of Financial Statements

The Financial Statements have been prepared in accordance with the particular rules and instructions issued by the Superintendency of Insurance. The model is based on a conventional historical cost basis, except for the treatment assigned to assets and liabilities in foreign currency, as explained in note 2.14, and as mentioned in the following paragraph.

# NOTES TO THE FINANCIAL STATEMENTS

**OF JUNE 30, 2023** Presented on a comparative basis with respect to the year ended on June 30, 2022 (Expressed in guaraníes)

Up to 30 June 2020, there was an additional exception to the historical cost model related to the measurement of the value of property, plant and equipment, which are stated until that date, at their restated values as explained in note 2.11, without fully recognizing the effects of inflation on the Company's equity and financial position and results of operations. on the Company's equity and financial position and results of operations. According to the Consumer Price Index published by the Central Bank of Paraguay, the year-on-year inflation as at 30 June 2023 was 4.2%.

## 2.2. Revenue and Expense Recognition

Revenues and expenses are recognized in the statement of income on the accrual basis. Under this method, income and expenses are recognized in the period in which the transaction occurred or accrued, regardless of whether they have been collected or paid.

## 2.3. Premium income and accrual of provisions for risks in progress

Premium income from general insurance policies is recorded on an accrual basis over the term of the policies, and the portion of provisions for risks in progress initially recorded is simultaneously deducted from the total unearned premiums.

Provisions for risk in progress, "General Lines", are calculated in accordance with current regulations, which attribute this concept to unearned premiums.

## 2.4. Policy financing, suspension of coverage and transfer of expired policies

The Company finances its premiums up to 12 months, for annual policies, and there are longer term operations whose financing is adjusted to the term of the policy. In accordance with the policy conditions, failure to pay the financed installments within the agreed terms implies the suspension of the policy coverage. After 61 days in arrears, the transfer of current technical credits to overdue is carried out.

## 2.5. Provisions on Active Account

The provisions for active accounts are determined based on the criteria and parameters established in Resolutions No. 167/05 dated May 16, 2005 of the Superintendency of Insurance with the updated text of the Resolutions that modify them, which establishes the determination of the value of the assets, as well as the necessary provisions on the following asset items:

- Financial Investments
- Real Estate Investments
- Assets and Rights Received in Payment
- Use Assets, and
- Technical Credits

## 2.6. Coinsurance Operations

The coinsurance with which the Company operates is backed by policies issued by the participating companies and the risks assumed and income generated are reflected in the financial statements according to their participation.

## 2.7. Reinsurance Operations

The facultative reinsurance contracts accepted and ceded in which the Company operates are based on proportional contracts. The annual reinsurance contracted by the Company to guarantee its operations is divided into several sections:

# NOTES TO THE FINANCIAL STATEMENTS

**OF JUNE 30, 2023** Presented on a comparative basis with respect to the year ended on June 30, 2022 (Expressed in guaraníes)

- The Fire and Miscellaneous section for fiscal year 2023 (period 2022/2023) has a Proportional contract with the following Reinsurers: MS Amlin AG, Mapfre Re Compañía de Reaseguros S.A., Korean Reinsurance Company, Scor Reinsurance Company and Reinsurance Company Patria S.A. Under the Non- Proportional modality for catastrophic events, for the Fire, Operational All Risks and Machinery sections, with Scor Reinsurance Company and MS Amlin AG. It also has a facility above the base contract called Additional Capacity, with the reinsurers MS Amlin AG and Scor Reinsurance Company.
- The Life section operates under a proportional treaty with the reinsurers Hannover Rück SE and MS Amlin AG; and a non-proportional treaty for catastrophic risks with the reinsurer Hannover Rück SE.
- For the Surety section, in the Proportional and Non-Proportional contract modality, with the reinsurers Navigators Insurance Company, MS Amlin AG and Beazley Insurance Company, INC.
- For the Automobiles section, in the non-proportional contract modality, with the reinsurers Scor Reinsurance Company and MS Amlin AG.

## 2.8. Valuation de las Investments

Investments represent the holding of fixed-income financial assets, which are valued at their nominal value plus accrued interest. Variable-income investments not listed on the Stock Exchange are valued at the lower of acquisition or nominal value, as established in Resolution No. 167 dated June 16, 2005, of the Insurance Superintendency of the Central Bank of Paraguay.

## 2.9. Valuation of Assets and Rights Received in Payment

The valuation is made at market price or by virtue of appraisals made on the goods, or otherwise at the amount invoiced by the giver.

## 2.10. Amortization of Deferred Assets

The deferred assets recorded under Deferred Charges as established in the Chart of Accounts and Manual approved by SIS are made in accordance with the provisions of Law 6380/19 "On modernization and simplification of the national tax system", and Article 21 of Law 827/96, which will be fully amortized in 5 years from the date of their incorporation.

## 2.11. Consumer Goods

These assets are initially recognized at acquisition cost. Subsequent measurement of these assets is presented net of accumulated depreciation and, if applicable, impairment.

As from January 1, 2020, with the entry into force of Law No. 6380/2019, the determination of the residual value is mandatory, established by the regulation that also includes the estimates of years of useful life for each type or class of depreciable assets. The Executive Power may establish the mandatory revaluation of the assets of use, when the variation of the Consumer Price Index determined by the BCP reaches at least 20% (twenty percent), accumulated since the fiscal year in which the last adjustment for revaluation was provided. The recognition of the mandatory revaluation established by the Executive Power will be part of an equity reserve whose only purpose may be capitalization.

Until June 30, 2020, the original values of property, plant and equipment and their accumulated depreciation are revalued according to the variation of the Consumer Price Index published by the Central Bank of Paraguay (see note 2.1). The net increase in the revaluation reserve for the year ended June 30, 2020, was Gs. 6,769,375,460 and is shown in the "Revaluation Reserves" account in the Statement of Changes in Stockholders' Equity.

The cost of improvements or additions are capitalized, while maintenance and repair expenses that do not increase the value of the assets or their useful lives are charged to income in the year in which they are incurred. Depreciation is computed as from the month following the year in which it is included in the assets of the Entity, by means of monthly charges to income on a straight-line basis over the estimated years of useful life.

# NOTES TO THE FINANCIAL STATEMENTS

**OF JUNE 30, 2023** Presented on a comparative basis with respect to the year ended on June 30, 2022 (Expressed in guaraníes)

The cost of improvements or additions is capitalized, while maintenance expenses and repairs that do not increase the value or useful life of the assets are charged to the results in the year they occur. Depreciation is calculated from the month following their inclusion in the entity's equity, with monthly charges to the results based on the straight-line method over the estimated useful life years.

"The value of the property, plant, and equipment, considered as a whole, does not exceed its recoverable value.

## 2.12. Establishment of Insurance Technical Reserve

Technical provisions for risks in progress were established in accordance with the criteria and parameters set forth in Resolutions No. 240/04, No. 197/05 dated 28/07/2006 and No. 06/97 dated 06/03/1997 of the Superintendency of Insurance, which establish that the provisions in this concept shall correspond to unearned direct premiums.

## 2.13. Technical Provisions for Claims

The technical provisions for claims were established in accordance with the criteria and parameters set forth in Resolutions No. 80/11, No. 240/04, No. 197/05 and No. 06/97 of the Superintendency of Insurance, following the criteria mentioned below:

- Settled and Disputed Claims: it is constituted for the net liability of the Company, according to the claim settlement. In the event that a legal claim has been filed, a provision equivalent to the Company's liability, including the net expenses of the reinsurer's participation as from the date of notification of the claim, shall be constituted.
- Claims in Liquidation Process: the Company set up net reinsurance reserves according to the technical valuation obtained by the corresponding loss adjuster and in other cases where the valuation could not be made, the provision was set up for the average value of the claims files.
- Claims Incurred but not reported (IBNR): provision resulting from multiplying the factor 0.00665 by the result obtained in point 4.4 of the "Solvency Margin" Worksheet.

## 2.14. Foreign Currency Balances and Exchange Gains and Losses

Transactions in foreign currencies are translated into Guaraní at the exchange rate prevailing at the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated into Guaraní at the exchange rate prevailing at the closing date of the financial statements. Exchange differences arising from fluctuations in exchange rates between the dates on which transactions are entered into and their settlement or valuation at the end of each period are recognized in the results.

The following exchange rates were applied at year-end:

Currency	30/06/2023		30/06/2022	
	Buyer	Seller	Buyer	Seller
Dólares (*)	7.258,03	7.260,60	6.837,90	6.850,05

(\*) Guaraníes for each unit of foreign currency.



# NOTES TO THE FINANCIAL STATEMENTS

**OF JUNE 30, 2023** Presented on a comparative basis with respect to the year ended on June 30, 2022 (Expressed in guaraníes)

## 2.15 Comparative information

The financial statements as of June 30, 2023 and related supplementary information are presented on a comparative basis with the statements and related supplementary information for the year ended June 30, 2022.

## 2.16 Cash and cash equivalents

For the preparation of the cash flow statement, cash balances, cash in bank accounts and, if available, cash-like temporary investments (highly liquid and with a maturity originally agreed for a term of less than three months) were considered within the concept of cash.

## 2.17 Use of estimates

The preparation of these financial statements requires management and the Board of Directors to make estimates and assumptions that affect the reported and contingent assets and liabilities at the reporting date and the reported revenues and expenses during the period. Actual future results may differ from the estimates and judgements made at the date of preparation of these financial statements.

## NOTE 3 – AVAILABILITIES

The Company has free availability over the accounts detailed below:

Description	30/06/2023	30/06/2022
<b>Cash</b>	<b>11.000.000</b>	<b>11.000.000</b>
Fixed fund	11.000.000	11.000.000
<b>Banks and other financial institutions</b>	<b>6.954.432.208</b>	<b>7.530.461.265</b>
Savings accounts - local currency	3.470.918.653	2.522.477.391
Bank current accounts - foreign currency	2.409.277.857	1.843.267.716
Bank current accounts - local currency	671.029.992	1.511.055.265
Savings accounts - foreign currency	403.205.706	1.653.660.893
<b>Totals</b>	<b>6.965.432.208</b>	<b>7.541.461.265</b>

(FIGURES EXPRESSED IN PYG)

## NOTE 4 – CURRENT TECHNICAL CREDITS

It records the technical credits from the issuance of insurance contracts; coinsurance contracts; reinsurance contracts, as well as other rights related to the Company's producers. The composition at the close of each fiscal year is as follows:

Description	30/06/2023	30/06/2022
Debt for premiums - General lines	22.447.776.963	15.141.625.701
Debtors for premiums - Life	80.626.050	163.154.175
Co-insurance group - Mandatory insurance	2.471.665.022	2.075.114.190
Proportional contracts - General lines	125.135.817	143.236.935
Claims to be recovered from ceded reinsurance - General lines	7.267.998	135.206.501
Claims to be Recovered from Reinsurance - General lines	669.029.459	-
Claims to be Recovered from Reinsurance - Life	66.877.649	-
Commissions to be recovered on cancelled premiums	1.848.611	3.148.298
Deferred cheques for premiums - General lines	198.160.560	207.038.838
<b>Totals</b>	<b>26.068.388.129</b>	<b>17.868.524.638</b>

(FIGURES EXPRESSED IN PYG)

# NOTES TO THE FINANCIAL STATEMENTS

**OF JUNE 30, 2023** Presented on a comparative basis with respect to the year ended on June 30, 2022 (Expressed in guaraníes)

## NOTE 5 – OVERDUE TECHNICAL CREDITS

It records the technical credits from the issuance of insurance contracts; coinsurance contracts; reinsurance contracts, as well as other rights related to the Company's producers. The composition at the close of each fiscal year is as follows:

Description	30/06/2023	30/06/2022
Debtors for premiums – General lines (*)	2.963.741.898	10.663.510.069
Debtors for premiums – Life	85.584.874	8.751.198
Co-insurance companies current account – Accepted – Life	3.269.052	6.029.433
Granted co-insurance – General lines	-	-
Proportional contracts – General lines	82.276.967	29.073.162
Claims to be recovered from ceded reinsurance – General lines	181.551.136	102.359.209
Commissions to be recovered on cancelled premiums – General lines	-	56.447.032
Claims to be recovered from ceded reinsurance – Life	1.088.519.136	1.891.857.573
Commissions to be recovered on cancelled premiums – General lines	4.388.242	4.972.117
<b>Total Overdue Credits</b>	<b>4.409.331.305</b>	<b>12.762.999.793</b>
(Minus) Provisions		
(Provisions for Debtors for premiums)	-1.038.316.743	-1.763.535.492
(Provisions for Debtors for Co-insurance)	-3.269.049	-6.029.433
(Provisions for Debtors for Local reinsurance)	-124.958.029	-33.568.021
(Provisions for Debtors for Commissions to be recovered on cancelled premiums)	-4.312.530	-4.000.164
<b>TOTALS</b>	<b>3.238.474.954</b>	<b>10.955.866.683</b>

(FIGURES EXPRESSED IN PYG)

## NOTE 6 – ADMINISTRATIVE CREDITS

In this section, the rights arising from administrative operations carried out by the Company are recorded. The composition at the end of each fiscal year is as follows:

Description	30/06/2023	30/06/2022
National Taxes	1.827.979.044	1.919.350.043
Other Operating Accounts Receivable	523.862.943	207.864.113
Loans and Advances to Personnel	216.112.007	231.801.811
Direct Collection Management	102.905.129	103.372.538
Less: Provisions for Administrative Credits	-207.395.749	-194.539.137
<b>TOTALS</b>	<b>2.463.463.374</b>	<b>2.267.849.368</b>

(FIGURES EXPRESSED IN PYG)

## NOTE 7 – ASSETS AND RIGHTS RECEIVED IN PAYMENT

It represents assets and rights received by the company from policyholders as payment for outstanding premiums owed on insurance contracts subscribed and/or assets received as recovery for claims. The composition at the end of each fiscal year is as follows:

# NOTES TO THE FINANCIAL STATEMENTS

**OF JUNE 30, 2023** Presented on a comparative basis with respect to the year ended on June 30, 2022 (Expressed in guaraníes)

Description	30/06/2023	30/06/2022
Assets and rights received as recovery for insurance claims		25.308.341
Accounts receivable	13.697.255	25.308.341
<b>Total value of assets and rights received in payment</b>		<b>25.308.341</b>
Less: Provisions for assets and rights received	-11.944.712	-11.927.825
<b>Net Total of Provisions</b>	<b>1.752.543</b>	<b>13.380.516</b>

(FIGURES EXPRESSED IN PYG)

## NOTE 8 – INVESTMENTS

In the following table, the details of the types of investments held by the Company are provided. The composition at the end of each fiscal year is as follows:

Description	30/06/2023	30/06/2022
<b>CURRENT</b>	<b>20.426.269.679</b>	<b>16.341.025.894</b>
<b>ISSUED BY FINANCIAL INSTITUTIONS</b>	<b>16.179.500.000</b>	<b>13.142.000.000</b>
Savings Deposit Certificates	16.179.500.000	10.900.000.000
Investment Securities	-	2.242.000.000
<b>ISSUED BY PRIVATE INSTITUTIONS</b>	<b>-</b>	<b>1.658.900.000</b>
Debt Securities	-	1.658.900.000
<b>ACCRUED INTEREST ON FIXED INCOME</b>	<b>497.013.692</b>	<b>462.003.472</b>
<b>EQUITY SECURITIES – LOCAL</b>	<b>31.982.328</b>	<b>20.265.300</b>
Dividends Receivable from Private Sector	31.982.328	20.265.300
<b>EQUITY SECURITIES – LOCAL</b>	<b>3.717.773.659</b>	<b>1.057.857.122</b>
Special Investments	3.717.773.659	1.057.857.122
<b>NON-CURRENT</b>	<b>44.959.100.000</b>	<b>42.926.200.000</b>
<b>ISSUED BY THE STATE AND PUBLIC INSTITUTIONS</b>	<b>1.500.000.000</b>	<b>1.500.000.000</b>
Bonds	1.500.000.000	1.500.000.000
<b>ISSUED BY FINANCIAL INSTITUTIONS</b>	<b>25.464.500.000</b>	<b>28.566.400.000</b>
Savings Deposit Certificates	24.401.600.000	24.584.800.000
Investment Securities	1.062.900.000	3.981.600.000
<b>ISSUED BY PRIVATE INSTITUTIONS</b>	<b>17.994.600.000</b>	<b>12.859.800.000</b>
Debt Securities	17.994.600.000	12.859.800.000
<b>REAL ESTATE INVESTMENTS</b>	<b>571.001.850</b>	<b>-</b>
Lots	815.716.928	-
Less: Provisions for Real Estate Investments	-244.715.078	-
<b>Totals</b>	<b>65.956.371.529</b>	<b>59.267.225.894</b>

(FIGURES EXPRESSED IN PYG)

## NOTE 9 – PARTICIPATION IN OTHER COMPANIES

The company participates in the company LC Risk SAECA with Preferred Shares, which is part of the investment portfolio:

# NOTES TO THE FINANCIAL STATEMENTS

**OF JUNE 30, 2023** Presented on a comparative basis with respect to the year ended on June 30, 2022 (Expressed in guaraníes)

Company name	Business line	Currency	Country	% of Participation	Capital invested	
					30/06/2023	30/06/2022
LC RISK SAECA	Commercial	Gs.	Paraguay	0,00394	267.000.000	267.000.000
<b>Total</b>					<b>267.000.000</b>	<b>267.000.000</b>

(FIGURES EXPRESSED IN PYG)

In addition, since September 21, 2004, the Company has been part of the Coinsurance Group R.C. Carretero Internacional, whose sole and exclusive purpose is the issuance of insurance policies on international travel liability risks (green card, blue card and cargo damage).

## NOTE 10 – PROPERTY, PLANT AND EQUIPMENT

These are tangible assets owned by the company for the provision of services and development of insurance and reinsurance operations, which are planned to be used during more than one fiscal year. The composition of the caption as of June 30, 2023 and 2022 is as follows:

As of June 30, 2023:

Description	Annual depreciation rate	Balances at the beginning of the period 30/06/2022	Increases	Decreases	Balances at the end of the period 30/06/2023
Real Estate		<b>14.934.608.100</b>			<b>13.821.858.354</b>
Buildings	3,33%	6.080.679.384	451.735.655	-	6.532.415.039
Lots	-	8.853.928.716	-	-1.564.485.401	7.289.443.315
<b>Furniture and Fixtures</b>	<b>20%</b>	<b>3.582.939.710</b>	<b>256.774.198</b>	<b>-184.336.145</b>	<b>3.655.377.763</b>
<b>Office machinery and equipment</b>		<b>276.583.966</b>	<b>-</b>	<b>-</b>	<b>397.326.397</b>
Machinery	20%	138.423.566	129.106.742	-1.536.861	265.993.447
Office Equipment	20%	138.160.400	3.922.336	-10.749.786	131.332.950
<b>Computer Equipment</b>	<b>50%</b>	<b>2.717.602.475</b>	<b>50.708.014</b>	<b>-151.176.229</b>	<b>2.617.134.260</b>
<b>Motor Vehicles</b>	<b>20%</b>	<b>1.394.833.768</b>	<b>13.636.628</b>	<b>-82.238.359</b>	<b>1.326.232.037</b>
<b>Constructions in progress</b>		<b>409.090.909</b>	<b>59.062.916</b>	<b>-468.153.825</b>	<b>-</b>
<b>(Accumulated Depreciations)</b>		<b>-5.745.538.346</b>	<b>-1.400.642.894</b>	<b>322.583.674</b>	<b>-6.823.597.566</b>
<b>Total net property, plant and equipment</b>		<b>17.570.120.582</b>	<b>-435.696.405</b>	<b>-2.140.092.932</b>	<b>14.994.331.245</b>

(FIGURES EXPRESSED IN PYG)

# NOTES TO THE FINANCIAL STATEMENTS

**OF JUNE 30, 2023** Presented on a comparative basis with respect to the year ended on June 30, 2022 (Expressed in guaraníes)

As of June 30, 2022:

Description	Annual depreciation rate	Balances at the beginning of the period 30/06/2021	Increases	Decreases	Balances at the end of the period 30/06/2022
Real Estate		<b>11.435.939.627</b>			<b>14.934.608.100</b>
Buildings	3,33%	6.080.679.384	-	-	6.080.679.384
Lots	-	5.355.260.243	3.498.668.473	-	8.853.928.716
<b>Furniture and Fixtures</b>	<b>20%</b>	<b>4.300.441.409</b>	<b>262.668.680</b>	<b>-980.170.379</b>	<b>3.582.939.710</b>
<b>Office machinery and equipment</b>		<b>480.327.662</b>	<b>-</b>	<b>-</b>	<b>276.583.966</b>
Machinery	20%	138.423.566	-	-	138.423.566
Office Equipment	20%	341.904.096	902.720	-204.646.416	138.160.400
<b>Computer Equipment</b>	<b>50%</b>	<b>3.139.179.070</b>	<b>52.456.708</b>	<b>-474.033.303</b>	<b>2.717.602.475</b>
<b>Motor Vehicles</b>	<b>20%</b>	<b>1.466.301.850</b>	<b>306.359.850</b>	<b>-377.827.932</b>	<b>1.394.833.768</b>
<b>Constructions in progress</b>		<b>-</b>	<b>409.090.909</b>	<b>-</b>	<b>409.090.909</b>
<b>(Accumulated Depreciations)</b>		<b>-6.038.772.710</b>	<b>-1.503.701.160</b>	<b>1.796.935.524</b>	<b>-5.745.538.346</b>
<b>Total net property, plant and equipment</b>		<b>14.783.416.908</b>	<b>3.026.446.180</b>	<b>-239.742.506</b>	<b>17.570.120.582</b>

(FIGURES EXPRESSED IN PYG)

## NOTE 11 - DIFERRED ASSETS

These are non-cash assets that are gradually depreciated by the company.

Deferred charges record payments made by insurance and reinsurance companies that will be deferred during subsequent periods.

Other deferred assets include the technical cost of ceding reinsurance premium liabilities arising from reinsurance contracts with local and foreign reinsurance companies; the account for commissions to intermediaries also includes deferred production expenses for acceptance of ceded reinsurance premiums, in accordance with contracts entered into with local and foreign reinsurance companies. These payments are intended to contribute to the policy issuance and underwriting expenses incurred by the ceding companies.

The composition as of June 30, 2023 is as follows::

Description	Balances at the beginning of the period	MOVEMENTS OF THE YEAR		Balances at the end of the period
	30/06/2022	INCREASES	DECREASES	30/06/2023
<b>Deferred Charges</b>	<b>675.448.221</b>			<b>287.427.781</b>
Organizational Expenses	700.776.728	22.699.640	-208.427.173	515.049.195
Computer Programs	612.738.669	366.972.432	-561.773.665	417.937.436
Improvements to Third Party Property	954.586.040	6	0	954.586.046
Less: Amortization of deferred charges	-1.592.653.216	0	-7.491.680	-1.600.144.896
<b>Other Deferred Assets</b>	<b>23.415.145.800</b>			<b>27.035.548.801</b>
Commissions to Intermediaries to accrue	2.108.952.630	3.438.710.735	-3.654.712.621	1.892.950.744
Deferred Premiums Reinsurance Ceded - Local	171.388.714	737.644.195	-921.976.413	-12.943.504
Deferred premiums ceded reinsurance - abroad	20.980.515.681	41.507.953.801	-37.737.305.308	24.751.164.174
Non-Proportional Reinsurance Cession Expenses	154.288.775	1.331.819.614	-1.081.731.002	404.377.387
<b>Total Net Deferred Assets</b>	<b>24.090.594.021</b>	<b>47.405.800.423</b>	<b>-44.173.417.862</b>	<b>27.322.976.582</b>

(FIGURES EXPRESSED IN PYG)

# NOTES TO THE FINANCIAL STATEMENTS

**OF JUNE 30, 2023** Presented on a comparative basis with respect to the year ended on June 30, 2022 (Expressed in guaraníes)

## NOTE 12 – FINANCIAL DEBTS

The Company has no financial debt at the end of the periods reported.

## NOTE 13 – DEBTS WITH POLICY HOLDERS

It represents technical obligations arising from insurance contracts for the occurrence of claims recognized by the Company that are pending payment, in addition to obligations arising as a result of cancellations of insurance contracts that include premiums paid for non-current periods. The composition as of June 30, 2023 and 2022 is as follows:

Description	30/06/2023	30/06/2022
Settled Claims Payable		
Settled Claims Payable – General Lines	11.975.346	9.434.188
Premiums to be Refunded		
Premiums to be Refunded – General Lines	96.412.566	134.422.410
Premiums to be Refunded - Life	446.809	712.917
Premiums Collected in Advance		
Premium Collected in Advance – General Lines	13.937.791	117.624.342
Premium Collected in Advance - Life	49.440	208.500
<b>TOTALS</b>	<b>122.821.952</b>	<b>262.402.357</b>

(FIGURES EXPRESSED IN PYG)

## NOTE 14 – CO-INSURANCE DEBTS

This represents the Company's technical obligations related to premiums, recoveries, and other additional costs arising from co-insurance operations.

Description	30/06/2023	30/06/2022
<b>Coinsurance Granted</b>		
Coinsurance Granted – General Lines	166.088.491	-
Creditors Coinsurance Companies Current Account - Accepted	28.315.552	13.873.240
Coinsurance group - Mandatory Insurance	55.853.096	26.031.810
<b>Total debts with coinsurance</b>	<b>250.257.139</b>	<b>39.905.050</b>

(FIGURES EXPRESSED IN PYG)

## NOTE 15 – DEBTS WITH REINSURANCE

The Company has technical obligations for the cession of premiums, interests, and costs of passive reinsurance, derived from reinsurance contracts with local and foreign reinsurers, as well as premium adjustments payable to the reinsurer. As of June 30, 2023, and 2022, the debts with reinsurance are composed as follows:

# NOTES TO THE FINANCIAL STATEMENTS

OF JUNE 30, 2023 Presented on a comparative basis with respect to the year ended on June 30, 2022 (Expressed in guaraníes)

Breakdown by section and by type of contract:

Description	30/06/2023	30/06/2022
<b>Reinsurance Debts - Local</b>		
<b>Reinsurance Ceded</b>		
Proportional Contracts - General	53.431.538	223.743.294
Accepted reinsurance claims payable - General Lines	3.597.677	184.217.446
Reinsurance Debts - Foreign		
<b>Ceded reinsurance</b>		
Proportionate contracts - General lines of business	1.204.866.683	1.119.597.934
Proportional contracts - Life	1.408.514.801	-
Non-proportionate contracts - General lines of business	858.071.912	1.043.970.611
Non-proportional contracts - Life	-	-
<b>Total Debts with reinsurance companies</b>	<b>3.528.482.611</b>	<b>2.571.529.285</b>

(FIGURES EXPRESSED IN PYG)

Breakdown by reinsurance company:

Name of Reinsurer	Country	Category	Rating company	Type of Contract (*)	30/06/2023	30/06/2022
<b>DEBTS WITH REINSURANCE - LOCAL</b>						
La Rural S.A. de Seguros	Paraguay	A-	Solventa	A	12.965.907	3.197.732
Aseguradora Paraguaya S.A.	Paraguay	BBB-	Solventa	A	-	15.638.292
Alianza Garantía Seguros y Reaseguros S.A.	Paraguay	A-	Feller Rate	A	22.043.893	72.317.598
Cenit S.A. de Seguros	Paraguay	A-	Feller Rate	A	9.446.092	-
Central S.A. de Seguros	Paraguay	BBB+	Feller Rate	A	5.656.969	-
Others				A	6.916.354	316.807.118
<b>TOTAL LOCAL</b>					<b>57.029.215</b>	<b>407.960.740</b>
<b>EXTERIOR DEBTS WITH REINSURANCE - FOREIGN</b>						
HANNOVER RE	Alemania	A+	AM Best	A	685.866.648	-
SCOR	Francia	A+	AM Best	A	42.651.252	-
MS AMLIN AG	Suiza	A	AM Best	A	1.140.069.012	-
OTROS				A	744.794.572	2.163.568.545
SCOR REINSURANCE	Francia	A	AM Best	B	65.000.000	-
NAVIGATORS INSURANCE COMPANY	Inglaterra	A+	AM Best	B	578.562.282	-
OTROS				B	214.509.630	-
<b>TOTAL FOREIGN</b>					<b>3.471.453.396</b>	<b>2.163.568.545</b>
<b>TOTAL</b>					<b>3.528.482.611</b>	<b>2.571.529.285</b>

(\*) Contract Modality references: (A) Proportional / (B) Non-proportional.

(FIGURES EXPRESSED IN PYG)

# NOTES TO THE FINANCIAL STATEMENTS

**OF JUNE 30, 2023** Presented on a comparative basis with respect to the year ended on June 30, 2022 (Expressed in guaraníes)

## NOTE 16 - DEBTS WITH INTERMEDIARIES

These are the technical obligations related to the marketing and sale of insurance. These commitments refer to the commissions payable to agents and insurance brokers. The predetermined percentage in contractual agreements ranges from 10% to 25% of the premiums, which vary depending on the section.

Description	30/06/2023	30/06/2022
Debts with Intermediaries	426.323.178	557.717.171
Commissions payable to brokers - General lines of business	1.245.349.835	1.436.311.857
Commissions payable to intermediaries - Life	-	3.771.313
<b>Total debts with intermediaries</b>	<b>1.671.673.013</b>	<b>1.997.800.341</b>

(FIGURES EXPRESSED IN PYG)

## NOTE 17 - INSURANCE TECHNICAL PROVISIONS

This item includes technical provisions for unearned premiums for risks in progress. The purpose of these provisions is to support the obligations arising as a result of the occurrence of the risks covered during the policy period. Their composition and movement are as follows:

Description	OPENING BALANCE AT THE BEGINNING OF THE PERIOD	MOVEMENTS OF THE YEAR		CLOSING BALANCE AT THE END OF THE PERIOD
		INCREASES	DECREASES	
<b>Ongoing Risks Direct Insurance</b>				
Direct insurance risks in progress - General Insurance - General Lines	40.039.017.043	59.429.614.866	-57.506.644.798	41.961.987.111
Direct insurance risks in progress - Life	7.705.473.405	23.966.521.500	-24.367.065.246	7.304.929.659
<b>Ongoing risks Coinsurer Group</b>				
Ongoing risks Coinsurance group - General Lines	517.338.683	130.105.122	-18.045.470	629.398.335
Ongoing Risks Reinsurance Accepted - Local				
Proportionate contracts - General lines	256.363.434	647.791.600	-714.541.879	189.613.155
<b>Total Insurance Technical Provisions</b>	<b>48.518.192.565</b>	<b>84.174.033.088</b>	<b>-82.606.297.393</b>	<b>50.085.928.260</b>
Current Portion	37.277.301.433			39.939.385.406
Non-current portion	11.240.891.132			10.146.542.854

(FIGURES EXPRESSED IN PYG)

## NOTE 18 - CLAIMS TECHNICAL RESERVES

This is the technical reserve for incurred and estimated claims attributable to the company, aimed at covering the costs of claim settlements in accordance with the signed contract. The establishment of claims technical reserves marks the beginning of the claims settlement process, which is carried out sequentially and chronologically between the company and the insured, based on the event that caused the claim and the supporting documentation required for it.



# NOTES TO THE FINANCIAL STATEMENTS

**OF JUNE 30, 2023** Presented on a comparative basis with respect to the year ended on June 30, 2022 (Expressed in guaraníes)

Description	Balances at the beginning of the period	MOVEMENTS OF THE YEAR		Balances at the end of the period
	30/06/2022	INCREASES	DECREASES	30/06/2023
<b>Claims Occurred and not reported</b>				
Incurred and unreported claims – General line	1.657.022.468	53.927.587	-1.531.431.019	179.519.036
Claims incurred and not reported – Life(*)	379.688.570	0	-314.600.386	65.088.184
Claims occurred and not reported – Group	541.847	1.166.441	-651.686	1.056.602
<b>Claims in process of liquidation</b>				
Claims in process of liquidation -General Insurance Lines	5.941.499.513	4.563.664.824	-4.115.550.499	6.389.613.838
Claims in process of liquidation – Life	1.353.994.362	1.762.850.186	-1.904.537.353	1.212.307.195
Claims in process of liquidation – Group	628.705.792	181.450.958	-129.989.553	680.167.197
<b>Controversial claims</b>				
Controversial claims – General Lines	690.693.724	62.717.439	-46.477.737	706.933.426
Controversial claims – Life	705.076.360	538.764.234	-287.771.120	956.069.474
<b>Total technical provisions for claims</b>	<b>11.357.222.636</b>	<b>7.164.541.669</b>	<b>-8.331.009.353</b>	<b>10.190.754.952</b>

(FIGURES EXPRESSED IN PYG)

(\*) From the special provision of the Life Section in the amount of G 200,000,000 and the Surety Section in the amount of G 1,000,000,000 approved by the Minutes of the Administration and Finance Committee No. 46 dated 07/11/2023.

## NOTE 19 – DEFERRED INCOME

It includes interest on premium financing and commissions to be accrued on reinsurance ceded abroad. At June 30, 2023 and 2022, the account is composed as follows:

Description	30/06/2023	30/06/2022
<b>Interest Accrued on Premium Funding</b>		
Interest to be accrued on premium financing – General lines	1.264.393.505	1.095.908.061
Interest to be accrued on premium financing – Life	3.689.353	6.742.178
<b>Commissions to accrue Reinsurance ceded – Foreign</b>		
Commissions to be earned – ceded reinsurance – General lines	6.255.582.656	5.126.783.448
Commissions to be earned ceded reinsurance – Life	1.928.989.090	2.205.232.175
<b>Total deferred earnings</b>	<b>9.452.654.604</b>	<b>8.434.665.862</b>

(FIGURES EXPRESSED IN PYG)

# NOTES TO THE FINANCIAL STATEMENTS

**OF JUNE 30, 2023** Presented on a comparative basis with respect to the year ended on June 30, 2022 (Expressed in guaraníes)

## NOTE 20 – NET EQUITY

### 20.1 Composition of Capital and Characteristics of Shares:

The shares are of Founder Class and Ordinary Class issued in nominative form as approved by the Shareholders' Assembly on October 28, 2016, formalized by Public Deed No. 18 dated December 28, 2016, as mentioned in Note 1.

Description	30/06/2023		30/06/2022	
	Guaraníes	Equivalent to USD	Guaraníes	Equivalent to USD
Integrated Capital	39.009.200.000	5.374.626,45	39.009.200.000	5.696.436,92
Capital to integrate	115.818	15,96	115.818	16,91
<b>TOTAL</b>	<b>39.009.315.818</b>	<b>5.374.642,41</b>	<b>39.009.315.818</b>	<b>5.696.453,83</b>
<b>Exchange Rate 1 US\$</b>		<b>7.258,03</b>		<b>6.848,00</b>

(FIGURES EXPRESSED IN PYG)

According to Article No. 17 of Law 827/96, the minimum required capital for insurance companies operating in both property and life insurance groups shall be the equivalent in Guarani to US\$ 500,000 (Five hundred thousand United States Dollars) for each group in which they operate. In order to demonstrate compliance with the Law, a comparison is made of the equivalence of the contributed capital in Guarani at the closing exchange rate.

As of June 30, 2023, the integrated capital is composed as follows:

Type of Shares	Number of Shares	Series Number	Nominal Value per Share	Total amount	Voting Right
Multiple Voting	-	-	-	-	-
Founder	120.000	-	100.000	12.000.000.000	5
Ordinary	270.092	-	100.000	27.009.200.000	1
<b>Total as of 30/06/23</b>	<b>390.092</b>	<b>-</b>		<b>39.009.200.000</b>	

(FIGURES EXPRESSED IN PYG)

As of June 30, 2022, the integrated capital is composed as follows :

Type of Shares	Number of Shares	Series Number	Nominal Value per Share	Total amount	Voting Right
Multiple Voting	-	-	-	-	-
Founder	120.000	-	100.000	12.000.000.000	5
Ordinary	270.092	-	100.000	27.009.200.000	1
<b>Total as of 30/06/22</b>	<b>390.092</b>	<b>-</b>		<b>39.009.200.000</b>	

(FIGURES EXPRESSED IN PYG)

### 20.2 Uncommitted assets

The composition as of June 30, 2023 and 2022 is shown below:

# NOTES TO THE FINANCIAL STATEMENTS

**OF JUNE 30, 2023** Presented on a comparative basis with respect to the year ended on June 30, 2022 (Expressed in guaraníes)

Description	BALANCE AT	
	30/06/2023	30/06/2022
Integrated Capital	39.009.200.000	39.009.200.000
Contributions to be capitalized	115.818	115.818
Reserves on Profit	3.809.342.985	3.171.665.432
Revaluation reserves	6.769.375.460	6.769.375.460
Cumulative Result	0	0
Income for the year	15.359.820.415	12.753.551.062
Less: Deductions required by Res. No. 133/15	-6.839.773.338	-6.443.035.926
<b>Total</b>	<b>58.108.081.340</b>	<b>55.260.871.846</b>

(FIGURES EXPRESSED IN PYG)

In accordance with Resolution SS SG No. 239/07, as amended by Resolution SS SG No. 133/15, the technical equity or unencumbered shareholders' equity will consist of the net book equity, as per the company's financial statements, net of tax:

- Deferred charges;
- Loans granted to shareholders and directors;
- Thirty percent (30%) of the value of real estate in general, except those intended for sale;
- Equity interests in other subsidiaries and affiliates, including financial instruments or any debt securities issued by them;
- Assets not qualified under the investment, representativeness, securities custody and liquidity regimes in force;
- Income tax on retained earnings, at the end of each period considered, provided that it does not coincide with the end of the financial year or is not recorded in the accounts;
- The proposed distribution of prior years' income.
- The "excess" portion of the insured capital retained over the limits determined in the Risk Retention Regime, currently Resolution SS.SG No. 102/09.

## NOTE 21 - TRANSACTIONS WITH RELATED COMPANIES

The Company is part of the Regional Group, whose main shareholder is Banco Regional SAECA. The following table shows the related companies with which the Company operates. As of June 30, 2023 and 2022, the balances of transactions held with related companies were as follows:

Company name	Type of Company	Type of Relationship	Service provided	BALANCES AT	
				30/06/2023	30/06/2022
Banco Regional SAECA	Bank	Shareholder	Checking account, Savings account	2.714.174.432	2.043.867.176

(FIGURES EXPRESSED IN PYG)

As of June 30, 2023 and 2022, transactions with related companies were as follows:

Company name	Type of Company	Type of Relationship	Service provided	30/06/2023	30/06/2022
Banco Regional SAECA	Bank	Shareholder	Shareholder Collections - Debts for prizes	40.159.680	-
Banco Regional SAECA	Bank	Shareholder	Shareholder Accrued Premiums	-	19.890.805.614

(FIGURES EXPRESSED IN PYG)

# NOTES TO THE FINANCIAL STATEMENTS

**OF JUNE 30, 2023** Presented on a comparative basis with respect to the year ended on June 30, 2022 (Expressed in guaraníes)

## NOTE 22 – INCOME STATEMENT BY SECTIONS

In Annex I to the financial statements, the income statement of the company's six main sections is presented.

Description	Fire	Automobile	Various Risks	Surety	Life	Other Sections	Totals
<b>Technical Production Revenues</b>							
Direct Premiums	5.226.414.566	22.000.386.734	6.218.988.235	992.213.636	23.322.085.415	20.681.445.041	<b>78.441.533.627</b>
Accepted Reinsurance Premiums	154.609.218	85.091.415	52.321.284	2.435.997	0	409.261.594	<b>703.719.508</b>
Release of Technical Insurance Provisions	-	-	-	-	-	-	-
<b>Technical Production Expenses</b>							
Ceded Reinsurance Premiums	-4.129.623.047	-4.823.868	-4.704.111.788	-510.576.147	-13.950.166.877	-11.175.932.845	<b>-34.475.234.572</b>
Creation of Technical Insurance Provisions	0	0	0	0	0	0	<b>0</b>
<b>Net Earned Premiums</b>	<b>1.251.400.737</b>	<b>22.080.654.281</b>	<b>1.567.197.731</b>	<b>484.073.486</b>	<b>9.371.918.538</b>	<b>9.914.773.790</b>	<b>44.670.018.563</b>
<b>Net Earned Premiums – Previous fiscal year</b>	<b>1.293.561.458</b>	<b>20.702.414.364</b>	<b>1.823.446.827</b>	<b>471.495.753</b>	<b>8.440.825.025</b>	<b>10.028.801.441</b>	<b>42.760.544.868</b>
<b>Claims</b>							
Claims	-1.508.856.436	-10.133.487.835	-4.556.172.580	-	-8.156.859.711	-12.432.860.281	<b>-36.788.236.843</b>
Claims Settlement Expenses, Salvage, and Recovery	-34.206.175	-239.284.159	-127.832.730	-908.056	-339.573.992	-249.169.449	<b>-990.974.561</b>
Participation in Recovery of Ceded Reinsurance	-	-	-	-	-	-	-
Accepted Reinsurance Claims	-18.902.793	-4.531.983	-29.846.623	-	-	-92.194.909	<b>-145.476.308</b>
Establishment of Technical Provisions for Claims	-183.499.971	-1.301.104.834	-219.380.925	-1.044.114.497	-2.301.614.420	-2.123.048.703	<b>-7.172.763.350</b>
<b>Recovery of Claims</b>							
Recovery of Claims	5.000.000	235.362.038	-	86.274.331	-	28.805.415	<b>355.441.784</b>
Recovery Claims from Ceded Reinsurance	1.228.972.954	47.520.693	3.996.205.522	454.029	6.052.683.391	7.690.872.235	<b>19.016.708.824</b>
Participation in Recovery of Accepted Reinsurance Claims	-	-	-	-	-	-	-
Release of Technical Insurance Provisions for Claims	96.498.017	806.839.154	299.177.950	1.534.645.019	2.506.908.859	3.095.162.037	<b>8.339.231.036</b>
<b>Net Incurred Claims</b>	<b>-414.994.404</b>	<b>-10.588.686.926</b>	<b>-637.849.386</b>	<b>576.350.826</b>	<b>-2.238.455.873</b>	<b>-4.082.433.655</b>	<b>-17.386.069.418</b>
<b>Gross Technical Profit / Loss</b>	<b>836.406.333</b>	<b>11.491.967.355</b>	<b>929.348.345</b>	<b>1.060.424.312</b>	<b>7.133.462.665</b>	<b>5.832.340.135</b>	<b>27.283.949.145</b>
<b>Gross Technical Profit / Loss – Previous fiscal year</b>	<b>1.116.347.063</b>	<b>11.067.662.925</b>	<b>917.538.686</b>	<b>149.197.094</b>	<b>5.235.701.813</b>	<b>5.517.887.220</b>	<b>24.004.334.801</b>

(FIGURES EXPRESSED IN PYG)

# NOTES TO THE FINANCIAL STATEMENTS

OF JUNE 30, 2023 Presented on a comparative basis with respect to the year ended on June 30, 2022 (Expressed in guaraníes)

Description	Fire	Automobile	Various Risks	Surety	Life	Other Sections	Totals
<b>Other Technical Income</b>							
Reimbursement of Production Expenses	166.755.959	1.462.961.839	346.584.260	455.009	13.019.782	543.326.910	2.533.103.759
Other Income from Reinsured Amounts Ceded	1.157.187.348	0	1.287.745.947	176.811.254	6.039.499.170	3.507.144.158	12.168.387.877
Other Income from Reinsured Amount Accepted	0	0	0	0	0	0	0
Provisions Release	280.372.106	74.289.369	70.589.140	1.031.748	606.067.275	170.690.698	1.203.040.336
<b>Other Technical Expenses</b>						0	0
Production Expenses	-390.948.218	-4.164.023.829	-767.593.799	-43.364.890	-208.392.929	-1.397.507.219	-6.971.830.884
Reinsurance Cession Expenses	-129.615.735	-366.512.857	-151.857.751	-97.276.236	-26.683.800	-388.975.645	-1.160.922.024
Accepted Reinsurance Expenses	0	0	0	0	0	0	0
Technical Operating Expenses	-1.494.052.399	-9.777.686.820	-1.874.214.175	-424.805.919	-3.873.465.128	-4.756.608.502	-22.200.832.943
Establishment of Provisions	-383.481.603	-250.829.938	-172.133.689	-576.137.398	-108.145.104	-303.036.246	-1.793.763.978
<b>Net Technical Profit / Loss</b>	<b>42.623.791</b>	<b>-1.529.834.881</b>	<b>-331.531.722</b>	<b>97.137.880</b>	<b>9.575.361.931</b>	<b>3.207.374.289</b>	<b>11.061.131.288</b>
<b>Net Technical Profit / Loss – Previous fiscal year</b>	<b>627.390.377</b>	<b>-218.070.207</b>	<b>-351.496.312</b>	<b>-287.632.832</b>	<b>7.364.247.559</b>	<b>2.215.028.348</b>	<b>9.349.466.933</b>
Investment Income	936.938.327	3.944.005.071	1.114.876.817	177.873.946	4.180.945.737	3.707.558.649	14.062.198.547
Investment Loss	-596.094.829	-2.509.237.759	709.302.081	-113.166.189	2.659.983.119	2.358.806.844	8.946.590.821
<b>Net Profit / Loss on Investments</b>	<b>340.843.498</b>	<b>1.434.767.312</b>	<b>405.574.736</b>	<b>64.707.758</b>	<b>1.520.962.618</b>	<b>1.348.751.805</b>	<b>5.115.607.726</b>
<b>Net Profit / Loss on Investments – Previous fiscal year</b>	<b>326.771.421</b>	<b>1.263.687.291</b>	<b>394.587.614</b>	<b>60.131.315</b>	<b>1.289.552.256</b>	<b>1.186.616.441</b>	<b>4.521.346.338</b>
Extraordinary Results (Net)	48.540.759	204.330.416	57.759.369	9.215.266	216.605.802	192.080.636	728.532.248
<b>Net Profit / Loss Before Taxes</b>	<b>432.008.048</b>	<b>109.262.847</b>	<b>131.802.383</b>	<b>171.060.904</b>	<b>11.312.930.351</b>	<b>4.748.206.729</b>	<b>16.905.271.262</b>
<b>Net Profit / Loss Before Taxes – Previous fiscal year</b>	<b>644.253.343</b>	<b>-507.641.824</b>	<b>-488.992.977</b>	<b>-265.004.531</b>	<b>8.424.705.400</b>	<b>6.378.696.472</b>	<b>14.186.015.883</b>
Income Tax	-102.970.537	433.450.429	122.526.170	-19.548.539	459.490.465	-407.464.711	1.545.450.850
<b>Net Profit / Loss for the period</b>	<b>329.037.511</b>	<b>-324.187.582</b>	<b>9.276.213</b>	<b>151.512.365</b>	<b>10.853.439.886</b>	<b>4.340.742.019</b>	<b>15.359.820.415</b>
<b>Net Profit / Loss – Previous fiscal year</b>	<b>879.822.308</b>	<b>1.021.009.005</b>	<b>63.581.229</b>	<b>-223.309.503</b>	<b>7.874.468.355</b>	<b>3.137.979.668</b>	<b>12.753.551.062</b>

(FIGURES EXPRESSED IN GUA) 16

# NOTES TO THE FINANCIAL STATEMENTS

**OF JUNE 30, 2023** Presented on a comparative basis with respect to the year ended on June 30, 2022 (Expressed in guaraníes)

## NOTE 23 - EVENTS AFTER THE REPORTING PERIOD

Merger by absorption.

By Resolution of the Board of the Central Bank of Paraguay No.19, Minutes No.33 dated June 29, 2023 (notified on 30.06.23), the merger by absorption of SUDAMERIS BANK SAECA (absorbing) and BANCO REGIONAL SAECA (absorbed) was authorized based on the evidence contained in the Minutes of the Extraordinary General Assemblies of their Shareholders No.60 and 116 held on May 30, 2023, and the Definitive Merger Agreement, approved by both assemblies.

## NOTE 24 - OTHER MATERIAL DISCLOSURES

There are no other material disclosures to mention.

# Regional

SEGUROS

