

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA,  
BANCO DE SERVICIOS MÚLTIPLES AND SUBSIDIARIES**

Consolidated Financial Statements

March 31, 2022

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA,  
BANCO DE SERVICIOS MÚLTIPLES AND SUBSIDIARIES**

Consolidated Balance Sheets

(Free Translation from the Original Spanish-Language Version)

Amounts in Thousands of Dominican pesos (RD\$)

	<u>At March 31,</u> <u>2022</u>	<u>At December 31,</u> <u>2021</u>
<b>ASSETS</b>		
<b>Cash and cash equivalents (notes 3, 4, 35, 36 and 37)</b>	184,322,237	195,140,239
<b>Investments (notes 3, 6, 15, 35, 36, 37 and 39)</b>		
At fair value with changes in profit or loss	1,885,439	3,459,503
At fair value with changes in equity	317,984,715	307,986,389
At amortized cost	19,810,073	20,319,800
Allowance for investments	(232,936)	(211,626)
<b>Subtotal</b>	339,447,291	331,554,066
<b>Derivatives and sale-and-repurchase agreements</b>	255,102	80,958
<b>Loans portfolio (notes 3, 7, 15, 35, 36, 37 and 39)</b>		
Current	370,812,169	361,320,895
Restructured	5,096,101	3,038,704
Overdue (31 to 90 days)	224,823	185,852
Past due (more than 90 days)	3,203,979	3,940,472
In legal collection	309,581	346,600
Interests receivable	4,270,544	4,173,330
Allowance for loans	(26,236,958)	(26,297,265)
<b>Subtotal</b>	357,680,239	346,708,588
<b>Debtors by acceptances (notes 3, 8 and 35)</b>	29,105	54,989
<b>Accounts receivable (notes 3, 9, 35 and 37)</b>	5,468,201	5,568,361
<b>Assets received in lieu of foreclosure of loans, net (notes 10, 15 and 39)</b>	377,344	310,473
<b>Investments in associates (notes 3, 11, 14, 35, 36 and 39)</b>		
Associated	1,650,116	1,544,686
Allowance	(38,476)	(56,547)
<b>Subtotal</b>	1,611,640	1,488,139
<b>Property, furniture and equipment, net (notes 12, 26 and 39)</b>	13,474,443	13,427,358
<b>Properties under development intended for sale and lease (note 13)</b>	5,242,600	5,391,850
<b>Other assets (notes 3, 14 and 23)</b>		
Deferred charges	13,471,801	12,855,902
Intangibles	1,434,335	1,553,227
Other assets	752,370	506,799
<b>Subtotal</b>	15,658,506	14,915,928
<b>TOTAL ASSETS</b>	<b>923,566,708</b>	<b>914,640,949</b>

(Continues)

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA,  
BANCO DE SERVICIOS MÚLTIPLES AND SUBSIDIARIES**

Consolidated Balance Sheets

(Free Translation from the Original Spanish-Language Version)

Amounts in Thousands of Dominican pesos (RD\$)

	<u>At March 31,</u> <u>2022</u>	<u>At December 31,</u> <u>2021</u>
<b>LIABILITIES AND EQUITY</b>		
<b>LIABILITIES</b>		
<b>Customers' deposits (notes 3, 16, 35, 36 and 37)</b>		
Checking	161,414,391	179,569,718
Savings	305,522,416	298,050,951
Time	44,837,574	47,756,351
Interests payable	182,529	15,618
<b>Subtotal</b>	<u>511,956,910</u>	<u>525,392,638</u>
<b>Deposits from domestic and foreign financial entities (notes 3, 17, 35 and 36)</b>		
From domestic financial institutions	14,386,271	25,510,614
Interests payable	1,752	2
<b>Subtotal</b>	<u>14,388,023</u>	<u>25,510,616</u>
<b>Derivatives and sale-and-repurchase agreements</b>	<u>1,054,455</u>	<u>-</u>
<b>Borrowed funds (notes 3, 18, 35 and 36)</b>		
From Central Bank	30,036,870	32,924,594
From domestic financial entities	660,900	916,000
From foreign financial entities	47,513,447	36,287,516
Others financing	2,730,075	2,515,455
Interests payable	659,210	450,206
<b>Subtotal</b>	<u>81,600,502</u>	<u>73,093,771</u>
<b>Outstanding acceptances (notes 3, 8 and 35)</b>	<u>29,105</u>	<u>54,989</u>
<b>Outstanding securities (notes 19, 35, 36 and 37)</b>		
Securities	194,483,916	174,239,206
Interests payable	311,409	189,664
<b>Subtotal</b>	<u>194,795,325</u>	<u>174,428,870</u>
<b>Creditors for insurance and bank guarantees (notes 3 and 25)</b>	<u>2,152,051</u>	<u>3,145,525</u>
<b>Insurance premium deposits</b>	<u>429,010</u>	<u>449,124</u>
<b>Other liabilities (notes 3, 15, 20, 23, 28 and 35)</b>	<u>22,669,009</u>	<u>22,552,293</u>
<b>Technical reserves (notes 3 and 22)</b>		
Mathematical and technical life insurance reserves	275,689	258,591
Reserves for unearned insurance premiums	6,030,135	5,778,080
<b>Subtotal</b>	<u>6,305,824</u>	<u>6,036,671</u>
<b>Assimilable capital obligations (notes 3, 21, 35 and 36)</b>		
Subordinate debts	26,738,031	27,579,834
<b>Subtotal</b>	<u>26,738,031</u>	<u>27,579,834</u>
<b>TOTAL LIABILITIES</b>	<u>862,118,245</u>	<u>858,244,331</u>
<b>NET EQUITY ATTRIBUTABLE TO OWNERS OF THE BANK (notes 26 and 39)</b>		
Paid-in capital	39,000,000	10,000,000
Other equity reserves	9,903,588	38,903,588
Revaluation surplus	666,545	666,545
Unrealized losse on investments at fair value with changes in equity	(198,365)	(226,962)
Retained earnings from previous periods	6,751,855	229,127
Net income for the year	5,013,301	6,522,728
	<u>61,136,924</u>	<u>56,095,026</u>
<b>Non-controlling interests</b>	<u>311,539</u>	<u>301,592</u>
<b>TOTAL EQUITY</b>	<u>61,448,463</u>	<u>56,396,618</u>
<b>TOTAL LIABILITIES AND EQUITY</b>	<u>923,566,708</u>	<u>914,640,949</u>
Contingent accounts (notes 24 and 28)	<u>1,053,862,144</u>	<u>1,058,687,517</u>
Memorandum accounts (note 29)	<u>3,872,219,809</u>	<u>3,851,431,395</u>

These consolidated financial statements are to be read in conjunction with their accompanying notes.

\_\_\_\_\_  
Samuel Pereyra Rojas  
General Administrator

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Henry V. Polanco Portes  
Comptroller

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA,  
BANCO DE SERVICIOS MÚLTIPLES AND SUBSIDIARIES**

Consolidated Statements of Profit or Loss

(Free Translation from the Original Spanish-Language Version)

Amounts in Thousands of Dominican pesos (RD\$)

	<b><u>Three month periods ended</u></b>	
	<b><u>At March 31,</u></b>	
	<b><u>2022</u></b>	<b><u>2021</u></b>
<b>Financial income (notes 6, 7, 30 and 37)</b>		
Interest on available funds	320,492	105,113
Interest on interbanks funds	2,250	70
Interest on loans portfolio	9,824,541	9,274,093
Interest on investments	4,749,985	4,708,971
Gains on sale of investments	965,772	6,363,284
Insurance premiums net of returns and cancellations	2,545,253	2,145,762
Income related to technical adjustment to reserves	-	37,809
<b>Subtotal</b>	<b>18,408,293</b>	<b>22,635,102</b>
<b>Financial expenses (notes 16, 17, 18, 19, 21, 30 and 37)</b>		
Interest on deposits	(2,001,451)	(2,026,848)
Interest on borrowed funds	(874,362)	(842,135)
Loss on sale of investments	(4)	(34)
Insurance claims and contractual obligations	(1,677,277)	(1,417,801)
Expenses related to technical adjustment to reserves	(35,161)	-
Expenses related to acquisition, conservation and collection of insurance premiums	(300,987)	(249,733)
<b>Subtotal</b>	<b>(4,889,242)</b>	<b>(4,536,551)</b>
<b>Net gain (losses) of financial assets at fair value</b>		
Derivatives	(900,137)	-
<b>Gross financial margin</b>	<b>12,618,914</b>	<b>18,098,551</b>
Allowance for loan losses (note 15)	(1,374,634)	(3,434,069)
Allowance for investments (note 15)	(3,500)	-
<b>Subtotal</b>	<b>(1,378,134)</b>	<b>(3,434,069)</b>
<b>Net financial margin</b>	<b>11,240,780</b>	<b>14,664,482</b>
<b>Foreign exchange gain (loss) (note 31)</b>	<b>424,037</b>	<b>(136,170)</b>
<b>Other operating income (notes 32 and 37)</b>		
Commissions for services	3,156,161	2,649,666
Foreign exchange commissions	2,169,939	480,463
Miscellaneous income	868,331	703,908
<b>Subtotal</b>	<b>6,194,431</b>	<b>3,834,037</b>
<b>Other operating expenses (notes 32 and 37)</b>		
Commissions for services	(551,329)	(424,875)
Foreign exchange commissions	(40,458)	(2,428)
Miscellaneous expenses	(1,053,642)	(891,728)
<b>Subtotal</b>	<b>(1,645,429)</b>	<b>(1,319,031)</b>
<b>Gross operating profit</b>	<b>16,213,819</b>	<b>17,043,318</b>
<b>Operating expenses (notes 15, 28, 34 and 38)</b>		
Salaries and personnel compensation	(6,600,294)	(6,829,180)
Professional fees	(902,187)	(972,390)
Depreciation and amortization	(506,142)	(846,782)
Other provisions	(41,246)	(1,091,810)
Other expenses	(3,300,411)	(3,259,763)
<b>Subtotal</b>	<b>(11,350,280)</b>	<b>(12,999,925)</b>
<b>Net operating profit</b>	<b>4,863,539</b>	<b>4,043,393</b>

(Continues)

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA,  
BANCO DE SERVICIOS MÚLTIPLES AND SUBSIDIARIES**

Consolidated Statements of Profit or Loss

*(Free Translation from the Original Spanish-Language Version)*

Amounts in Thousands of Dominican pesos (RD\$)

	<u>Three month periods ended</u>	
	<u>At March 31,</u>	
	<u>2022</u>	<u>2021</u>
<b>Other income (expenses) (note 33)</b>		
Other income	817,870	484,078
Other expenses	<u>(263,886)</u>	<u>(655,610)</u>
<b>Subtotal</b>	<u>553,984</u>	<u>(171,532)</u>
<b>Profit before income tax</b>	5,417,523	3,871,861
Income tax (note 23)	<u>(394,275)</u>	<u>(365,426)</u>
<b>Net income for the period</b>	<u><b>5,023,248</b></u>	<u><b>3,506,435</b></u>
<b>ATTRIBUTABLE TO:</b>		
Owners of the Bank		
(Parent Company)	5,013,301	3,484,997
Non-controlling interests	9,947	21,438

These consolidated financial statements are to be read in conjunction with their accompanying notes.

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**Samuel Pereyra Rojas**  
General Administrator

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**Henry V. Polanco Portes**  
Comptroller

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA,  
BANCO DE SERVICIOS MÚLTIPLES AND SUBSIDIARIES**

Consolidated Statements of Cash Flows

*(Free Translation from the Original Spanish-Language Version)*

Amounts in Thousands of Dominican pesos (RD\$)

	<b>Three month periods ended</b>	
	<b><u>At March 31,</u></b>	
	<b><u>2022</u></b>	<b><u>2021</u></b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Interest and commissions collected from loans	9,967,474	8,998,164
Other financial income collected	5,715,753	12,848,784
Other operating income collected	5,612,306	3,837,791
Insurance premium collected	2,525,139	2,467,130
Increase (decrease) in insurance and guarantees	(1,060,469)	(1,033,117)
Interest paid on deposits	(1,887,028)	(2,669,022)
Interest and commissions paid on borrowed funds	(665,358)	(352,695)
General and administrative expenses paid	(10,797,650)	(11,056,845)
Other operating expenses paid	(1,645,429)	(1,319,031)
Income taxes paid	(353,975)	(1,330,262)
Insurance claims and contractual obligation	(1,677,277)	(1,417,801)
Properties under development intended for sale and lease	147,280	21,789
Miscellaneous payments by operating activities	<u>(268,499)</u>	<u>(876,089)</u>
<b>Net cash provided by operating activities</b>	<u>5,612,267</u>	<u>8,118,796</u>
<b>CASH FROM INVESTMENT ACTIVITIES</b>		
Increase in investments	(7,885,964)	(12,444,260)
Loans granted	(51,498,233)	(56,537,440)
Loans collected	39,470,671	44,672,916
Interbank funds granted	(6,800,000)	(100,000)
Interbank funds collected	6,800,000	100,000
Properties under intended for sale and lease	(872)	-
Acquisition of property, furniture and equipment	(516,094)	(307,978)
Proceeds from sale of property, furniture and equipment	89,862	1,385
Proceeds from sale of assets received in lieu of foreclosure of loans	<u>94,906</u>	<u>140,739</u>
<b>Net cash used in investment activities</b>	<u>(20,245,724)</u>	<u>(24,474,638)</u>
<b>CASH FROM FINANCING ACTIVITIES</b>		
Deposits received	2,264,480,023	1,721,856,285
Returned deposits	(2,268,962,295)	(1,717,037,727)
Borrowed funds received	53,628,993	21,785,159
Borrowed funds paid	<u>(45,331,266)</u>	<u>(22,241,044)</u>
<b>Net cash provided by financing activities</b>	<u>3,815,455</u>	<u>4,362,673</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	(10,818,002)	(11,993,169)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<u>195,140,239</u>	<u>116,904,223</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u><b>184,322,237</b></u>	<u><b>104,911,054</b></u>

(Continues)

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA,  
BANCO DE SERVICIOS MÚLTIPLES AND SUBSIDIARIES**

Consolidated Statements of Cash Flows

(Free Translation from the Original Spanish-Language Version)

Amounts in Thousands of Dominican pesos (RD\$)

	<u>Years ended March 31,</u>	
	<u>2022</u>	<u>2021</u>
<b>Reconciliation between the net profit for the period and net cash provided by operating activities</b>		
Net income for the period	5,023,248	3,506,435
Adjustments to reconcile net profit for the period to net cash provided by operating activities:		
Allowance for risky assets and contingencies	1,419,380	4,525,879
Increase (decrease) in mathematical and technical reserves	35,161	(37,809)
Depreciation and amortization	511,384	851,270
Gain on sale of property, furniture and equipment	(3,683)	(221)
Equity on earnings in other companies	(105,404)	(45,939)
Currency exchange rate fluctuations in derivatives	900,137	-
Loss on sale of assets received in lieu of foreclosure of loans	(30,027)	178,294
Amortization of investment premiums and discounts, net		
Currency exchange rate fluctuations, net	(1,006,162)	(484,374)
Amortization of debt issuance cost and discount on subordinated debts	11,941	11,836
Net change in assets and liabilities:		
Interests receivable	(179,809)	1,399,205
Debtors by acceptances	25,884	75
Accounts receivable	100,160	(193,544)
Properties under development intended for sale and lease	147,280	21,789
Deferred charges	(615,899)	(2,347,957)
Intangibles	(6,820)	(11,849)
Other assets	(245,571)	125,298
Interests payable	311,486	(164,570)
Outstanding acceptances	(25,884)	(75)
Creditors of insurance and bank guarantees	(993,474)	(1,009,665)
Insurance premium deposits	(20,114)	16,913
Other liabilities	125,061	1,552,170
Technical reserves	233,992	225,635
<b>Total adjustments</b>	589,019	4,612,361
<b>Net cash provided by operating activities</b>	<b>5,612,267</b>	<b>8,118,796</b>

These consolidated financial statements are to be read in conjunction with their accompanying notes.

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**Samuel Pereyra Rojas**  
General Administrator

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**Henry V. Polanco Portes**  
Comptroller

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA,  
BANCO DE SERVICIOS MÚLTIPLES AND SUBSIDIARIES**

Consolidated Statements of Changes in Equity

Three Month Periods Ended at March 31, 2022 and 2021

*(Free Translation from the Original Spanish-Language Version)*

Amounts in Thousands of Dominican pesos (RD\$)

	Paid-in capital	Other equity reserves	Revaluation surplus	Unrealized gain (loss) on investments At fair value with changes in equity	Retained earning from previous periods	Net income for the period	Total	Non-controlling Interests	Total equity
<b>Balances at January 1st, 2021</b>	10,000,000	29,119,495	677,685	2,969,604	217,987	4,160,155	47,144,926	399,927	47,544,853
Transfer to retained earnings	-	-	-	-	4,160,155	(4,160,155)	-	-	-
Unrealized losse on investments at fair value with changes in equity (note 26)	-	-	-	(2,667,063)	-	-	(2,667,063)	-	(2,667,063)
Net income for the year	-	-	-	-	-	3,484,997	3,484,997	21,438	3,506,435
<b>Balances at March 31, 2021</b>	<b>10,000,000</b>	<b>29,119,495</b>	<b>677,685</b>	<b>302,541</b>	<b>4,378,142</b>	<b>3,484,997</b>	<b>47,962,860</b>	<b>421,365</b>	<b>48,384,225</b>
<b>Balances at December 31, 2021</b>	<b>10,000,000</b>	<b>38,903,588</b>	<b>666,545</b>	<b>(226,962)</b>	<b>229,127</b>	<b>6,522,728</b>	<b>56,095,026</b>	<b>301,592</b>	<b>56,396,618</b>
Transfer to retained earnings	-	-	-	-	6,522,728	(6,522,728)	-	-	-
Reinvestment of dividends, Law No. 1-22	29,000,000	(29,000,000)	-	-	-	-	-	-	-
Unrealized gain on investments at fair value with changes in equity (note 26)	-	-	-	28,597	-	-	28,597	-	28,597
Net income for the year	-	-	-	-	-	5,013,301	5,013,301	9,947	5,023,248
<b>Balances at March 31, 2022</b>	<b>39,000,000</b>	<b>9,903,588</b>	<b>666,545</b>	<b>(198,365)</b>	<b>6,751,855</b>	<b>5,013,301</b>	<b>61,136,924</b>	<b>311,539</b>	<b>61,448,463</b>

These consolidated financial statements are to be read in conjunction with their accompanying notes.

\_\_\_\_\_  
**Samuel Pereyra Rojas**  
General Administrator

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**Henry V. Polanco Portes**  
Comptroller

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA,  
BANCO DE SERVICIOS MÚLTIPLES AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements

As of March 31, 2022 and December 31, 2021 and for the Three Months Periods Ended  
March 31, 2022 and 2021

*(Free Translation from the Original Spanish-Language Version)*

Amounts in Thousands of Dominican pesos (RD\$)

**1 Entity**

Banco de Reservas de la República Dominicana, Banco de Servicios Múltiples (hereinafter Parent Company), is owned by the Dominican Republic State and was incorporated on October 24, 1941 under Law No. 581, amended by Law No. 6133 of December 17, 1962, which was modified by Law No. 281 of January 1<sup>st</sup>, 1976 and its modifications.

Banco and subsidiaries (hereinafter the Bank), offers multiple banking and financial services to the Dominican Republic Government, its autonomous entities and state-owned companies (public sector), as well as privately owned companies and the general public (private sector). Its main activities are to provide loans, placement of investments, deposits, financing, sales of insurances, management of pension funds and health services, sale and development of real estate projects, subscription and sale of securities, trust management, among others.

The main offices are located at Torre Banreservas on Winston Churchill Avenue, Santo Domingo, Dominican Republic.

A detail of the principal officers of the Bank is as follows:

<u>Name</u>	<u>Position</u>
José Manuel Vicente Dubocq	Minister of Finance - Ex-Officio Chairman
Samuel Antonio Pereyra Rojas	General Administrator
José Manuel Almonte	Deputy Administrator - Administration
Ysidro García	Deputy Administrator - Business
Francisco Elías Rodríguez	Deputy Administrator - Subsidiary Entities
Fraysis Moronta	Senior General Director Human Capital, Process, Technology and Operations
Fernando Arturo Mir Zuleta	Senior General Director of Strategic, Finance and Commercial Intelligence
José Obregón	Senior General Director Institutional Business and Corporate Governance
Henry Vladimir Polanco Portes	Comptroller
Daniel Alejandro Otero	Senior General Director of Integral Risk Management
Ramón Pimentel	General Director of Treasury
Nancy Elizabeth Ferreras Díaz	General Director of Audit
Lorenzo Guzmán	General Director of Legal

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA,  
BANCO DE SERVICIOS MÚLTIPLES AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements (continued)

Amounts in Thousands of Dominican pesos (RD\$)

## 1 Entity (continued)

The Bank is regulated by the Monetary and Financial Law and its regulations as well as by resolutions of the Monetary Board and the Superintendence of Banks of the Dominican Republic (Superintendence of Banks).

As of March 31, 2022 and December 31, 2021, a detail of the Bank's offices, automatic teller machines (ATMs) and post offices is as follows:

<u>Location</u>	<u>2022</u>			<u>2021</u>		
	<u>Offices (*)</u>	<u>ATMs</u>	<u>Post offices</u>	<u>Offices (*)</u>	<u>ATMs</u>	<u>Post offices</u>
Metropolitan area	114	352	8	113	353	8
Provinces	<u>187</u>	<u>415</u>	<u>-</u>	<u>188</u>	<u>408</u>	<u>-</u>
	<b><u>301</u></b>	<b><u>767</u></b>	<b><u>8</u></b>	<b><u>301</u></b>	<b><u>761</u></b>	<b><u>8</u></b>

(\*) Correspond to branches, agencies and service centers.

The Bank signed service agreements with multiple merchants located in different parts of the country called banking subagents, through which general public has access to financial services.

As of March 31, 2022 and December 31, 2021, the network of subagents was 1,181 (396 in the metropolitan area and 785 in the interior of the country) and 1,212 (420 in the metropolitan area and 792 in the interior of the country) businesses authorized, respectively.

The consolidated financial statements were approved for issuance by the Board of Directors on June 14, 2022.

## 2 Summary of significant accounting policies

### 2.1 Accounting basis of the consolidated financial statements

The financial information and accounting policies of the Bank are in accordance with the accounting practices established by the Superintendence of Banks as stipulated in its Accounting Manual for Financial Institutions, regulations, circulars, resolutions, instructions and specific provisions issued by this agency and the Monetary Board of the Dominican Republic, as well as those provided in the Monetary and Financial Law. These practices differ in some aspects of form and content from the International Financial Reporting Standards (IFRS) applicable to banks and financial institutions. Consequently, the accompanying consolidated financial statements are not intended to present the financial position, results of operations and cash flows in accordance with IFRS.

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA,  
BANCO DE SERVICIOS MÚLTIPLES AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements (continued)

Amounts in Thousands of Dominican pesos (RD\$)

**2 Summary of significant accounting policies (continued)****2.1 Accounting basis of the consolidated financial statements (continued)**

The accompanying consolidated financial statements have been prepared on a historical cost basis, except for investments available for sale that are at fair value through equity and other securities held by a subsidiary, which are recognized at fair value through profit or loss (note 6) and some lands and buildings (note 12) that are at market value.

These consolidated financial statements have been prepared following the conceptual framework of the Superintendence of Banks. Subsidiaries include insurance companies, administrators of pension plans and funds and administrator of health plans, which financial information have been prepared in accordance with the accounting practices established by the Superintendence of Insurance, the Superintendence of Pensions and the Superintendence of Health and Labor Risks, respectively. Furthermore, non-regulated subsidiaries apply accounting practices according to IFRS. The financial figures of these subsidiaries that are incorporated in the consolidated financial statements have been prepared following those accounting bases (note 2.3).

The consolidated financial statements and their explanatory notes have been prepared in thousands of Dominican pesos (RD\$).

**2.1.a *Differences between banking regulations and IFRS***

The accounting practices set forth by the Superintendence of Banks differs from IFRS in certain aspects. A summary of the most relevant differences are as follows:

- i) The allowance for the loan portfolio corresponds to the amount determined based on a risk assessment carried out by the Bank and the levels of provisions required for the classification assigned to each loan. The evaluation for the major commercial debtors through the payment capacity, includes the documentation of the credit files considering the financial information of the borrower's financial statements, as well as the opinion of the auditor, quality of the administrative management and corporate structure, economic environment, evaluation of financial reasons, payment record and collateral levels; for medium commercial debtors, it includes a simplified assessment based on operating losses and adjusted equity, payment record and collateral levels and for other debtors (consumption, mortgages and minor debtors based on days of delay). The collaterals are only considered for the determination of the allowance according to the guidelines established in the Asset Evaluation Regulation (REA, per its Spanish acronyms). In addition, the allowances include additional and/or anti-cyclical reserves determined according to an internal methodology.

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA,  
BANCO DE SERVICIOS MÚLTIPLES AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements (continued)

Amounts in Thousands of Dominican pesos (RD\$)

**2 Summary of significant accounting policies (continued)**

**2.1 Accounting basis of the consolidated financial statements (continued)**

*2.1.a Differences between banking regulations and IFRS (continued)*

In accordance with IFRS, specifically IFRS 9 *Financial Instruments*, an entity must recognize impairment of the loan portfolio for expected credit losses during their life time (evaluated on a collective or individual basis), considering all reasonable and sustainable information, including those which refers to the future. IFRS 9 establishes a three-phase approach for the recognition of an impairment allowance, which is based on the change in the credit quality of financial assets since their initial recognition.

- ii) Banking regulations require financial institutions to establish an allowance for assets received in lieu of foreclosure of loans, according to the following criteria: moveable goods are reserved over a two year period, on a straight-line basis, starting six months following the foreclosure; real estate is reserved over a three year period, on a straight-line basis counted as of the first anniversary of its recognition on the Bank's accounting books and debt securities follow the same basis of allowance for investments. Both criteria counting from 120 days after the date of the foreclosure of the property or of the payment contract duly legalized. IFRS require that these assets are reserved only in the event of impairment.
- iii) Interests receivable past due for less than 90 days, are reserved according to the classification granted to the corresponding principal. Past due interests' receivable with more than 90 days are fully reserved, except for credit card transactions, which are fully reserved after 60 days past due. Subsequently, accrued interests are not recognized in the consolidated financial statements and are recognized in memorandum accounts. In accordance with IFRS, the same criteria apply as for the allowance for credit portfolio, considering that the receivables continue to be accrued based on their book value, net of impairment.
- iv) Financial entities translate all foreign currency balances at the official exchange rate as established by the Central Bank of the Dominican Republic at the reporting date. IFRS require that all foreign currency balances be translated at the exchange rate at which the Bank had access at the reporting date.
- v) The Superintendence of Banks requires that allowance held on loans portfolio at the time of executing their collateral, be transferred to assets received in lieu of foreclosure of loan settlements. IFRS only require reserves when the fair value of the asset is lower than its carrying value or when impairment exists.

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA,  
BANCO DE SERVICIOS MÚLTIPLES AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements (continued)

Amounts in Thousands of Dominican pesos (RD\$)

## **2 Summary of significant accounting policies (continued)**

### **2.1 Accounting basis of the consolidated financial statements (continued)**

#### *2.1.a Differences between banking regulations and IFRS (continued)*

- vi) According to banking practices, other operating income, such as credit card renewal fees, letters of credit and acceptances outstanding are recognized immediately. In accordance with IFRS, income must be recognized when an entity transfers control of a good or service over time and, therefore, satisfies a performance obligation. The income is recognized by the price of the transaction that is assigned to that performance obligation.
- vii) The Superintendence of Banks requires leasehold improvements and computer software to be authorized by the Superintendence of Banks before recognize it as property, furniture and equipment and intangible assets, respectively, and classify them as other assets until such approval is obtained. The Superintendence of Banks indicates the amount that could be capitalized and the maximum amortization period during which the deferral is allowed. IFRS require that these items be recognized as property, furniture and equipment and intangible assets as long as they generate future economic benefits.
- viii) The Bank determine the useful life of property, furniture and equipment at the time of acquisition, and recognizes in memorandum accounts those fixed assets that are fully depreciated. IFRS require that the residual value and the useful life of an asset be reviewed at least at each financial year-end, and if expectations differ from previous estimates, the changes are accounted for as a change in accounting estimates.
- ix) The Superintendence of Banks has established that short-term highly liquid investments that are easily convertible to cash be classified as investments. IFRS require that this type of investments with original maturities of three months or less be classified as cash equivalent.
- x) The Superintendence of Banks requires that financial institutions classify investments into four categories, which are: trading, available-for-sale, held-to-maturity, and other investments in debt securities. Also, the Superintendence allows classifying in one of the first three categories only those investments listed in an active market. Investments held for trading and available-for-sale should be measured at fair value, and investments held to maturity and other investments in debt securities at amortized cost. IFRS do not prescribe the category of other investments in debt securities. IFRS 9 establishes three categories of debt instruments: amortized cost, fair value with changes in other comprehensive income (equity) and fair value through profit or loss and, consequently, must be reported at cost or fair value depending on the classification granted. This classification depends on the business model for the management of financial assets and the characteristics of contractual cash flows.

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA,  
BANCO DE SERVICIOS MÚLTIPLES AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements (continued)

Amounts in Thousands of Dominican pesos (RD\$)

**2 Summary of significant accounting policies (continued)**

**2.1 Accounting basis of the consolidated financial statements (continued)**

*2.1.a Differences between banking regulations and IFRS (continued)*

- xi) The investment portfolio is quantified according to the risk categories determined by the Superintendence of Banks that requires specific provisions, following the instructions in the Assets Evaluation Regulations (REA, per its Spanish acronyms). IFRS require that impairment for investments recognized at amortized cost be determined following the same considerations indicated for loan portfolio as described in i) above.
- xii) The Superintendence of Banks requires that cash flows from loans portfolio and customers' deposits, be classified as investing and financing activities, respectively. IFRS require that cash flows from these transactions be recognized as part of operating activities.
- xiii) The Superintendence of Banks allowed to multiple service banks the revaluation of its properties as of December 31, 2004 and has not required updating these values after that date. IFRS state that these updates must be performed whenever such assets have significant value changes.
- xiv) The Superintendence of Banks requires banks to recognize a provision for contingent operations, which includes, among others, granted collateral, non-negotiable letters of credit issued, and unused amounts of lines of credit of automatic use, based on a classification of risk category following the REA. IFRS require the recognition of estimated expected losses on loan commitments in a consistent manner, with their expectations of provisions of that loan commitment.
- xv) In accordance with current banking regulations, the Bank must quantitatively disclose the risks derived from its financial instruments, such as liquidity and interest rate risks and the credit risk of loans portfolio, among others. IFRS require the following disclosures that allows users of the financial statements to evaluate: a) the importance of the financial instruments in relation to the financial position and performance of the Bank and b) the nature and scope of risks resulting from the financial instruments to which the Bank is exposed during the period and at the reporting date and how the Bank manages those risks.
- xvi) The Superintendence of Banks authorizes financial intermediation institutions to write-off a loan with or without collateral when it becomes past due and is 100 % provisioned, excluding related-party loans that should be written off when all legal collection processes have been exhausted and the involved officers and/or directors have been removed from their duties. In accordance with IFRS, an entity will directly reduce the carrying amount of a financial asset when it has no reasonable expectation of recovering all or a part of this.

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA,  
BANCO DE SERVICIOS MÚLTIPLES AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements (continued)

Amounts in Thousands of Dominican pesos (RD\$)

**2 Summary of significant accounting policies (continued)**

**2.1 Accounting basis of the consolidated financial statements (continued)**

*2.1.a Differences between banking regulations and IFRS (continued)*

- xvii) IFRS require that, if the Bank maintains other comprehensive income, a statement of other comprehensive income or a separate statement of other comprehensive income must be presented showing the nature and amount of items comprising other comprehensive income during the reporting period. The Superintendence of Banks does not include this requirement in the presentation of financial statements.
  
- xviii) The Superintendence of Banks authorized the inclusion in the consolidated financial statements, the financial statements of subsidiaries that were prepared following different accounting practices to those set in the Accounting Manual for Financial Institutions, without being adjusted with the accounting practices followed by the Bank. Under IFRS, entities included in the consolidation should follow the same accounting policies.
  
- xix) Current banking regulations require financial intermediaries to recognize as expenses, payments arising from operating leases, to the extent that they are accrued. As of January 1<sup>st</sup>, 2019, IFRS require operating leases to be recognized in the accounting books of lessee as follows:
  - a) At inception of lease, the lessee must recognize an asset for the right-of-use asset under the lease, and a financial liability for the obligation contracted in the lease.
  - b) Subsequent to initial recognition, the asset is depreciated on a straight-line basis over the term of the lease and the liability changes to reflect lease payments and interest generated.
  - c) In the statement of profit or loss, the expenses originated by the lease contract comprise the amortization expense of the underlying asset and the interest expense generated by the financial liability incurred.
  
- xx) IFRS requires the Bank to capitalize borrowing costs that are directly attributable to the construction of a qualifying asset, as part of the cost of that asset. Current rules of the Superintendence of Banks do not allow this practice.

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA,  
BANCO DE SERVICIOS MÚLTIPLES AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements (continued)

Amounts in Thousands of Dominican pesos (RD\$)

## **2 Summary of significant accounting policies (continued)**

### **2.1 Accounting basis of the consolidated financial statements (continued)**

#### **2.1.a Differences between banking regulations and IFRS (continued)**

xxi) The Superintendence of Banks establishes that the operations of future purchase and sale of foreign currencies are recognized in as assets or liabilities by the difference between the exchange rate in force and the agreed exchange rate. Also, the notional value agreed is recognized in memorandum accounts, and foreign exchange values sold at the end of the year are disclosed as foreign currency balances in note 3 to the financial statements, for the purposes of determining the net foreign currency position. IFRS require the recognition of derivatives included in this type of contracts in asset and liability at fair value.

xxii) There are differences between the presentation and certain disclosures for the financial statements according to IFRS and those required or authorized by the Superintendence of Bank.

#### **2.1.b Differences between the accounting practices issued and allowed by the Superintendence of Insurance and the Superintendence of Health and Labor Risk (SISALRIL, per its Spanish acronyms) and the Superintendence of Pensions of the Dominican Republic (SIPEN, per its Spanish acronyms) and IFRS**

i) As established by the Superintendence of Insurance, short-term insurance contracts are recognized as revenue when billed; as a result, unearned premium reserves are computed based on specific percentages according to the line of business. These minimum percentages are established in article 141 of the Insurance and Insurance Bonds Law No. 146-02, are as follows:

- 15 % Transportation and freight.
- 5 % Collective life insurance, accidents and health, provided premiums are collected on a monthly basis.
- 40 % Insurance bonds.
- 40 % Other insurances.

In accordance with IFRS, income from insurance contracts, both general and short-term life insurance, are recognized proportionately over the term of the policy. The proportion of the mandatory premium to underwrite the policy and the portion where the risk has not expired must be recognized as deferred income.

In the case of long-term life insurance contracts with a guaranteed minimum term, the premium income is recognized when payment is received from the insured party.

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA,  
BANCO DE SERVICIOS MÚLTIPLES AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements (continued)

Amounts in Thousands of Dominican pesos (RD\$)

**2 Summary of significant accounting policies (continued)****2.1 Accounting basis of the consolidated financial statements (continued)****2.1.b Differences between the accounting practices issued and allowed by the Superintendence of Insurance and the Superintendence of Health and Labor Risk (SISALRIL, per its Spanish acronyms) and the Superintendence of Pensions of the Dominican Republic (SIPEN, per its Spanish acronyms) and IFRS (continued)**

In the case of long-term life insurance contracts without a fixed guaranteed term, such as death or survivorship insurance, premiums are recognized as deferred income, which increases by the interest or changes in unit prices and lowers by management fee policy, fees, mortality and any other withdrawals.

- ii) In accordance with IFRS, based on its intention of use, investments are classified into three categories: financial assets at fair value with changes through profit and loss, held-to-maturity financial assets, loans and receivables, and available-for-sale financial assets. Under IFRS, these investments are recognized initially at fair value and subsequent to their initial recognition measured at amortized cost, at fair value with changes in profit or loss or at fair value with changes in equity, depending on its initial classification. The accounting practices followed by the Bank initially recognizes investments at fair value and subsequently measured it at amortized cost.
- iii) The Superintendence of Insurance establishes that insurance premiums receivable that are considered uncollectible by the Bank, are reversed against income. In accordance with IFRS, premiums receivable should be assessed regularly, and a provision should be created for amounts deemed uncollectible. This provision should be recognized through a charge to operating expenses of the year.
- iv) The Superintendence of Insurance does not require the recognition of specific reserves for claims incurred but not reported at the reporting date. IFRS require to create a provision for those probable and quantifiable losses and that these be recognized through a charge to operations of the year in which the damage occurred.
- v) According to accounting practices of the Superintendence of Insurance, the Bank recognizes salvage and recoveries in memorandum accounts, and these should not be recognized in accounting records until their disposal. IFRS sets out that at the reporting date of the consolidated financial statements, such assets shall be measured at fair value less any cost of sale and recognized as other assets against a deduction of the cost of the claims, that gave rise to the salvages, in the accounting period in which the Bank obtained the rights over the salvages and recoveries.

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA,  
BANCO DE SERVICIOS MÚLTIPLES AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements (continued)

Amounts in Thousands of Dominican pesos (RD\$)

**2 Summary of significant accounting policies (continued)****2.1 Accounting basis of the consolidated financial statements (continued)****2.1.b Differences between the accounting practices issued and allowed by the Superintendencia of Insurance and the Superintendencia of Health and Labor Risk (SISALRIL, per its Spanish acronyms) and the Superintendencia of Pensions of the Dominican Republic (SIPEN, per its Spanish acronyms) and IFRS (continued)**

- vi) In accordance with accounting practices of the Superintendencia of Insurance, savings components included in life insurance contracts are not accounted separately. As per IFRS, when an insurance policy has a saving component this saving component should be separated from the premium paid in a life insurance policy and recognize it as a separate financial liability.
- vii) According to accounting practices established and permitted by the Superintendencia of Insurance, the service components that form part of the insurance contract are not separated and are recorded as revenue in conjunction with the premium income subscribed. Under IFRS, the components of services over which the insurance company subsidiary does not withhold insurance risks, should be separated from the insurance contract. Such components must be recognized as a liability, and defer any commission earned by the insurance company subsidiary in the service intermediation as income during the term of the policy that originated such commission.
- viii) Additional costs incurred in the process of acquisition and issuance of insurance contracts are recognized as expenses when they occur, except commissions to agents, which are deferred and amortized in proportion to the premium that originated it following the percentages established by the Superintendencia of Insurance. In accordance with IFRS, these costs must be deferred and recognized as expense using the straight-line method over the life of the related insurance contracts.
- ix) According to the accounting practices established and permitted by the Superintendencia of Insurance, property, furniture and equipment are recognized as such, regardless of their use. IFRS require that property, plant and equipment, which intention of use is to obtain income or goodwill, shall be considered investment property and therefore, their recognition and disclosure are different from the other assets being used in the operations of the Bank.
- x) IFRS require to perform a liability adequacy test. This test is basically a calculation based on a statistical methodology that determines if provisions recognized by the Bank are enough to cover possible commitments arising from current insurance contracts. The accounting practices of the Superintendencia of Insurance do not require this kind of provision.

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA,  
BANCO DE SERVICIOS MÚLTIPLES AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements (continued)

Amounts in Thousands of Dominican pesos (RD\$)

**2 Summary of significant accounting policies (continued)****2.1 Accounting basis of the consolidated financial statements (continued)****2.1.b Differences between the accounting practices issued and allowed by the Superintendence of Insurance and the Superintendence of Health and Labor Risk (SISALRIL, per its Spanish acronyms) and the Superintendence of Pensions of the Dominican Republic (SIPEN, per its Spanish acronyms) and IFRS (continued)**

- xi) The Superintendence of Insurance and the Superintendence of Health and Labor Risk require that short-term investments, highly liquid investments and investments easily convertible to cash to be classified as investments. However, IFRS require such investments to be classified as cash equivalents.
- xii) IFRS require that, if an entity maintains derivative financial instruments, to separate embedded derivative from the host contract and accounted for as a derivative if economic characteristic and risks of the embedded derivative are not closely related to the economic characteristic and risks of the host contract. Accounting practices established by the Superintendence of Insurance and the SISALRIL do not provide for guidance on accounting of derivatives financial instruments.
- xiii) The Superintendence of Insurance and the Superintendence of Health and Labor Risk allow that significant revenues and expenses that affect the consolidated financial statements of previous years, be recognized in retained earnings without restating the previous reported amounts of the consolidated financial statements. IFRS require these transactions to be recognized retroactively, correcting previously reported financial statements, including the presentation of the statements of financial position for the most recent three years.
- xiv) SIPEN requires that investments in commercial papers and certificates of deposits be classified as investments, regardless of their maturity. IFRS require that investments in these types of instruments to be classified as cash equivalents, when they are highly liquid instruments and their maturity is 90 days or less.
- xv) SIPEN requires that the administrators recognize their balances in foreign currency at the average cash purchase rate of commercial banks, published by the Central Bank of the Dominican Republic. IFRS require that the balances in foreign currency be converted to the last access rate that the Administrator had.
- xvi) SIPEN requires the Administrator to disclose its investments in securities by sector and by type of instrument. IFRS require additional disclosures that allow users of the consolidated financial statements to evaluate a) the importance of financial instruments in relation to the consolidated financial position and consolidated statements of the Bank and b) the nature and extent of the risks resulting from the financial instruments to which the Bank is exposed during the year and the reporting date and how the Bank handles those risks.

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA,  
BANCO DE SERVICIOS MÚLTIPLES AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements (continued)

Amounts in Thousands of Dominican pesos (RD\$)

**2 Summary of significant accounting policies (continued)****2.1 Accounting basis of the consolidated financial statements (continued)****2.1.b Differences between the accounting practices issued and allowed by the Superintendence of Insurance and the Superintendence of Health and Labor Risk (SISALRIL, per its Spanish acronyms) and the Superintendence of Pensions of the Dominican Republic (SIPEN, per its Spanish acronyms) and IFRS (continued)**

- xvii) IFRS require that if an entity maintains derivative financial instruments, they are separated from its host contract and recognize it separately, if the characteristics and risks of the host contract and the derivative are not closely related. The SIPEN does not have standards in place for the recognition and presentation of derivative financial instruments.
- xviii) SIPEN requires administrators to classify investments by type of issuers (public sector, financial institutions, companies and others) and that they are recognize at their cost-plus accrued interest; those acquired with premiums and discounts are recognized at amortized cost. IFRS 9 establishes three categories of debt instruments: amortized cost, fair value with changes through other comprehensive income (equity) and fair value with changes through profit or loss, and, consequently, they must be reported at cost or at fair value depending on the classification granted. This classification depends on the business model for managing financial assets and the characteristics of the contractual cash flows.
- xix) There are differences between the presentation and certain disclosures in the financial statements under IFRS to those required by the Superintendence of Insurance, the SISALRIL and SIPEN.

The Bank has not quantified the effects of these differences on the consolidated financial statements between accounting basis and IFRS.

**2.2 Use of estimates**

The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of income and expenses during the period.

The estimates are used primarily to account for allowance for risky assets, accounts and premium receivable, depreciation and amortization of long-term assets, impairment of long-term assets, current and deferred income tax, technical reserves for insurance and contingencies. Actual results may differ from those estimates.

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA,  
BANCO DE SERVICIOS MÚLTIPLES AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements (continued)

Amounts in Thousands of Dominican pesos (RD\$)

## 2 Summary of significant accounting policies (continued)

### 2.3 Consolidation

The consolidated financial statements include the figures of Banco de Reservas de la República Dominicana, Banco de Servicios Múltiples, and subsidiaries owned either directly or indirectly in more than 50 %. Additionally, Administradora de Riesgo de Salud Reservas, Inc., a non-profit entity whose net assets are included as other liabilities.

The entities included in the consolidated financial statements of Banco de Reservas de la República Dominicana, are Banco de Servicios Múltiples, Parent Company, and the following subsidiaries:

<u>Subsidiaries</u>	<u>Percentage of ownership (%)</u>
<i>Directly subsidiaries:</i>	
Tenedora Reservas, S. A. and Subsidiaries	97.74
Administradora de Riesgo de Salud Reservas, Inc.	-
<i>Indirectly subsidiaries:</i>	
Administradora de Fondos de de Pensiones Reservas, S. A.	98.50
Seguros Reservas, S. A.	98.50
Inmobiliaria Reservas, S. A.	99.99
Operadora de Zonas Francas Villa Esperanza, S.A.	99.99
Inversiones & Reservas, S. A.	100.00
Reservas Asistencia, S.A.S.	100.00
Fiduciaria Reservas, S. A.	100.00
Seguridad y Protección Institucional, S. A. (SEPROI)	100.00
Inversiones Finanprimas SB, S.A.S.	100.00
Sociedad Administradora de Fondos de Inversión Reservas, S. A.	100.00
Advanced Auto Technology, S.A.S.	100.00
Fideicomiso de Administración Factoring Gubernamental Reservas	<u>100.00</u>

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA,  
BANCO DE SERVICIOS MÚLTIPLES AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements (continued)

Amounts in Thousands of Dominican pesos (RD\$)

**2 Summary of significant accounting policies (continued)****2.3 Consolidation (continued)**

All these entities are located and incorporated under the laws of the Dominican Republic. There are differences among some of the accounting policies of the subsidiaries, which prepare their financial statements in accordance with the accounting practices issued by the Superintendence of Insurance, Pensions, Health and Labor Risk and Securities of the Dominican Republic.

The Superintendence of Banks approved the incorporation of the financial statements of these subsidiaries in the consolidated financial statements, without homogenizing its accounting practices to the ones followed by the Bank.

All intra-group balances and transactions among companies included in the consolidated financial statements, were eliminated on consolidation. The Superintendence of Banks authorized the Bank to not eliminate in the consolidation, the allowance for investment in subsidiaries.

*Banco de Reservas de la República Dominicana, Banco de Servicios Múltiples - Regulated by the Superintendence of Banks*

Banco de Reservas (Parent Company) is the main entity included in these consolidated financial statements. The Bank provides financial intermediation services such as loans, investments, deposits and financing to the Dominican Republic Government, its autonomous entities and the Dominican Republic state enterprises (public sector) and to privately owned enterprises and the general public (private sector).

*Administradora de Riesgo de Salud Reservas, Inc. - Regulated by the Superintendence of Health and Labor Risks of the Dominican Republic.*

A not-for-profit organization engaged in the management of health insurance plans, established by the National Council of Social Security, in accordance with Law No. 87-01 and its complementary regulations.

*Tenedora Reservas, S. A. and Subsidiaries*

Is the Parent Company of the following subsidiaries:

(a) *Seguros Reservas, S. A. - Regulated by the Superintendence of Insurance of the Dominican Republic.*

In accordance with Insurance Law No. 146-02, the company is authorized to operate in the industry of general and personal insurance in the country.

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA,  
BANCO DE SERVICIOS MÚLTIPLES AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements (continued)

Amounts in Thousands of Dominican pesos (RD\$)

**2 Summary of significant accounting policies (continued)****2.3 Consolidation (continued)**

(b) *Administradora de Fondos de Pensiones Reservas, S. A. (AFP, per its Spanish acronyms Reservas) - Regulated by the Superintendence of Pensions of the Dominican Republic.*

Entity engaged in the administration of pension funds of third parties or plans and pension funds of companies or associations that are entrusted for administration on the basis of specific contracts, in accordance with Law 87-01 that created the Dominican system of the Social Security and the complementary regulations to this law.

Currently, AFP Reservas manages Pension Fund T-1 AFP Reservas (Contributive), Pension Fund T-4 AFP Reservas (Distributive) and Pension Funds T-5 AFP Reservas (Social Solidarity), as provided by Law 87-01. The AFP is regulated by the Superintendence of Pensions of the Dominican Republic.

(c) *Inmobiliaria Reservas, S. A. and Subsidiary.*

Performs all type of real estate transactions, such as buying, selling, leasing, management and development of real estate properties.

The Subsidiary of Inmobiliaria Reservas, S. A. is Operadoras Zonas Francas Villa Esperanza, S. A., which is certified by the National Council of Export Free Zones and is engaged in leasing under the free zone regime.

(d) *Inversiones & Reservas, S. A. - Regulated by the Superintendence of Securities of the Dominican Republic.*

Inversiones & Reservas, S. A., was incorporated under the laws of the Dominican Republic. Its main purposes consist in buying and selling securities, exchange of securities, underwriting issuance of securities in part or as a whole, for subsequent trade to the public, promote the release of securities in public offerings and facilitate their placement and all those operations authorized by the Superintendence of Securities of the Dominican Republic.

(e) *Fiduciaria Reservas, S. A.*

Incorporated under the laws of the Dominican Republic. its main objective is to manage all types of business in accordance with Law 189-11. Mortgage Market Development and Trust in the Dominican Republic and all operations authorized by the Superintendence of Securities of the Dominican Republic.

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA,  
BANCO DE SERVICIOS MÚLTIPLES AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements (continued)

Amounts in Thousands of Dominican pesos (RD\$)

**2 Summary of significant accounting policies (continued)****2.3 Consolidation (continued)***(f) Seguridad y Protección Institucional, S. A. (SEPROI)*

Constituted under the laws of the Dominican Republic, its objective is to provide private security services, securities transport services, as well as any activity related to its objective.

*(g) Inversiones Finanprimas SB, S.A.S.*

Incorporated under the laws of the Dominican Republic, its main purpose is to provide financing to the insured parties of Seguros Banreservas, S. A., so they can obtain premiums of all types of insurance policies, as well as the efforts of collection and legal procedures and compulsive fees and other related services to both individual and corporate level.

*(h) Sociedad Administradora de Fondos de Inversión Reservas, S. A. - Regulated by the Superintendence of Securities of the Dominican Republic*

Incorporated under the laws of the Dominican Republic, its main objective is to manage investment funds in accordance with the provisions of the Securities Market Law and its complementary provisions and others determined by the authorities of the National Securities Council.

*(i) Advanced Auto Technology, S.A.S.*

Constituted according to the laws of the Dominican Republic, its main objective is to repair and maintain motor vehicles.

*(j) Fideicomiso de Administración Factoring Gubernamental Reservas*

Constituted according to the laws of the Dominican Republic, its main purpose is to perform factoring activities of invoices from MIPYMES.

**2.4 Loan portfolio**

Loans are recognized at their outstanding principal balance less the required allowance for loan losses.

For the purpose of determining the yield calculation for loans to cardholders, the Bank considers the average daily unpaid balance of the financed capital as the basis for the calculation.

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA,  
BANCO DE SERVICIOS MÚLTIPLES AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements (continued)

Amounts in Thousands of Dominican pesos (RD\$)

**2 Summary of significant accounting policies (continued)****2.4 Loan portfolio (continued)**

The Bank assigns the risk classification to the restructured loans considering what was in force at the time of restructuring the debt or that arising from the days of default of the loan at the time of restructuring, or the worst of both, according to the REA.

The risk classification of the restructured loan will be the classification assigned to all the debtor's credits within the same type of portfolio. An initial classification of no lower than "B" is assigned, which may be modified to a lower risk category, depending on the evolution of its payments up to the "A" classification, as long as it meets the conditions agreed in the contract. For major commercial debtors, additional to their payment capacity, payment behavior and country risk are evaluated, for any improvement in their risk classification. Furthermore, the Bank applies the arrears method to over 90 days past due loans, considering the total amount of principal past due when one installment payment has fallen into arrears.

The Bank suspends the accrual of interest on loans when past due for more than 90 days and 60 days for credit cards (see note 2.5.2).

During 2020, in order to lighten the financial burden of the debtors, and due to COVID-19 pandemic, the Bank implemented a relaxation program that granted a three-month grace period for the payment of installments for those loans with less than 30 days due date. This plan included the review of interest rates, charges, commissions and insurance.

Additionally, other measures of the relaxation plan include an extensive loan restructuring process with multiple clients which contains modifications in terms of payments, modifications in loan agreements, renegotiations of interest rates and delinquencies, exemptions in the payment of commissions, approval of personal loans for credit cards cancellation, grace period for the payment of interest for credit lines, grace period for the payments of loans to maturity and an acceptance document was made with these modified conditions with the customers, without deterioration of credit, operational and market risks that could result from the application of these measures.

**2.5 Determination of provisions to cover credit risks on loan losses in the loan portfolio, other assets and contingent operations****2.5.1 Allowance for loans portfolio**

The determination of allowance to cover uncollectibility risks of the loan portfolio is based on the criteria established in the REA issued by the Monetary Board of the Central Bank of the Dominican Republic.

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**2 Summary of significant accounting policies (continued)****2.5 Determination of provisions to cover credit risks on loan losses in the loan portfolio, other assets and contingent operations (continued)****2.5.1 Allowance for loans portfolio (continued)**

According to such regulation, the estimation of loan loss on the loan portfolio depends on the type of loan, which can be classified as: major commercial debtors, minor commercial debtors, microcredits, consumer and mortgage loans.

The estimation of the allowance for loan losses for major commercial debtors is based on a detailed quarterly review of each debtor's solvency, payment behavior and country risk performed by the Bank for 100 % of its major commercial debtors (subject to review by the Superintendence of Banks), using specific percentages based on debtor classification, except for loans to the Dominican Republic Central Government and other public institutions that, according to the provisions of the REA, will be classified as "A" and will not be subject to allowance requirements.

The major commercial debtors are classified quarterly considering a categorized analysis of each debtor based on their payment capacity, as established in the Asset Evaluation Regulation and evaluating other factors such as: liquidity indexes, profitability, leverage, analysis of market, historical payment behavior, country risk and alignment.

The guarantees, as a factor of security in the recovery of credit operations, are considered as a secondary element and are not taken into consideration in the classification of the debtor, although they do count in the calculation of the coverage of the provisions.

Major commercial debtors are those whose total credit operations owed in the financial system are equal to or greater than RD\$40,000, both at the individual and consolidated levels in the system.

The Assets Evaluation Regulation provides for the constitution of a 100 % allowance for the effect of fluctuation of the positive exchange rate on foreign currency debtor loans classified as D1, D2 and E, and with more than 90 days of delay.

For the recognition of provisions on medium-sized commercial debtors, a simplified evaluation is required considering operational losses and relation to adjusted assets, as well as payment history and guarantee levels. It is understood by adjusted equity, which for its determination considers the amounts of paid-in capital, reserves and retained earnings, premium on shares, contributions for future capitalizations and subordinated debt. Contributions for future capitalization will be considered as long as they are authorized in writing by the contributors for these purposes; recognizing in addition the condition that the funds contributed are not subject to refund.

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**2 Summary of significant accounting policies (continued)**

**2.5 Determination of provisions to cover credit risks on loan losses in the loan portfolio, other assets and contingent operations (continued)**

**2.5.1 Allowance for loans portfolio (continued)**

Medium-sized commercial debtors are those whose total credit operations owed to the financial system are equal to or greater than RD\$25,000 and less than RD\$40,000 both individually and consolidated in the financial system.

For the minor credits of commercial, microcredits, consumer and mortgage loans, the classification is determined based on the delinquency at the date of the classification of each one of the debtor's commercial operations, assigning an unique classification on its payment behavior, except for mortgage loans granted with resources freed from the legal reserve, and classified in risk category "A", with 0 (zero) constitution of allowance; weighting 0 % for purposes of the calculation of the solvency index in accordance with article 9 of the ninth resolution of the Monetary Board, dated May 30, 2019.

Collaterals are considered in the computation of the coverage of the necessary allowance.

For direct financing granted to the Dominican State or indirect funds that are guaranteed by this or with funds for the repayment of the debt coming from real flows recorded in the General State Budget Law, they will be classified "A" for payment capacity and will not be subject to allowance requirements.

Write-offs of loans consist of operations by which the uncollectible loans are removed from the balance sheet and are recognized only in memorandum accounts. When the financial institution does not have the total loan allowance, it should establish the amount before performing the write-off, in order to not affect the level of allowance required for other loans.

A loan may be written off, with or without a collateral, from the day in which the loan enters in a non-performing loan category, excluding related party loans with collaterals that can only be written-off when the Bank can prove that the legal procedures for recovery have been exhausted and the officers or managers directly related have been released from their duties. Loans written-off remain in memorandum accounts until are not exceeded through payment by the debtor.

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Notes to the Consolidated Financial Statements (continued)

Amounts in Thousands of Dominican pesos (RD\$)

**2 Summary of significant accounting policies (continued)****2.5 Determination of provisions to cover credit risks on loan losses in the loan portfolio, other assets and contingent operations (continued)****2.5.1 Allowance for loans portfolio (continued)**Relaxation measures (applicable for 2020)

Through the Second Resolution of the Monetary Board dated March 17, 2020 (modified by the Second Resolution of March 24 of the same year), measures were adopted to make the regulatory framework more flexible, with the aim of mitigating the impact of the effects caused by COVID-19 pandemic in the economy of the Dominican Republic and provide resources to financial intermediation entities so that they can maintain a proper flow of credits to the different sectors of the economy, preserving productive sectors and employment. In this regard, as established in Circular No. 014/20 of the Superintendence of Banks, dated June 17, 2020, financial intermediation entities should maintain frozen the allowance for loans determined with the reported risk classification of the loan as of March 31, 2021, according to numeral 1, literal b, of the Second Resolution of the Monetary Board of March 17, 2020.

For 2020, the amount determined as a frozen loan allowance (anchored) corresponds to the total loans allowance reported in the central risk report filed in March 2020. These loan allowance will be maintained without reversing due to the reduction of exposure to credit risk of those loans that are settled, paid or repaid on a regular basis, not having to reallocate the excess allowance to another loan or reclassify to another assets. These allowances will remain in effect until March 31, 2021.

As established in Circular No. 004/20 of the Superintendence of Banks dated March 25, 2020, restructured loans must maintain the same risk classification and provision at the time of restructuring. This allowance remained in effect until March 31, 2021.

The Monetary Board, in its Second Resolution dated March 17, 2020, established that the credits granted through resources released from legal reserve have a transitory regulatory treatment of risk classification category "A", with an allowance requirement of 0 % and weighting at 0 % in the calculation of the solvency ratio.

On April 16, 2020, this regulatory body issued its Third Resolution, which released legal reserve resources for financial intermediation entities to grant loans to MIPYMES and personal loans of up to 50 minimum salaries. The credits granted with these resources have the aforementioned special regulatory treatment until March 31, 2024.

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**2 Summary of significant accounting policies (continued)****2.5 Determination of provisions to cover credit risks on loan losses in the loan portfolio, other assets and contingent operations (continued)****2.5.1 Allowance for loans portfolio (continued)**Relaxation measures (applicable for 2020) (continued)

On May 6, 2020, the Monetary Board, through its First Resolution, enabled the liquidity window through repo with financial intermediation entities to grant loans for construction, manufacturing, agriculture, tourism and export sectors. The credits granted with these resources have a special regulatory treatment until May 31, 2021, with a risk classification of “A”, with a requirement of 0 % allowance and 0 % weighting in the solvency ratio calculation.

Likewise, the Monetary Board, through its Fourth and Second Resolution dated July 22 and October 8, 2020, respectively, created Rapid Liquidity Facility (FLR) window to grant financing to entities in productive sectors, households and MIPYMES through financial intermediation entities, in order to meet credit demands of these sectors and households in the locations that have been most affected by COVID-19 pandemic, such as hotels, bars, restaurants, construction, among others. Loans granted with these resources have the aforementioned special regulatory treatment, until July 31, 2021.

The Bank has established the minimum allowance required by the REA and, furthermore, recognized anti-cyclical allowances based on an internal methodology, which considers management of debtors credit risk, as well as the effects of COVID-19 according to the requirements of Circular 026/20 of October 9, 2020. These additional or anti-cyclical allowance were established in compliance with regulations of the Superintendence of Banks through its Circulars No. 030/20 and 001/21, and other related documents, which establish transitory guidelines for the recognition of anti-cyclical allowance.

The relaxation measures adopted by the Bank for the determination and recognition of anti-cyclical allowance, in accordance with provisions of Circular SB: 026/20, include: segmentation of loan portfolio, behavior analysis of retail portfolio since the beginning of COVID-19 pandemic, and definition of risk profiles, while for largest and medium-sized commercial debtors an alternative and complementary mechanism was implemented, defined by a scoring system based on factors and variables which allow explaining and classifying customers according to their risk profile, segregating of loan portfolio based on expected behavior as a result of the pandemic, as well as a continuous monitoring process of debtors, which were benefited with these relaxation measures, where traditional management for loans classified as COVID-A is continued, while specific follow-up actions were defined for the rest of the loan portfolio and frequency based on each debtor profile; a scoring system was established, which puts emphasize on elements that identify sources of risk in the current context through external and internal factors that affect the debtor.

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**2 Summary of significant accounting policies (continued)****2.5 Determination of provisions to cover credit risks on loan losses in the loan portfolio, other assets and contingent operations (continued)****2.5.1 Allowance for loans portfolio (continued)**New measures (applicable for 2021)

The Superintendence of Banks of the Dominican Republic, in its Circular No. 007/21 dated June 1<sup>st</sup>, 2021, established amendments to the Accounting Manual for Financial Institutions, related to anti-cyclical and additional allowances, enabling accounting accounts to recognize its. The circular states that financial institutions may use additional allowances for the computation of the secondary capital with the prior authorization of the aforementioned regulatory agency, and up to 1 % of risk-weighted assets and contingencies. According to Circular No. 006/21, dated March 31, 2021, financial intermediation entities that avail themselves of the new special regulatory treatment will not be able to use the additional allowances for the computation of secondary capital.

The Monetary Board, in its Second Resolution of March 18, 2021, established a special regulatory treatment for financial intermediation entities to constitute on a monthly basis, gradually, in a maximum period of 33 (thirty-three) months, starting on April 30, 2021 and until December 31, 2023, at a rate of at least 1/33 (one thirty-third) monthly, the allowances not constituted by previous regulatory provisions, corresponding to loans and interest receivable; as well as those new allowances that must be established during the term of the gradual process, due to the granting of new credits, the impairment of pre-existing loans or the loss of value of admissible guarantees. The anti-cyclical allowances constituted by the entities during the gradual period, due to the identification of potential risks in their loans due to variations in the economic cycle, will be used exclusively to absorb losses for the specific debtor loans that generated these allowances or others, which can require coverage in the event of shortages of allowances. The Superintendence of Banks, through Circular No. 006/21, dated March 31, 2021, established the operating guidelines for this gradual regulatory treatment. During 2021, the Bank chosed this gradual treatment; however, it has not used this treatment because it maintains an excess of the minimum required allowances, in accordance with the REA, during this period.

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**2 Summary of significant accounting policies (continued)****2.5 Determination of provisions to cover credit risks on loan losses in the loan portfolio, other assets and contingent operations (continued)****2.5.1 Allowance for loans portfolio (continued)***Collateral*

The collaterals that support credit operations are classified according to the REA, based on their multiple uses and facilities. Each type of collateral is considered as a secondary element for the calculation of the coverage of the provisions, based on an established admissible amount. The admissible collaterals will be accepted based on the percentages of discount established in this regulation and on their market value.

These are classified in:

*Multi-use collateral (multipurpose collateral)*

Multipurpose collaterals are considered to be not specific to an activity, but can be multipurpose, realizable, valuable, easy to execute, transferable without excessive costs and stable in value. These collaterals are considered between 50 % and 100 % of their appraised value for purposes of covering the risks they support, depending on the guarantee.

*Specific use collateral (non-multipurpose collateral)*

They are the collaterals backed by goods that, due to their difficult realization, generally cannot be used for different activities. These collaterals will only apply between 50 % and 60 % of the appraisal value for purposes of calculating the coverage of the risk they support.

Each classification of collateral is considered for calculating the amount of loan coverage based on a schedule table No. 5 established in the REA and its modifications.

Collaterals are measured at fair value, that is, at their net realizable value based on appraisals reports prepared by qualified and independent professionals. The appraisal report for this purpose should not be older than 18 months for personal property, excluding securities, and an aging not exceeding 24 months for real estate.

With the purposes of establishing the allowance of commercial, consumer and mortgage loans, the Bank adjusts the value of collateral by determining the portion covered and exposed, in order to establish the amount of the allowance to be recognized. In this manner, the initial classification is adjusted based on the criteria established in Matrix 6 of the REA.

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## **2 Summary of significant accounting policies (continued)**

### **2.5 Determination of provisions to cover credit risks on loan losses in the loan portfolio, other assets and contingent operations (continued)**

#### **2.5.1 Allowance for loans portfolio (continued)**

##### *Other considerations*

As of December 31, 2021 and 2020, the Bank has received waivers and no objections from the Central Bank of the Dominican Republic and the Superintendence of Banks to specifically recognize for and report on certain loans granted to specific sectors of the Dominican Republic economy, such as: contractors of priority works of the Dominican State, development of road network, low-cost housing construction sector, loans granted to some power generators and other operations linked to the sector, and some credits to the agricultural sector to be classified as "A" , with 0 % allowance requirement and 0 % weighting in the solvency ratio calculation.

#### **2.5.2 Allowance for interests receivable**

The allowance for current interests receivable, commercial and microenterprises is determined using specific percentages according to classification provided and considering the collateral for the related loan portfolio. The allowance for interests receivable from consumer and mortgage loans is based on specific percentages of each type based on the aging of balances established in the REA.

Interests receivable for loans with 90 days past due, except for credit card operations, are provided for at 100 %. In the case of credit card transactions, a 100 % allowance is made with 60 days past due. Such accounts are then maintained on a non-accrual basis, recognized as memorandum accounts and its interest are recognized as income only when collected.

#### **2.5.3 Allowance for other assets**

The REA establishes a maximum term for the disposal of assets received in lieu of foreclosure of loans of three years, starting 120 days from the date of adjudication of the asset, establishing a provision in accordance with the following criteria:

Movable goods:      100 %    Over two years, recognized on a straight-line basis starting on the seventh month.

Real estate:            100 %    Over three years, recognized on a straight-line basis starting on the thirteenth month.

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**2 Summary of significant accounting policies (continued)****2.5 Determination of provisions to cover credit risks on loan losses in the loan portfolio, other assets and contingent operations (continued)****2.5.3 Allowance for other assets (continued)**

The corresponding allowance to the loan portfolio for debtors, which collaterals have been received in lieu of foreclosure of loans, must be transferred to allowances for losses on assets received in lieu of foreclosure of loans. The allowance on assets received in lieu of foreclosure of loans that have been sold, released and/or transferred according to the requirements of allowance in other risky assets.

The impairment on the value of assets received in lieu of foreclosure of loans is computed as the difference between book value and fair value determined by independent appraisers and provisioned when determined.

**2.5.4 Allowance for contingencies**

The allowance for contingent operations, which is recognized as other liabilities, relates to allowances for commercial credit lines and unused credit card balances, among others. For commercial credit lines, it is determined in conjunction with the rest of the obligations of debtors' loan portfolio, based on the risk classification of the debtor and the deductible eligible collateral for the purposes of calculating the allowance.

For unused credit card balances, debtors classified in risk categories A and B, 20 % of the balance recognized as contingency will be considered as the basis for determining the allowance, while debtors classified in the rest of the risk categories will recognize the corresponding allowance based on the 100 % balance recorded as contingency.

The nature and amounts of contingencies are described in note 28 to the consolidated financial statements.

**2.6 Employee benefit cost****2.6.1 Bonuses and other benefits**

The Bank recognizes a provision for personal benefits to its employees such as bonuses, Christmas bonus, vacations and other benefits, among others, as incurred and in compliance with local laws and its own compensation plans.

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**2 Summary of significant accounting policies (continued)****2.6 Employee benefit cost (continued)****2.6.2 Defined benefits plan**

The Bank - Parent Company has a defined benefit pension plan for employees who worked at the Bank when the Social Security Law No. 87-01, which established the Social Security System of the Dominican Republic, was enacted on May 9, 2001.

The Bank's contribution to the plan is 17.5 % of the monthly salaries paid to officers and employees, as established in the statutes of the Pension Plan approved by the Board of Directors of the Bank.

The Bank's net obligation with respect to the defined benefit plans, is calculated by estimating the amount of future benefits that employees will have earned in current and previous periods, discounting that amount and deducting the fair value of plan's assets. The plan is managed under a separate equity fund.

Additionally, the Board of Directors approves certain pensions which are assumed by the Bank, to employees who do not meet the conditions to be included in the retirement and pension plan. These pensions are included in the determination of the Bank's actuarial obligation and a liability is recognized.

The calculation of the defined benefit obligation is annually performed by a qualified actuary, using the projected unit credit method.

**2.6.3 Defined contribution plan**

The Bank makes contributions to the mandatory pension plan, according to the Social Security Law No. 87-01, previously dated May 9, 2001, which created the Social Security System of the Dominican Republic. This system operates under an individual capitalization scheme and requires that individual contributions made by the employer and employee must be managed by the Pensions Funds Administrator (AFP, per its Spanish acronyms). The contributions made by the Bank are recognized as expenses when incurred. At the retirement age, the employees will receive from the AFP the amount of their contributions and of the employer plus the accrued income on their individual capital account.

**2.6.4 Severance indemnities**

The Labor Code of the Dominican Republic sets forth the payment of severance indemnities to employees whose contracts have been terminated without justified cause. The Bank recognizes as expenses the amounts paid for this concept at the time of the termination of employment contracts.

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**2 Summary of significant accounting policies (continued)****2.7 Outstanding securities and subordinated debts**

Outstanding securities comprises liabilities derived from the acquisition of public resources through the issuance of bonds, time certificates, and other securities issued by the Bank which are held by the public.

The Bank has subordinated debts relating to financing obtained in US dollars (\$) by issuing debt securities denominated "Subordinated Debt Notes," issued in the United States of America, and subordinated debt bonds in Dominican pesos (RD\$) issued in the Dominican Republic's market. The subordinated debts are initially recognized at fair value, net of transaction costs incurred, which are amortized on the straight-line method over the term of the debt.

Financial expenses resulting from interest, commissions, exchange differences and other financial charges arising from the aforementioned obligations are recognized and charged to profit or loss in the period in which they are incurred.

**2.8 Valuation of different types of investments****2.8.1 Investments in securities and allowances**

Investments are measured at cost less the required allowances, except for investments held as available for sale, which are recognized at fair value.

The Accounting Manual for Financial Institutions requires financial institutions to classify investments in trading, held to maturity, available-for-sale and other investment in debt instruments.

**Trading investments:** These are investments that entities hold, with the purpose of obtaining profits derived from the fluctuation in prices as market participants, which are listed on a stock exchange or other type of organized market. Trading investments are carried at fair value, and the changes in their values are recognized in the consolidated statements of profit or loss.

**Available-for-sale investments:** Includes investments held to achieve a reasonable return for their temporary surplus or investments that the Bank is willing to sell at any time and are quoted in an active or organized market. Available-for-sale investments are initially recognized at fair value and changes in fair value is recognized through equity as unrealized gains (losses) on available-for-sale investments.

**Held to maturity investments:** These are investments the Bank has the intent and ability to hold until maturity, are listed in an active and organized market and are recognized at amortized cost using the effective interest method. Premiums or discounts are amortized over the period of the instrument using the effective interest rate.

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**2 Summary of significant accounting policies (continued)****2.8 Valuation of different types of investments (continued)****2.8.1 Investments in securities and allowances (continued)**

Other investments in debt instruments: This category includes investments acquired in debt instruments, that because of their characteristics do not qualify for inclusion in the above categories and for which there is no active market. They are recognized at amortized cost using the effective interest method.

For domestic investments in debt securities, the amount of expected losses for impairment is determined based on the criteria used for the evaluation of major commercial debtors, in accordance with the provisions of the REA. For investments in debt securities in the international market, the amount of expected losses for impairment is determined based on risk ratings assigned by the international rating firms recognized by the Superintendence of Securities of the Dominican Republic or any other internationally recognized rating firm, applying the corresponding provision percentages according to the risk categories established by the REA.

Investments in the Central Bank of the Dominican Republic, debt securities of the Ministry of Finance and instruments issued or guaranteed by the Dominican Republic State, are considered risk-free; therefore, are not subject to a provision.

***Other considerations***

As of December 31, 2020, the Bank maintained a waiver from the Superintendence of Banks to classify with risk category “A” and requirement of 0 % of allowance, investments held by the Bank in debt instruments of the Dominican electric sector and road network development.

The type of security or financial instrument and its amount is presented in note 6.

**2.8.2 Investments in shares and allowances**

Investments in shares are carried out at the lower of cost and market value. If no market exists, they are recognized at cost less impairment, in which is evaluated the quality and solvency of the issuer by using the instructions of the REA, except for investments in affiliates which are recognized using the equity method, following the authorization of the Superintendence of Banks.

Allowances for investments in shares are determined following the same criteria as for major commercial debtor’s loan (see note 2.5.1).

The characteristics, constraints, nominal value, market value and number of investments in shares are presented in note 11.

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## **2 Summary of significant accounting policies (continued)**

### **2.9 Valuation of property, furniture and equipment and depreciation method used**

#### **2.9.1 Basis of recognition**

Property, furniture and equipment, except for land and buildings that existed as of December 31, 2004, are measured at cost less accumulated depreciation and impairment losses. Existing land and buildings as of December 31, 2004, are recognized at market value, determined by independent appraisers and those acquired after that date are carried out at their acquisition cost.

#### **2.9.2 Depreciation**

Depreciation is calculated using the straight-line method, which consists in the uniform distribution of the assets cost, over its estimated useful life.

The estimated useful life of property, furniture and equipment and leasehold improvements, is as follows:

<u>Description</u>	<u>Useful life in years</u>
Buildings	40
Furniture and office equipment	8
Transportation equipment	4
Computer equipment	5
ATMs	10
Leasehold improvements	<u>5</u>

#### **2.10 Valuation of assets received in lieu of foreclosure of loans**

Assets received in lieu of foreclosure of loans are carried at the lower of cost or:

- a) The value agreed upon payment in kind or the awarded price in a public auction.
- b) The market value at the date the assets were received.
- c) The outstanding balance of the loan plus interest and/or accounts receivable that are being cancelled.

The valuation allowance for these assets is determined following the criteria established by the Superintendence of Banks, as described in note 2.5.3.

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**2 Summary of significant accounting policies (continued)****2.11 Deferred charges and intangible assets**

Include prepaid income taxes, deferred income taxes and other prepaid expenses.

Other prepaid expenses are amortized during the period, in which the Bank receives the paid services. Computer programs must obtain the approval of the Superintendence of Banks.

**2.12 Assets and liabilities in foreign currency**

The amounts in the consolidated financial statements are presented in Dominican pesos (RD\$), which is the functional currency of the Bank. Assets and liabilities in foreign currencies are translated using the exchange rate set by the Central Bank of the Dominican Republic at the reporting date.

Transactions during the year and income and expenses are translated at the exchange rate at the date of the transaction. Resulting gains or losses of the translation of assets and liabilities in foreign currency are recognized as “Income (expense) from net foreign exchange rate” in the accompanying consolidated statements of profit or loss.

**2.13 Revenue recognition and most significant expenditures****2.13.1 Banks’ revenue recognition and expenditures*****Financial income and expenses***

The Bank recognizes interest income on loans and investments under the accrual method. Loan interests are calculated using the simple interest method on outstanding capital amounts.

Interests on loans are no longer recognized when a loan is 90 days past due, except for credit card balances, which are placed on non-accrual status after 60 days. From these dates forward, they are recorded in a memorandum account. Once placed in non-accrual status the interest is recognized as income only when collected.

Interest on investments is recognized based on the outstanding balance of the investment. Premium and discounts on the acquisition of these investments are amortized over the life of the investment as part of interest income.

Interest expenses are recognized in the consolidated statement of profit or loss, based on the accumulation of simple interest, except those corresponding to savings accounts and certificate of deposits with capitalized returns, which are accumulated using the compound interest method (applied to the minimum balance for savings accounts).

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**2 Summary of significant accounting policies (continued)****2.13 Revenue recognition and most significant expenditures (continued)****2.13.1 Banks' revenue recognition and expenditures (continued)***Financial income and expenses (continued)*

Expenses corresponding to interest on obligations for securities repurchase agreements are recognized in the period in which they are accrued.

Costs directly related to the issuance of subordinated debts are deferred and amortized and recognized as operational expense using the straight-line method over the term period.

*Income on sale of investments in debt instruments*

Income from disposal of other investments in debt instruments, are recognized in the consolidated statements of profit or loss, as the difference between the amounts received from the sale and the carrying amount of the instruments when the risks and rewards associated with the investment have been transferred to the buyer.

For investments classified as available for sale at the time of derecognition, accumulated gains and losses in equity are reclassified to profit or loss.

*Other income and other operating expenses*

Other operating income are recognized when earned and other operating expense when incurred. Commission income and other services resulting from managing accounts, money orders and transfers, guarantees and endorsements, purchase and sale of foreign currencies, credit cards, use of ATMs and POS, third party collections and others, are recognized on the accrual basis when the services have been provided to the clients.

*Other income and expenses*

Other income resulting from operations, property leases, sales of real estate and others are recognized when earned and other expenses when generated.

Other income from the recovery of written-off assets and decrease in provision for risky assets are recognized when collected.

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA,  
BANCO DE SERVICIOS MÚLTIPLES AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements (continued)

Amounts in Thousands of Dominican pesos (RD\$)

**2 Summary of significant accounting policies (continued)****2.13 Revenue recognition and most significant expenditures (continued)****2.13.2 Revenue recognition of insurance companies**

The most important insurance contracts issued by the subsidiary Seguros Reservas, S. A., are as follows:

- (a) Short-term insurance contracts - These are annual, semi-annual or quarterly contracts with renewable options issued by the insurance company that cover personal risks and are recognized as income when invoiced.
- (b) General insurance contracts - Premiums on these contracts are earned at the time of their underwriting which coincides with the commencement of the term of the contract. Premiums that have been underwritten before the commencement of the term of the contract, are unearned and not recognized in the consolidated financial statements.

Premiums ceded in reinsurance are recognized when premium income is recognized too, based on the conditions established and agreed with the reinsurers. Premiums receivable that could be uncollectible, reduce the related income of the period, as a cancellation.

**2.13.3 Revenues from the Administrator of Pension Funds**

The subsidiary AFP Reservas receives revenues from its affiliates and employers for the monthly administrative commission, supplementary commission and annual commission for managed balance, as well as for optional services offered.

Until February 2020, revenue from administration commission received from Fund T-1 (Contributory) and Fund T-4 (Distribution) was recognized when dispersion of resources in the accounts of the Administrator is made based on 0.5 % of contributory salary.

The commission revenue for managed balance corresponds to 1.20 % of the net equity of the Pension Funds up to 0.75 % in the next 10 years, these apply to Funds T-1 (Contributory) and T-4 (Payment), for T-5 Fund (Solidarity Social) it is 0.10 %. The monthly collections of the complementary annual commission are made based on 100 % of net equity of the immediately previous month, following the guidelines of Resolution No. 419-20.

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA,  
BANCO DE SERVICIOS MÚLTIPLES AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements (continued)

Amounts in Thousands of Dominican pesos (RD\$)

**2 Summary of significant accounting policies (continued)****2.13 Revenue recognition and most significant expenditures (continued)****2.13.4 Revenues for services to the Health Insurance Administrator (ARS, per its Spanish acronym)**

The ARS recognizes revenues for services, resulting from basic, complementary, medical care coverage for traffic accidents and voluntary and independent plans when the monthly coverage of the managed service plans begins.

**2.13.5 Revenues from real estate**

Revenues from sales of apartments, houses and land are recognized when payments are received, including the down payment and subsequent payments, provide sufficient evidence of commitment by the buyer to pay in full the outstanding balance, which usually occurs when the client has paid a substantial part of the agreed price and the risks and benefits associated with the properties sold have been transferred to the buyer. Cash received from sales of lots that do not meet the conditions of revenue recognition described above, are recognized as deposits received from customers under other liabilities in the accompanying consolidated balance sheet until such conditions are met.

Income from leasing of industrial buildings and electrical substations are recognized on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total lease income over the lease period. All other income is recognized on the accrual basis when the service is rendered.

**2.13.6 Revenues from brokerage services**

Revenues from services are recognized in proportion to the level of progress of the service rendered, which is measured by the time invested in relation to the total time budgeted to provide the service.

**2.13.7 Management fees**

Revenue recognition from management fees on trust operations varies depending on the conditions agreed in each managed trust.

In the case of fixed income commissions, revenue is recognized on the straight line basis during the period of time covering the payment of each installment. In cases of revenues from commissions earned on the basis of performance or sales of managed funds, revenue is recognized at the end of each month when their values can be measured reliably.

Revenue from trust structuring are recognized in proportion to the level of the service progress, which is measured under the time invested in relation to the total time budgeted to provide the service.

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA,  
BANCO DE SERVICIOS MÚLTIPLES AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements (continued)

Amounts in Thousands of Dominican pesos (RD\$)

**2 Summary of significant accounting policies (continued)****2.14 Leases**

Leases, where the lessee has substantially all the risks and rights of ownership, are classified as operating leases. Payments made by the Bank under these leases are recognized as they are accrued in the consolidated profit or loss of the year in which they are incurred and based on the periods established in the lease agreements.

The subsidiaries Seguros Reservas, S. A., Fiduciaria Reservas, S. A., Administradora de Riesgos de Salud Reservas, Inc., Inversiones & Reservas, S. A. and Sociedad Administradora de Fondos de Inversión Reservas, S. A., have applied IFRS 16 *Leases* using the modified retrospective approach and, therefore, comparative information has not been restated.

At inception of a contract, the subsidiaries assess whether a contract is, or contains, a lease. A contract is, or contains a lease, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the subsidiaries use the definition of a lease in IFRS 16.

At commencement or on modification of a contract that contains a lease component, the subsidiaries allocate the consideration in the contract to each lease component on the basis of its relative stand-alone prices. The subsidiaries Seguros Reservas, S. A., Fiduciaria Reservas, S. A., Administradora de Riesgos de Salud Reservas, Inc., Inversiones & Reservas, S. A. and Sociedad Administradora de Fondos de Inversión Reservas, S. A., recognize a right-of-use asset and a lease liability at the lease commencement date.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the subsidiaries Seguros Reservas, S. A., Fiduciaria Reservas, S. A., Administradora de Riesgos de Salud Reservas, Inc., Inversiones & Reservas, S. A. and Sociedad Administradora de Fondos de Inversión Reservas, S. A., by the end of the lease term or the cost of the right-of-use asset reflects that they will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA,  
BANCO DE SERVICIOS MÚLTIPLES AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements (continued)

Amounts in Thousands of Dominican pesos (RD\$)

**2 Summary of significant accounting policies (continued)****2.14 Leases (continued)**

The lease liability is initially measured at the present value of the lease payments that not paid at the commencement date, discounted using the incremental borrowing interest rate of the subsidiaries Seguros Reservas, S. A., Fiduciaria Reservas, S. A., Administradora de Riesgos de Salud Reservas, Inc., Inversiones & Reservas, S. A. and Sociedad Administradora de Fondos de Inversión Reservas, S. A. Generally, their incremental interest rate as a discount rate.

The subsidiaries Seguros Reservas, S. A., Fiduciaria Reservas, S. A., Administradora de Riesgos de Salud Reservas, Inc., Inversiones & Reservas, S. A. and Sociedad Administradora de Fondos de Inversión Reservas, S. A., determine their incremental interest rate by obtaining interest rates from various external financing sources and make certain adjustments to reflect the terms of the lease and type of the leased asset.

Lease payments included in the measurement of lease liability comprise fixed payments, including fixed payments in substance. If it exists, the following are included:

Variable lease payments, which are dependent on an index or rate, initially measured using the index or rate as the commencement date.

The amount expected to be paid under a residual value guarantee.

The exercise price under a purchase option that the subsidiaries Seguros Reservas, S. A., Fiduciaria Reservas, S. A., Administradora de Riesgos de Salud Reservas, Inc., Inversiones & Reservas, S. A. and Sociedad Administradora de Fondos de Inversión Reservas, S. A. are reasonably certain to exercise, lease payments in an optional renewal period, if the they are reasonably certain to exercise an extension option, and penalties for early termination of a lease, unless they are reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in a rate, if there is a change in the Bank's estimate of the amount expected to be payable under a residual value guarantee, if the Bank changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recognized in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA,  
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Notes to the Consolidated Financial Statements (continued)

Amounts in Thousands of Dominican pesos (RD\$)

**2 Summary of significant accounting policies (continued)****2.14 Leases (continued)**

The subsidiaries Seguros Reservas, S. A., Fiduciaria Reservas, S. A., Administradora de Riesgos de Salud Reservas, Inc., Inversiones & Reservas, S. A. and Sociedad Administradora de Fondos de Inversión Reservas, S. A. present right-of-use assets that do not meet the definition of investment property in property, plant and equipment and lease liabilities in other liabilities in the consolidated balance sheets.

***Short-term leases and leases of low-value assets***

The subsidiaries Seguros Reservas, S. A., Fiduciaria Reservas, S. A., Administradora de Riesgos de Salud Reservas, Inc., Inversiones & Reservas, S. A. and Sociedad Administradora de Fondos de Inversión Reservas, S. A. have elected not to recognize right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. They recognize the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The assets held in leases by the subsidiaries Seguros Reservas, S. A., Fiduciaria Reservas, S. A., Administradora de Riesgos de Salud Reservas, Inc., Inversiones & Reservas, S. A. and Sociedad Administradora de Fondos de Inversión Reservas, S. A. were classified as operating leases and were not recognized in the consolidated balance sheets.

Payments made under operating leases were recognized in the consolidated statements of income on a straight-line basis over the term of the lease. Lease incentives received were recognized as an integral part of the total lease expense over the term of the lease.

**2.15 Provisions**

Except as indicated in note 2.5, the Bank recognizes a provision if, as a result of a past event, it has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

**2.16 Income tax**

According to its Organic Law, Banco de Reservas de la República Dominicana, Banco de Servicios Múltiples, is exempt from income tax payment; however, the Bank calculates and voluntarily pays income tax following some guidelines and special criteria of the Tax Code, considering that the final beneficiary is also the Dominican Government.

Furthermore, the Bank considers the tax effects in transactions during the year they are included in profit or loss for tax purposes.

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA,  
BANCO DE SERVICIOS MÚLTIPLES AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements (continued)

Amounts in Thousands of Dominican pesos (RD\$)

**2 Summary of significant accounting policies (continued)****2.16 Income tax (continued)**

In accordance with Law No. 8-90 and Resolution No. 08-15-PPO-P of the National Council of free zones, the subsidiary Operadora de Zonas Francas Villa Esperanza, S. A. is exempt from payment of import tax, customs duties, income tax, and other related taxes, for a period of 15 years until 2030. The remaining subsidiaries of the Bank are subject to payment of income tax, for which, the tax effects of the transactions are recognized in the year in which they occurred, regardless of when they are recognized for tax purposes.

Total expense resulting from income tax payment is recognized in the consolidated statement of profit or loss.

Deferred income tax is not recognized because the Bank's management cannot guarantee that items that originated them may be deductible in the future.

In the case of other companies included in consolidation, deferred taxes are recognized for the expected tax consequences of temporary differences between the carrying amounts of assets and liabilities and the amounts used for tax purposes.

Deferred tax assets in respect of temporary differences are recognized to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized; this reduction shall be reversed to the extent it becomes probable that sufficient taxable profit will be available.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences in the period they are reversed, based on the laws that have been enacted or substantively enacted at the consolidated balance sheet.

**2.17 Financial instruments**

A financial instrument is defined as cash, evidence of ownership or interest in an entity, or a contract that creates a contractual obligation or right to pay or receive cash or another financial instrument from a second entity in terms potentially favorable to the first entity.

The estimated fair market values of the financial instruments of the Bank, carrying amounts and methodologies used to estimate them are described below:

***Short-term financial instruments***

The carrying amounts of short-term financial instruments, for both assets and liabilities, are similar to its book value as reflected in the Bank's consolidated balance sheet, because of the relatively short-term period of time between the origination of the instruments and their subsequent realization.

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA,  
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Notes to the Consolidated Financial Statements (continued)

Amounts in Thousands of Dominican pesos (RD\$)

**2 Summary of significant accounting policies (continued)****2.17 Financial instruments (continued)*****Short-term financial instruments (continued)***

This category includes available funds, certificate of deposits in other banks, investment in securities and shares, bank acceptances, customer's liability acceptances, interests receivable, deposits from domestic and foreign financial institutions, borrowed funds, outstanding acceptances and interests payable.

***Investment in securities and shares***

The fair value of investments in securities classified as other investments in debt instruments and in shares, are estimated based on the adjusted carrying value net of impairment, which are determined according to the guidelines issued by the Superintendence of Banks, since there is no active security market in the Dominican Republic that can provide market values.

Investments classified as available for sale are measured at fair value, which is determined by comparison considering current or recent quoted prices for similar instruments in the organized market. The gain and/or loss generated by changes in its fair value are recognized as unrealized gain or loss in equity. Interest income calculated under the effective interest method, foreign currency translation gains and losses and impairment are recognized in profit or loss.

At the time of derecognition, accumulated gains and losses in equity are reclassified to profit or loss.

***Outstanding securities***

It was not possible to estimate the market value of outstanding securities because there is no active market for these instruments in the Dominican Republic.

***Loan portfolio***

The loan portfolio is measured at book value, adjusted for loan loss allowance as established by the regulatory authorities. Loans are segregated by type such as commercial, residential mortgage, consumer and credit cards.

***Interest on financial assets and liabilities***

Interest earned on financial assets is recognized under the accrual method using the simple interest method, based on outstanding amounts of principal. Interest expense on financial liabilities is also recognized using the same method.

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA,  
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Notes to the Consolidated Financial Statements (continued)

Amounts in Thousands of Dominican pesos (RD\$)

**2 Summary of significant accounting policies (continued)****2.17 Financial instruments (continued)***Currency futures contracts*

Future currency purchase or sale contracts are recognized as assets or liabilities for the difference between the agreed rate and the prevailing exchange rate determined on the date the exchange will occur in accordance with Circular Letter CC/07/10, issued by the Superintendence of Banks dated May 26, 2010.

**2.18 Derecognition of financial assets**

Financial assets are derecognized when the Bank loses control and all contractual rights of the assets. This occurs when the rights are sold, expire or are transferred.

**2.19 Impairment of assets**

The Bank reviews all long-lived assets and identified intangibles to determine if events or changes in circumstances indicate that the carrying amounts of these assets will be recovered from operations.

The recoverable amount of an asset maintained and used in operations, is measured by comparing the carrying amount of the assets with the higher of the market value and the net discounted expected cash flows to be generated by that asset in the future. If, after making such comparison, it is determined that the assets values have been negatively affected, the amount to be recognized as a loss will be the excess of the carrying amount over the fair value of the asset and such loss is recognized in net profit of the year when determined.

**2.20 Contingencies**

The Bank considers as contingent obligations those operations in which it has assumed credit risks and which, depending on future events, may become direct obligations of the Bank with third parties.

**2.21 Accounts receivable**

Accounts receivable are measured at amortized cost, net of any impairment loss. The allowance for doubtful accounts is recognized through a charge to expense account for losses resulting from doubtful accounts. These receivables are charged to earnings when management determines that collectability is doubtful based on installments made, client's payment history and evaluation of collaterals, if they exist.

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA,  
BANCO DE SERVICIOS MÚLTIPLES AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements (continued)

Amounts in Thousands of Dominican pesos (RD\$)

**2 Summary of significant accounting policies (continued)****2.22 Distribution of dividends**

The Bank pays dividends based on the results of their operations in accordance with the decisions of the Board of Directors' meeting. As established by Resolution No. 12-2001 dated December 5, 2001, issued by the Superintendence of Banks, which provides the allowed maximum amount of dividends to be distributed among the shareholders, should not be greater than the amount of the retained earning calculated on cash basis and considering what is established by the Bank's Organic Law No. 6133 and its amendments (see note 26).

In accordance with Circular No. 006/21, dated March 31, 2021, and other related documents, the financial intermediation entities that advantage of the new special regulatory treatment for the recognition and constitution of allowances, while included in this treatment, may not distribute dividends in cash to its shareholders, unless the following conditions are met:

- ◆ Prior no objection from the Superintendence of Banks when net profits for the year are recognized in exceed of the allowances to be deferred.
- ◆ The distributable dividends may not exceed the difference between the profits obtained and the allowances to be deferred.

**2.23 Revaluation surplus**

Revaluation surplus is the difference between the value appraised by independent appraisers and the carrying amount of land and buildings at the time of revaluation, net of the corresponding depreciation.

**2.24 Mathematical and technical reserves - life insurance and collective insurance**

The insurance subsidiary Seguros Reservas, S. A. (the Company) determines the mathematical and technical reserves on the basis of net premiums and considers mortality tables and interest used by the company, and consist of the amount equivalent to the difference between the present value of the company's obligation towards the insured and the present value of the insured obligations towards the company, which is determined based on actuarial calculations. Resolutions 293-09 and 294-09, changed the basis for calculating these provisions, considering the indexed salary which should be determined in accordance with changes in the consumer price index reported by the Central Bank of the Dominican Republic, when the application of this basis results in a lower amount, the original basis of calculation should be maintained. Reserves for outstanding casualty claims regarding disability and survivorship should amount to 45 % of the estimated actuarial reserve.

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA,  
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Notes to the Consolidated Financial Statements (continued)

Amounts in Thousands of Dominican pesos (RD\$)

**2 Summary of significant accounting policies (continued)**

**2.24 Mathematical and technical reserves - life insurance and collective insurance (continued)**

As established in article 141 of Law No. 146-02 on Insurance and Guarantees of the Dominican Republic, technical reserves for collective life, personal accident and health insurance are calculated on the basis of the following specific percentages:

Collective life, personal accidents and health insurances, provided premiums are collected on a monthly basis	5 %
Personal accidents when the premium is collected in monthly terms	40 %
Survivorship and disability	<u>5 %</u>

**2.25 Reserves for unearned insurance premiums, commissions on unearned reinsurance premiums and unearned commissions on ceded reinsurance premiums**

The reserves of unearned premiums, commissions on unearned premiums and unearned commissions on ceded reinsurance premiums, are determined based on fixed percentages established by the Superintendence of Insurance in Law No. 146-02, which are detailed as follow:

Transportation and freight insurance	15 %
Bank guarantees	40 %
For other insurances	<u>40 %</u>

**2.26 Specific reserves**

Claims for insurance contracts that are pending for settlement or payment at the date of the financial statements are recognized as specific reserves.

**2.27 Amortization of non-proportional contracts - catastrophic premiums**

Non-proportional (catastrophic) contracts have a term from July 1<sup>st</sup> to June 30 of the following year. Premiums paid on these contracts are amortized on a straight-line basis.

**2.28 Incurred but not reported claims (IBNR)**

This reserve represents the amount of claims that have occurred at the reporting date but have not been reported to the ARS. Resolution No. 163-2009 of the Superintendence of Health and Labor Risks, states that the Bank should calculate the IBNR reserve based on 10 % of the claims incurred during the current period less the claims incurred from prior year.

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA,  
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Notes to the Consolidated Financial Statements (continued)

Amounts in Thousands of Dominican pesos (RD\$)

## 2 Summary of significant accounting policies (continued)

### 2.29 Segment reporting

A business segment is a group of assets and operations that are responsible for providing products or services which are subject to risks and returns that are different from those of other business segments. Geographic segments provide products or services within a particular economic environment that is subject to risk and rewards that are different to other segments in another economic environment.

### 2.30 Transactions with repurchase or resale agreement (repurchase agreements)

Securities that are purchased under resale agreements and securities that are sold under repurchase agreements are generally treated as secured financial transactions.

Therefore, the securities received or transferred are not recognized in the balance sheet if control over the contractual rights attached to the securities is not received or transferred. In purchases with a resale agreement, the cash paid, and the accrued interest are recognized as asset in the balance sheet. Cash received and accrued interest on repurchase agreement sales are recognized as a liability.

## 3 Transactions in foreign currency and exposure to exchange risk

The consolidated balance sheets, include the rights and obligations in foreign currency, which balance includes the amount of conversion into local currency by the amount summarized below:

	2022		2021	
	Amount in foreign currency \$	Total in RD\$	Amount in foreign currency \$	Total in RD\$
<b>Assets</b>				
Available funds	1,859,741	102,140,546	1,767,116	100,975,305
Investments	1,311,123	72,009,391	1,223,050	69,886,667
Loan portfolio, net	984,451	54,067,899	1,015,362	58,019,110
Debtors by acceptances	530	29,105	962	54,989
Accounts receivable	37,094	2,037,263	48,825	2,789,949
Derivatives	4,645	255,102	1,417	80,958
Other assets	43	2,357	142	8,093
Contingencies (a)	-	-	460,000	26,284,998
Total assets	4,197,627	230,541,663	4,516,874	258,100,069
<b>Liabilities</b>				
Customers' deposits	3,236,635	177,762,125	2,989,646	170,832,228
Deposits from domestic and foreign financial institutions	96,841	5,318,676	184,318	10,532,177
Borrowed funds	890,657	48,916,589	652,479	37,283,519
Outstanding acceptances	530	29,105	962	54,989
Derivatives	19,199	1,054,455	-	-
Subordinated debts	302,936	16,637,837	308,365	17,620,354
Other liabilities	38,875	2,135,092	38,547	2,202,627

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA,  
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Notes to the Consolidated Financial Statements (continued)

Amounts in Thousands of Dominican pesos (RD\$)

**3 Transactions in foreign currency and exposure to exchange risk (continued)**

	2022		2021	
	Amount in foreign currency \$	Total in RD\$	Amount in foreign currency \$	Total in RD\$
Creditors for insurance and bonds	1,330	73,055	3,475	198,569
Technical reserves	4,019	220,743	2,639	150,802
Contingencies (b)	-	-	<u>260,000</u>	<u>14,856,738</u>
Total liabilities	<u>4,591,022</u>	<u>252,147,677</u>	<u>4,440,431</u>	<u>253,732,003</u>
Long (short) position in foreign currency	<u><b>(393,395)</b></u>	<u><b>(21,606,014)</b></u>	<u><b>76,443</b></u>	<u><b>4,368,066</b></u>

- (a) Corresponds to the nominal value of the operation through a "Forward Foreign Exchange Contracts" with the Central Bank of the Dominican Republic (BCRD, per its Spanish acronyms), for which the Bank purchased to the BCRD, as of December 31, 2021, the amount of \$460,000 for the Primary Currency Market Brokers program, and will be exchanged for Dominican pesos (RD\$) at the exchange rate in force at the date, for each \$1, offering the BCRD foreign exchange hedge on the exchange amount of the currencies agreed upon, for the difference between the rate of the original operation and the exchange rate of sale of the BCRD in effect on each date of coverage.
- (b) Corresponds to the nominal value of the operation through a "term exchange hedging contract" with the Central Bank of the Dominican Republic (BCRD), for which the Bank sold, as of December 31, 2021, the sum of \$260,000, for the program of Primary Brokers of the Foreign Exchange Market, which were exchanged for Dominican pesos (RD\$), at the rate in effect on the coverage date of each US dollar (\$); offering the BCRD exchange coverage on the amount of the exchange of the agreed currencies for the difference between the rate of the original operation and the sale exchange rate of the BCRD in force on the coverage date.

The accounting and presentation of these transactions were made in accordance with Circular Letter CC/07/10 issued by the Superintendence of Banks dated May 26, 2010.

As of March 31, 2022 and December 31, 2021, the exchange rates used by the Bank was RD\$54.9219 and RD\$57.1413, respectively.

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA,  
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Notes to the Consolidated Financial Statements (continued)

Amounts in Thousands of Dominican pesos (RD\$)

#### 4 Cash and cash equivalents

Cash and cash equivalents are summarized as follows:

	<u>2022</u>	<u>2021</u>
Cash on hand (a)	9,813,694	11,316,074
Central Bank of the Dominican Republic (b)	143,548,109	159,551,849
Local banks (c)	330,890	607,900
Foreign banks (d)	29,874,820	23,470,945
Cash equivalent (e)	603,990	193,330
Interests receivable (f)	<u>150,734</u>	<u>141</u>
	<b><u>184,322,237</u></b>	<b><u>195,140,239</u></b>

(a) Includes \$45,238 in 2022 and \$73,281 in 2021.

(b) Includes \$1,261,376 in 2022 and \$1,280,841 in 2021.

(c) Includes \$7,909 in 2022 and \$1,718 in 2021.

(d) Includes \$543,951 in 2022 and \$410,753 in 2021.

(e) Represents effects received from other banks pending collection in the Clearing House. As of March 31, 2022 includes \$1,171 and \$521 in December 31 2021.

(f) Corresponds to \$96 in 2022 and \$2 in 2021 pending to be collected.

The required legal reserve amounts to RD\$57,902,705 and \$672,324 for March 31, 2022 and RD\$57,783,398 and \$637,561 for December 31, 2021. For hedging purposes, the Bank maintains cash in the BCRD for RD\$58,766,003 and \$975,887 for March 31, 2022 and RD\$58,244,624 and \$753,068 for December 31, 2021. The Bank also maintains a loan portfolio in productive sectors as of March 31, 2022 and December 31, 2021 for RD\$15,029,471 and RD\$15,951,581, respectively.

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA,  
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Notes to the Consolidated Financial Statements (continued)

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## 5 Interbank funds

The movements of interbank funds received and granted during the years ended March 31, 2022 and December 31, 2021, is as follows:

Entity	Interbank assets			
	Quantity	Amount in RD\$	No. of days	Percentage of weighted average rate (%)
<b>March 31, 2022</b>				
Banco Múltiple BHD León, S. A.	3	3,000,000	8	4.75
Citibank, N. A.	<u>4</u>	<u>3,800,000</u>	8	<u>5.49</u>
	<u><b>7</b></u>	<u><b>6,800,000</b></u>		
<b>December 31, 2021</b>				
Banco Múltiple Lafise, S. A.	<u>1</u>	<u>100,000</u>	7	<u>3.60</u>
	<u><b>1</b></u>	<u><b>100,000</b></u>		

As of March 31, 2022 and December 31, 2021, the Bank negotiated interbank funds with different financial institutions; however, as of March 31, 2022 and December 31, 2021, there are no pending balances in interbank funds.

## 6 Investments

As of March 31, 2022 and December 31, 2021, the Bank's investments classified as other investments in debt instruments, are as follows:

a) *At fair value with changes in profit or loss:*

Type of investment	Issuer	Amount in RD\$	Valuation Methodology (active market/ technical)	Interest rate	Maturity
<b>March 31, 2022</b>					
Bills	Central Bank of the Dominican Republic	23,352	Active market		2023

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA,  
BANCO DE SERVICIOS MÚLTIPLES AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements (continued)

Amounts in Thousands of Dominican pesos (RD\$)

## 6 Investments (continued)

*a) At fair value with changes in profit or loss: (continued)*

Type of investment	Issuer	Amount in RD\$	Valuation	Interest rate	Maturity
			Methodology (active market/ technical)		
<b>March 31, 2022</b>					
Notes	Central Bank of the Dominican Republic	518,304	Active market	9.49 %	2022 until 2026
Bonds	Ministry of Finance of the Dominican Republic (includes \$9,412)	796,419	Active market	10.47 %	2022 until 2026
Trust values	Fideicomiso de oferta pública Larimar (corresponds to \$527)	28,939		5.15 %	2036
Trust values	Fideicomiso de valores Rica	22,537		variable	2049
Corporate bonds	Empresa generadora de electricidad ITABO, S. A. (corresponds to \$1,829)	100,443		5.15 %	2032
Corporate bonds	Asociación Popular de Ahorros y Préstamos	54,972	Active market	10.00 %	2026
Corporate bonds	Acero Estrella, S.R.L.	870	Active market	11.44 %	2030
Corporate bonds	Ingeniería Estrella, S.R.L.	18,334	Active market	8.00 %	2031
Corporate bonds	Consortio Minero Dominicano, S. A.	5,345	Active market	11.40 %	2029
Quote of participation	Fondo de Energía Sostenible JMMB (corresponds to \$2,060)	113,146		variable	undefined
Quote of participation	Fondo de Inversión Cerrado Inmobiliario Excel II (corresponds to \$1,013)	55,658		variable	undefined
Quote of participation	Fondo Inmobiliario Cerrado JMMB (corresponds to \$1,084)	59,541		variable	undefined
Quote of participation	Fondo Mutuo Largo Plazo Reservas Caoba (corresponds to \$1,005)	<u>55,227</u>		1.66 %	undefined
	Subtotal	1,853,087			
	Interests receivable, (includes \$113)	<u>32,352</u>			
	<b>Total</b>	<b><u>1,885,439</u></b>			

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA,  
BANCO DE SERVICIOS MÚLTIPLES AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements (continued)

Amounts in Thousands of Dominican pesos (RD\$)

## 6 Investments (continued)

*b) At fair value with changes in equity:*

<u>Type of investment</u>	<u>Issuer</u>	<u>Amount in RD\$</u>	<u>Valuation Methodology (active market/ technical)</u>	<u>Interest rate</u>	<u>Maturity</u>
<b>March 31, 2022</b>					
Bonds Law No. 05-06, 361-11 175-12, 58-13, 143-13, 151-14, 152-14, 548-14, 331-15, 693-16, 248-17, 64-18, 493-19, 512-19), 243-20	Ministry of Finance of the Dominican Republic (includes \$1,246,788)	165,609,179	Active market	8.70%	2023 until 2060
Bills	Central Bank of the Dominican Republic	60,183,352	Active market	-	2022
Notes	Central Bank of the Dominican Republic	71,607,183	Active market	6.99 %	2022 until 2027
Certificates of deposits	Central Bank of the Dominican Republic	15,302,744	Active market	10.93 %	2022 until 2027
Corporate bonds	Consorcio Energético Punta Cana-Macao, S. A. (corresponds to \$300)	16,469		5.15 %	2025
Quote of participation	Fondo Mutuo Corto Plazo Reservas Quisqueya	200,000			undefined
Shares	Banco Latinoamericano de Comercio Exterior, S. A. (corresponds to \$859)	47,151			
Shares	Fideicomiso Paraiso oriental	65,256			
Shares	Aseguradora Agropecuaria Dominicana, S. A (Agrodosa)	150			
Shares	Editora Nuevo Diario	100			
	Subtotal	313,031,584			
	Interests receivable, (includes \$14,950)	4,953,131			
	<b>Total</b>	<b><u>317,984,715</u></b>			

*c) At amortized cost:*

Bonds Law No. 05-06, 361-11 175-12, 58-13, 143-13, 151-14, 152-14, 548-14, 331-15, 693-16, 248-17, 64-18, 493-19, 512-19), 243-20	Ministry of Finance of the Dominican Republic (includes \$15,119)	12,461,923		7.68 %	2023 until 2049
Notes	Central Bank of the Dominican Republic	1,299,274		5.78 %	2022 until 2026
Trust values	Fideicomiso de valores Rica	244,325		variable	2049

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA,  
BANCO DE SERVICIOS MÚLTIPLES AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements (continued)

Amounts in Thousands of Dominican pesos (RD\$)

## 6 Investments (continued)

*c) At amortized cost: (continued)*

Type of investment	Issuer	Amount in RD\$	Valuation Methodology (active market/ technical)		Interest rat	Maturity
			Valuation	Interest		
<b>March 31, 2022</b>						
Corporate bonds	Consortio Energético Punta Cana-Macao, S. A. (corresponds to \$381)	20,900			5.50 %	2027
Corporate bonds	Dominican Power Partners, (corresponds to \$260)	14,304			5.94 %	2027
Corporate bonds	Asociación Popular de Ahorros y Préstamos	200,000			10.01 %	2026
Corporate bonds	Asociación La Nacional de Ahorros y Préstamo	15,244			10.75 %	2024
Corporate bonds	Acero Estrella, S.R.L.	130,151			11.20 %	2030
Time deposits	Asociación Popular de Ahorros y Préstamos	56,179			4.82 %	2022
Time deposits	Asociación Peravia de Ahorros y Préstamos	68,620			4.56 %	2022
Time deposits	Asociación La Vega Real de Ahorros y Préstamos	60,000			5.55 %	2022
Time deposits	Asociación La Nacional de Ahorros y Préstamos	11,195			5.00 %	2022
Time deposits	Asociación Maguana de Ahorros y Préstamos	28,036			4.25 %	2022
Time deposits	Asociación Romana de Ahorros y Préstamos	15,479			4.39 %	2022
Time deposits	Asociación Bonaio de Ahorros y Préstamos	27,500			5.80 %	2022
Time deposits	Banco Múltiple Caribe, S. A.	43,600			5.53 %	2022
Time deposits	Motor Crédito, S. A. Banco de Ahorro y Crédito	14,146			5.00 %	2022
Time deposits	Banco Múltiple Santa Cruz, S.A.	20,000			6.35 %	2022
Time deposits	Banco Nacional de las Exportaciones	12,887			3.50 %	2022
Time deposits	Banco Múltiple Vimenca, S. A.	128,306			4.91 %	2022
Time deposits	Banco Múltiple Ademi, S. A.	69,550			5.00 %	2022
Overnight	The Bank of Nova Scotia	1,946			1.88 %	2022
Overnight	Banco Múltiple BHD León, S. A.	4,019			2.00 %	2022
Quote of participation	Fondo de Inversión Abierto Universal Liquidez	13,383			2.63 %	undefined
Quote of participation	Fondo Abierto de Inversión Flexible Financial Deposit	77,551			3.92 %	undefined

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA,  
BANCO DE SERVICIOS MÚLTIPLES AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements (continued)

Amounts in Thousands of Dominican pesos (RD\$)

## 6 Investments (continued)

*c) At amortized cost: (continued)*

<u>Type of investment</u>	<u>Issuer</u>	<u>Amount in RD\$</u>	Valuation Methodology (active market/ technical)	<u>Interest rate</u>	<u>Maturity</u>
<b>March 31, 2022</b>					
Quote of participation	Fondo de Inversión Abierto Liquidez Excel	112,805		3.99 %	undefined
Quote of participation	Fondo de Inversión Abierto Liquidez Excel Dollars (corresponds to \$249)	13,659		1.57 %	undefined
Quote of participation	Fondo Inmobiliario Excel (corresponds to \$557)	30,579		2.73 %	undefined
Quote of participation	Fondo Mutuo Renta Fija-BHD Funds Term 30 Days Dollars (corresponds to \$207)	11,381		0.45 %	undefined
Quote of participation	Fondo Mutuo Renta Fija-BHD Term 30 Days	206,593		4.58 %	undefined
Quote of participation	Fondo Mutuo Largo Plazo Reservas Caoba (corresponds to \$5,274)	289,667		1.66 %	undefined
Quote of participation	Fondo Mutuo Matrimonial Medim-term Reservas El Bohío	58,199		6.21 %	undefined
Quote of participation	Fondo Mutuo Corto Plazo Reservas Quisqueya	452,456		4.13 %	undefined
Quote of participation	Fondo Cerrado de Desarrollo de Sociedades Advanced	69,655		9.86 %	undefined
Quote of participation	Fondo Mutuo Mercado de Dinero	218,948		4.84 %	undefined
Quote of participation	Fondo Mutuo Plazo 90 Días	105,834		7.05 %	undefined
Quote of participation	Fondo Inmobiliario Pioneer	64,084		4.92 %	undefined
Reports	JMMB Puesto de Bolsa (corresponds to \$51)	2,821		2.85 %	2022
Reports	Tivalsa Puesto de Bolsa	101,593		5.57 %	2022
Reports	Alpha Sociedad de Valores, S. A. (includes \$128)	7,053		5.46 %	2022
Reports	Parallax Valores (includes \$1,594)	148,068		5.07 %	2022
Reports	United Capital Puesto de Bolsa (corresponds to \$7,425)	407,825		5.07 %	2022
Reports	Excel Puesto de Bolsa	201,945		5.20 %	2022

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA,  
BANCO DE SERVICIOS MÚLTIPLES AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements (continued)

Amounts in Thousands of Dominican pesos (RD\$)

## 6 Investments (continued)

*c) At amortized cost: (continued)*

<u>Type of investment</u>	<u>Issuer</u>	<u>Amount in RD\$</u>	<u>Valuation Methodology (active market/ technical)</u>	<u>Interest rate</u>	<u>Maturity</u>
<b>March 31, 2022</b>					
Profitability guarantee	Profitability guarantee of La Administradora de Fondos de Pensiones, Invested in different Institutions	2,076,333			
Mortgage notes (a)	Banco Múltiple BHD León, S. A.	<u>201</u>		5.50 %	2022
Subtotal		19,618,217			
	Interests receivable, (includes \$55)	<u>191,856</u>			
<b>Total</b>		<b><u>19,810,073</u></b>			
	Allowance for investment, (includes \$117)	<u>(232,936)</u>			
		<b><u>339,447,291</u></b>			
<b>December 31, 2021</b>					
<i>a) At fair value with changes in profit or loss:</i>					
Bills	Central Bank of the Dominican Republic	109,204	Active market	5.50 %	2022 until 2026
Notes	Central Bank of the Dominican Republic	1,109,895	Active market	5.50 %	2022 until 2026
Bonds	Ministry of Finance of the Dominican Republic (includes \$13,814)	1,710,888	Active market	5.50 %	2022 until 2026
Trust values	Fideicomiso para la Operación, Mantenimiento y Expansión de La Red Vial principal de la República Dominicana	127,905		10.30 %	2026
Trust values	Fideicomiso de oferta pública Larimar (corresponds to \$1,320)	75,401		5.15 %	2036
Trust values	Fideicomiso de valores Rica	25,151	Active market	variable	2049
Corporate bonds	Asociación Popular de Ahorros y Préstamos	55,007	Active market	10.00 %	2026

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA,  
BANCO DE SERVICIOS MÚLTIPLES AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements (continued)

Amounts in Thousands of Dominican pesos (RD\$)

## 6 Investments (continued)

a) At fair value with changes in profit or loss: (continued)

<u>Type of investment</u>	<u>Issuer</u>	<u>Amount in RD\$</u>	Valuation Methodology (active market/ technical)	Interest rate	<u>Maturity</u>
<b>December 31, 2021</b>					
Corporate bonds	Acero Estrella, S.R.L.	120	Active market	11.35 %	2030
Corporate bonds	Ingeniería Estrella, S.R.L.	9,513	Active market	8.00 %	2031
Corporate bonds	Consorcio Minero Dominicano, S. A.	5,300	Active market	11.40 %	2029
Quote of participation	Fondo de Energía Sostenible JMMB (corresponds to \$510)	29,157		variable	undefined
Quote of participation	Fondo de Inversión Cerrado Inmobiliario Excel II (corresponds to \$1,012)	57,792		variable	undefined
Quote of participation	Fondo Inmobiliario Cerrado JMMB (corresponds to \$1,083)	<u>61,890</u>		variable	undefined
	Subtotal	<u>3,377,223</u>			
	Interests receivable, (includes \$297)	<u>82,280</u>			
	<b>Total</b>	<b><u>3,459,503</u></b>			

b) At fair value with changes in equity:

Bonds Law No. 05-06, 143-13, 151-14, 248-17, 243-2, 331-15, 494-06, 512-19, 548-14, 57-13, 64-18, 693-16) (a)	Ministry of Finance of the Dominican Republic (includes \$1,152,157)	159,361,654		7.85 %	2023 until 2060
Bills	Central Bank of the Dominican Republic	11,392,129	Active market	-	2022
Notes	Central Bank of the Dominican Republic	73,129,294	Active market	-	2022
Investment certificates with zero coupons	Central Bank of the Dominican Republic	57,764,577		4.34 %	2022
Corporate bonds	Consorcio Energético Punta Cana-Macao, S. A. (corresponds to \$280)	15,998	Active market	5.15 %	2025 until 2027
Shares	Banco Latinoamericano de Comercio Exterior, S. A. (corresponds to \$859)	49,056			
Shares	Fideicomiso Paraiso oriental	65,256			

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA,  
BANCO DE SERVICIOS MÚLTIPLES AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements (continued)

Amounts in Thousands of Dominican pesos (RD\$)

## 6 Investments (continued)

*b) At fair value with changes in equity: (continued)*

<u>Type of investment</u>	<u>Issuer</u>	<u>Amount in RD\$</u>	<u>Valuation Methodology (active market/ technical)</u>	<u>Interest rate</u>	<u>Maturity</u>
<b>December 31, 2021</b>					
Shares	Aseguradora Agropecuaria Dominicana, S. A (Agrodosa)	150			
Shares	Editora Nuevo Diaro	<u>100</u>			
	Subtotal	301,778,214			
	Interests receivable, (includes \$21,338)	<u>6,208,175</u>			
	<b>Total</b>	<b><u>307,986,389</u></b>			

*c) At amortized cost:*

Bonds Law No. 248-17, 331-15, 512-19, 548-14, 58-13, 64-18, 693-16 361-11, 152-14, 175-12, 493-19, 687-16	Ministry of Finance of the Dominican Republic (includes \$17,871)	12,485,167		8.70 %	2022 until 2049
Notes	Central Bank of the Dominican Republic	471,659		5.50 %	2022 until 2026
Trust values	Fideicomiso para la Operación, Mantenimiento y Expansión de La Red Vial principal de la República Dominicana	860,790		10.30 %	2026
Trust values	Fideicomiso de valores Rica	236,809		variable	2049
Corporate bonds	Consorcio Energético Punta Cana-Macao, S. A. (corresponds to \$364)	20,781		5.30 %	2025 until 2027
Corporate bonds	Dominican Power Partners, (corresponds to \$249)	14,223		5.94 %	2027
Corporate bonds	Asociación Popular de Ahorros y Préstamos	200,000		10.01 %	2026
Corporate bonds	Asociación La Nacional de Ahorros y Préstamos	13,666		10.75 %	2024
Corporate bonds	Acero Estrella, S.R.L.	130,159		11.35 %	2030
Time deposits	Asociación Popular de Ahorros y Préstamos	55,089		4.30 %	2022
Time deposits	Asociación Peravia de Ahorros y Préstamos	68,620		4.28 %	2022

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA,  
BANCO DE SERVICIOS MÚLTIPLES AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements (continued)

Amounts in Thousands of Dominican pesos (RD\$)

## 6 Investments (continued)

*c) At amortized cost: (continued)*

<u>Type of investment</u>	<u>Issuer</u>	Amount in <u>RD\$</u>	Valuation	<u>Interest</u>	<u>Maturity</u>
			Methodology (active market/ technical)		
<b>December 31, 2021</b>					
Time deposits	Asociación La Vega Real de Ahorros y Préstamos	60,000		3.88 %	2022
Time deposits	Asociación La Nacional de Ahorros y Préstamos	10,628		5.00 %	2022
Time deposits	Asociación Maguana de Ahorros y Préstamos	28,036		3.68 %	2022
Time deposits	Asociación Romana de Ahorros y Préstamos	15,479		3.80 %	2022
Time deposits	Asociación Bonaio de Ahorros y Préstamos	27,500		6.00 %	2022
Time deposits	Banco Múltiple Caribe, S. A.	43,600		3.80 %	2022
Time deposits	Banco Múltiple Promérica de la República Dominicana, S. A.	39,531		4.33 %	2022
Time deposits	Motor Crédito, S. A. Banco de Ahorro y Crédito	13,973		5.00 %	2022
Time deposits	Banco Múltiple Santa Cruz, S.A.	11,304		1.15 %	2022
Time deposits	Banco Nacional de las Exportaciones	12,776		3.50 %	2022
Time deposits	Banco Múltiple Vimenca, S. A.	6,504		1.20 %	2022
Time deposits	Banco Múltiple Ademi, S. A.	68,688		5.00 %	2022
Overnight	The Bank of Nova Scotia	1,943		1.37 %	2022
Overnight	Banco Múltiple BHD León, S. A.	14,986		0.75 %	2022
Quote of participation	Fondo de Inversión Abierto Universal Liquidez	13,319		2.63 %	undefined
Quote of participation	Fondo Abierto de Inversión Flexible Financiamiento	76,663		3.92 %	undefined
Quote of participation	Fondo de Inversión Abierto Liquidez Excel	149,547		3.99 %	undefined
Quote of participation	Fondo de Inversión Abierto Liquidez Excel Dollars (corresponds to \$232)	13,250		1.57 %	undefined
Quote of participation	Fondo Inmobiliario Excel (corresponds to \$529)	30,248		2.73 %	undefined
Quote of participation	Fondo Mutuo Renta Fija-BHD Funds Term 30 Days Dollars (corresponds to \$1,092)	62,405		0.45 %	undefined
Quote of participation	Fondo Mutuo Renta Fija-BHD Term 30 Days	204,988		4.58 %	undefined

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA,  
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Notes to the Consolidated Financial Statements (continued)

Amounts in Thousands of Dominican pesos (RD\$)

## 6 Investments (continued)

*c) At amortized cost: (continued)*

<u>Type of investment</u>	<u>Issuer</u>	<u>Amount in RD\$</u>	Valuation Methodology (active market/ Valuation technical)	Interest rate	<u>Maturity</u>
<b>December 31, 2021</b>					
Quote of participation	Fondo Mutuo Largo Plazo Reservas Caoba (corresponds to \$4,932)	281,824		1.66 %	undefined
Quote of participation	Fondo Mutuo Matrimonial Medim-term Reservas El Bohío	58,065		6.21 %	undefined
Quote of participation	Fondo Mutuo Corto Plazo Reservas Quisqueya	449,465		4.13 %	undefined
Quote of participation	Fondo Cerrado de Desarrollo de Sociedades Advanced	69,758		9.86 %	undefined
Quote of participation	Fondo Mutuo Mercado de Dinero	229,131		4.84 %	undefined
Quote of participation	Fondo Mutuo Plazo 90 Días	103,690		7.05 %	undefined
Quote of participation	Fondo Inmobiliario Pionner	66,542		4.92 %	undefined
Reports	JMMB Puesto de Bolsa (corresponds to \$1,007)	57,554		2.85 %	2022
Reports	Tivalsa Puesto de Bolsa	438,235		5.57 %	2022
Reports	Alpha Sociedad de Valores, S. A. (includes \$4,030)	502,445		5.46 %	2022
Reports	Parallax Valores	233,640		5.07 %	2022
Reports	Excel Puesto de Bolsa	65,599		5.20 %	2022
Profitability guaranteee	Profitability guaranteee of La Administradora de Fondos de Pensiones, Invested in different Institutions	2,037,144			
Mortgage notes (a)	Banco Múltiple BHD León, S. A.	201		2.85 %	2022
		20,055,624			
	Interests receivable, (includes \$118)	264,176			
		<b>20,319,800</b>			
	Allowance for investment, (includes \$44)	(211,626)			
		<b><u>331,554,066</u></b>			

(a) Investments affected by lawsuits against the Bank.

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA,  
BANCO DE SERVICIOS MÚLTIPLES AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements (continued)

Amounts in Thousands of Dominican pesos (RD\$)

## 7 Loans portfolios

a) The breakdown of the portfolio by type of loans is as follows:

	2022			2021		
	Public sector	Private sector	Total	Public sector	Private sector	Total
<u>Commercial loans:</u>						
Advances on checking accounts	473	29,750	30,223	-	17,553	17,553
Loans (includes \$1,082,494 in 2022 And \$1,112,529 in 2021)	37,619,494	181,729,738	219,349,232	39,084,045	177,502,092	216,586,137
factoring operations (include \$3,723 in 2022 and \$3,252 in 2021)	-	207,792	207,792	-	185,930	185,930
Financial leases (includes \$87 in 2021)	1,393,574	-	1,393,574	1,402,746	4,980	1,407,726
Sub total	39,013,541	181,967,280	220,980,821	40,486,791	177,710,555	218,197,346
<u>Consumer loans:</u>						
Credit cards (includes \$24,342 in 2022 and \$23,341 in 2021)	-	10,623,688	10,623,688	-	10,226,325	10,226,325
Consumer loans (includes \$3,042 and \$2,971 in 2022 and 2021)	-	91,612,963	91,612,963	-	85,064,689	85,064,689
Sub total	-	102,236,651	102,236,651	-	95,291,014	95,291,014
<u>Mortgage loans:</u>						
Residential purchases (includes \$2,203 and \$2,275 in 2022 and 2021)	-	55,834,713	55,834,713	-	54,790,112	54,790,112
Construction, improvements, repairs, expansion and others	-	594,468	594,468	-	554,051	554,051
	-	56,429,181	56,429,181	-	55,344,163	55,344,163
Sub total	39,013,541	340,633,112	379,646,653	40,486,791	328,345,732	368,832,523
Interests receivable (includes \$6,485 and \$7,936 in 2022 and 2021)	489,328	3,781,216	4,270,544	397,326	3,776,004	4,173,330
Allowance for loan losses and interests receivable (includes \$137,838 and \$137,029 in 2022 and 2021)	-	(26,236,958)	(26,236,958)	-	(26,297,265)	(26,297,265)
Sub total	39,502,869	318,177,370	357,680,239	40,884,117	305,824,471	346,708,588

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA,  
BANCO DE SERVICIOS MÚLTIPLES AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements (continued)

Amounts in Thousands of Dominican pesos (RD\$)

## 7 Loans portfolios (continued)

*b) The status of the loan portfolio is as follows:*

	2022			2021		
	Public sector	Private sector	Total	Public sector	Private sector	Total
<u>Commercial loans:</u>						
Current (i) (includes \$1,072,903 and \$1,106,469 in 2022 and 2021)	39,013,528	164,844,571	203,858,099	40,486,791	160,756,905	201,243,696
Overdue (31 to 90 days) (ii) (includes \$92 and \$21 in 2022 and 2021)	13	81,468	81,481	-	70,388	70,388
Past due (more than 90 days) (iii) (includes \$555 and \$8,101 in 2021 and 2020)	-	1,206,815	1,206,815	-	1,742,090	1,742,090
Restructured: (iv)						
Current (includes \$12,030 in 2022 and \$540 in 2021)	-	4,108,622	4,108,622	-	2,361,814	2,361,814
Overdue (31 to 90 days)	-	8,416	8,416	-	-	-
Past due (more than 90 days) (includes \$11 in 2022)	-	26,360	26,360	-	-	-
Legal collections: (v)						
Current	-	2,700	2,700	-	173,158	173,158
Past due (more than 90 days)	-	149,010	149,010	-	-	-
Sub total	<u>39,013,541</u>	<u>170,427,962</u>	<u>209,441,503</u>	<u>40,486,791</u>	<u>165,104,355</u>	<u>205,591,146</u>
<u>Microenterprises loans:</u>						
Current (i) (includes \$294 in 2022 and \$347 in 2021)	-	11,340,474	11,340,474	-	12,410,220	12,410,220
Overdue (31 to 90 days) (ii) (includes \$2 in 2022 \$4 in 2021)	-	4,946	4,946	-	13,891	13,891
Past due (more than 90 days) (iii) (includes \$95 in 2022 \$97 in 2021)	-	115,023	115,023	-	114,685	114,685
Restructured: (iv)						
Current (includes \$232 in 2022 and 289 in 2021)	-	68,930	68,930	-	60,867	60,867
Overdue (31 to 90 days) (includes \$3 in 2022)	-	739	739	-	-	-
Past due (more than 90 days)	-	4,169	4,169	-	-	-
Legal collections: (v)						
Current	-	3,813	3,813	-	6,537	6,537
Past due (more than 90 days)	-	1,224	1,224	-	-	-
Sub total	<u>-</u>	<u>11,539,318</u>	<u>11,539,318</u>	<u>-</u>	<u>12,606,200</u>	<u>12,606,200</u>
<u>Consumer loans:</u>						
Current (i) (includes \$26,869 and \$25,795 in 2022 and 2021)	-	99,879,861	99,879,861	-	92,982,434	92,982,434
Overdue (31 to 90 days) (ii) (includes \$39 in 2022)	-	129,541	129,541	-	93,564	93,564

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA,  
BANCO DE SERVICIOS MÚLTIPLES AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements (continued)

Amounts in Thousands of Dominican pesos (RD\$)

**7 Loans portfolios (continued)**

	2022			2021		
	<u>Public sector</u>	<u>Private sector</u>	<u>Total</u>	<u>Public sector</u>	<u>Private sector</u>	<u>Total</u>
Past due (more than 90 days) (iii) (includes \$475 and \$516 in 2022 and 2021)	-	1,590,506	1,590,506	-	1,742,232	1,742,232
Restructured: (iv)						
Current	-	532,099	532,099	-	417,343	417,343
Overdue (31 to 90 days)	-	8,485	8,485	-	-	-
Past due (more than 90 days)	-	57,154	57,154	-	-	-
Legal collections: (v)						
Past due (more than 90 days)	-	39,005	39,005	-	55,441	55,441
Sub total	-	<u>102,236,651</u>	<u>102,236,651</u>	-	<u>95,291,014</u>	<u>95,291,014</u>
<u>Mortgage loans</u>						
Current (i) (includes \$2,200 and \$2,271 in 2022 and 2021)	-	55,733,735	55,733,735	-	54,684,545	54,684,545
Overdue (31 to 90 days) (ii) (includes \$4 in 2022 and 2021)	-	8,855	8,855	-	8,009	8,009
Past due (more than 90 days) (iii)	-	291,635	291,635	-	341,465	341,465
Restructured: (iv)						
Current	-	271,094	271,094	-	198,680	198,680
Overdue (31 to 90 days)	-	617	617	-	-	-
Past due (more than 90 days)	-	9,416	9,416	-	-	-
Legal collections: (v)						
Current	-	30,322	30,322	-	111,464	111,464
Overdue (31 to 90 days)	-	102	102	-	-	-
Past due (more than 90 days)	-	83,405	83,405	-	-	-
Sub total	-	<u>56,429,181</u>	<u>56,429,181</u>	-	<u>55,344,163</u>	<u>55,344,163</u>
<u>Interests receivable:</u>						
Current (i) (includes \$6,229 and \$7,824 in 2022 and 2021)	489,328	2,678,927	3,168,255	397,326	2,717,118	3,114,444
Overdue (31 to 90 days) (ii) (includes \$60 and \$13 in 2022 and 2021)	-	133,219	133,219	-	109,636	109,636
Past due (more than 90 days) (iii) (includes \$73 and \$82 in 2022 and 2021)	-	190,034	190,034	-	219,478	219,478
Restructured: (iv)						
Current (includes \$121 and \$18 in 2022 and 2021)	-	711,028	711,028	-	695,940	695,940
Overdue (31 to 90 days) (includes \$2 in 2022)	-	35,618	35,618	-	-	-
Past due (more than 90 days)	-	4,705	4,705	-	-	-
Legal collections: (v)						
Current	-	1,657	1,657	-	33,832	33,832
Overdue (31 to 90 days)	-	3,529	3,529	-	-	-
Past due (more than 90 days)	-	22,499	22,499	-	-	-
Sub total	<u>489,328</u>	<u>3,781,216</u>	<u>4,270,544</u>	<u>397,326</u>	<u>3,776,004</u>	<u>4,173,330</u>

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA,  
BANCO DE SERVICIOS MÚLTIPLES AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements (continued)

Amounts in Thousands of Dominican pesos (RD\$)

**7 Loans portfolios (continued)**

	2022			2021		
	<u>Public sector</u>	<u>Private sector</u>	<u>Total</u>	<u>Public sector</u>	<u>Private sector</u>	<u>Total</u>
Allowance for loans and interests receivable (includes \$137,838 and \$137,029 in 2022 and 2021)	-	(26,236,958)	(26,236,958)	-	(26,297,265)	(26,297,265)
	<u>39,502,869</u>	<u>318,177,370</u>	<u>357,680,239</u>	<u>40,884,117</u>	<u>305,824,471</u>	<u>346,708,588</u>

- (i) Corresponds to loans that are up to date in fulfilling the payment plan agreed or that do not show arrears over 30 days from the date on which they have become due and payable, except consumer loans relating to credit card, which will remain current until 60 days after the date on which payments have become due and payable.
- (ii) Corresponds to principal installments and interest past due 31 to 90 days from the day in which the principal should have been paid.
- (iii) Corresponds to the total principal and interest receivable that are past due in their principal payments for more than 90 days. Loans payable in installments are classified as overdue portfolio. Furthermore, includes overdrafts on demand with more than three days in arrears.
- (iv) Corresponds to principal and interest receivable on loans that present an impairment in the payment capacity of the debtor, or the payment behavior and their conditions and payment terms have changed, resulting in a change of the interest rate and maturity of the original loan contract, as well as loans resulting from capitalization of interest, default commissions and other charges of a previous loan.
- (v) Corresponds to principal and interest receivable of loans that are in legal collection process.

*c) By type of collateral:*

	2022			2021		
	<u>Public sector</u>	<u>Private sector</u>	<u>Total</u>	<u>Public sector</u>	<u>Private sector</u>	<u>Total</u>
Multi-use collateral (i)	1,406,820	106,239,903	107,646,723	1,411,671	102,222,786	103,634,457
Specific use collateral (ii)	-	38,819,918	38,819,918	-	37,740,106	37,740,106
Without collateral (iii)	<u>37,606,721</u>	<u>195,573,291</u>	<u>233,180,012</u>	<u>39,075,120</u>	<u>188,382,840</u>	<u>227,457,960</u>
	<u>39,013,541</u>	<u>340,633,112</u>	<u>379,646,653</u>	<u>40,486,791</u>	<u>328,345,732</u>	<u>368,832,523</u>
Interests receivable	489,328	3,781,216	4,270,544	397,326	3,776,004	4,173,330
Allowance for loan losses and interests receivable	-	(26,236,958)	(26,236,958)	-	(26,297,265)	(26,297,265)
	<u>39,502,869</u>	<u>318,177,370</u>	<u>357,680,239</u>	<u>40,884,117</u>	<u>305,824,471</u>	<u>346,708,588</u>

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA,  
BANCO DE SERVICIOS MÚLTIPLES AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements (continued)

Amounts in Thousands of Dominican pesos (RD\$)

**7 Loans portfolios (continued)**

- (i) Multi-use collateral is considered to be goods that are not specific to an activity, but can be multipurpose, realizable, valuable, easy to execute, transferable without excessive costs and stable in value. These guarantees are considered between 50 % and 100 % of their value for the purposes of the coverage of the risks, depending on the guarantee. These collaterals are considered as follows:

<u>Type of collateral</u>	<u>Percentage of admittance (%)</u>
Debt securities issued or guaranteed by the Dominican State (Central Bank, Ministry of Finance) (a)	100
Debt securities issued by the financial Intermediary entities (a)	95
Time deposits in domestic or foreign currency owned by the financial intermediary (a)	100
Time deposits in domestic or foreign currency of other financial intermediaries (a)	95
Sureties or guarantees, irrevocable letters of credit and letters of credit stand-by	95
Mutual guarantee certificates	80
Shares of listed companies	50
Investment fund participation fees (b)	-
Plots or land	80
Plots or exclusive land for agricultural purposes	80
Residential buildings, property and apartments	80
Buildings and commercial space	80
Operating hotels	80
Hotel projects under construction	70
Industrial warehouses	80
Aircraft	80
Motor vehicles with an aging of less than five years	50
Renewable energy equipment (c)	80
Multi-use machinery and equipment	70
Certificate of fiduciary guarantee (c)	-
Warrants of inventory	90
Trust accounts for payment sources	<u>50</u>

(a) For cash deposits and financial instruments whose denomination of currency (local or foreign) is different than the currency of the credit that is being guaranteed, the percentage of eligibility must be reduced by 10 %.

(b) The percentage of admissibility of the shares in investment funds, as well as their classification in multi-purpose or polyvalent or non-multipurpose, are established according to the assets that make up the equity.

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA,  
BANCO DE SERVICIOS MÚLTIPLES AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements (continued)

Amounts in Thousands of Dominican pesos (RD\$)

## 7 Loans portfolios (continued)

- (c) The percentage of admissibility of fiduciary guarantees, as well as its classification on multi-use or specific use collateral are set according to the trust property.
- (ii) Specific-use collaterals are real guarantees that, due to their nature, are considered of unique use, and therefore present characteristics that are difficult to realize due to their specialized origin. These collaterals will apply according to the following percentages:

<u>Type of collateral</u>	<u>Percentage of admittance (%)</u>
Heavy vehicles	50
Free trade zone	60
Specialized machines and equipment	<u>50</u>

- (iii) This category considers as unsecured loans those that are guaranteed by insurance policies and other guarantees.

### *d) By source of funds:*

	<u>2022</u>			<u>2021</u>		
	<u>Public sector</u>	<u>Private sector</u>	<u>Total</u>	<u>Public sector</u>	<u>Private sector</u>	<u>Total</u>
Own funds	37,523,541	335,438,515	372,962,056	38,996,791	323,151,135	362,147,926
Other international institutions	-	44,755	44,755	-	44,755	44,755
Trade loan and discounts						
Banco Central	<u>1,490,000</u>	<u>5,149,842</u>	<u>6,639,842</u>	<u>1,490,000</u>	<u>5,149,842</u>	<u>6,639,842</u>
	<u>39,013,541</u>	<u>340,633,112</u>	<u>379,646,653</u>	<u>40,486,791</u>	<u>328,345,732</u>	<u>368,832,523</u>
Interests receivable	489,328	3,781,216	4,270,544	397,326	3,776,004	4,173,330
Allowance for loan losses and interests receivable	<u>-</u>	<u>(26,236,958)</u>	<u>(26,236,958)</u>	<u>-</u>	<u>(26,297,265)</u>	<u>(26,297,265)</u>
	<u>39,502,869</u>	<u>318,177,370</u>	<u>357,680,239</u>	<u>40,884,117</u>	<u>305,824,471</u>	<u>346,708,588</u>

### *e) By term:*

	<u>2022</u>			<u>2021</u>		
	<u>Public sector</u>	<u>Private sector</u>	<u>Total</u>	<u>Public sector</u>	<u>Private sector</u>	<u>Total</u>
Short-term (up to one year)	21,013,509	269,936,925	290,950,434	21,992,810	126,275,022	148,267,832
Medium-term (more than one year and up to three years)	9,415,287	15,191,356	24,606,643	9,874,247	148,831,223	158,705,470
Long-term (more than three years)	<u>8,584,745</u>	<u>55,504,831</u>	<u>64,089,576</u>	<u>8,619,734</u>	<u>53,239,487</u>	<u>61,859,221</u>
	<u>39,013,541</u>	<u>340,633,112</u>	<u>379,646,653</u>	<u>40,486,791</u>	<u>328,345,732</u>	<u>368,832,523</u>

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA,  
BANCO DE SERVICIOS MÚLTIPLES AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements (continued)

Amounts in Thousands of Dominican pesos (RD\$)

**7 Loans portfolios (continued)**

	2022			2021		
	Public sector	Private sector	Total	Public sector	Private sector	Total
Interests receivable	489,328	3,781,216	4,270,544	397,326	3,776,004	4,173,330
Allowance for loan losses and interests receivable	-	(26,236,958)	(26,236,958)	-	(26,297,265)	(26,297,265)
	<u>39,502,869</u>	<u>318,177,370</u>	<u>357,680,239</u>	<u>40,884,117</u>	<u>305,824,471</u>	<u>346,708,588</u>

*f) By economic sector:*

	2022			2021		
	Public sector	Private sector	Total	Public sector	Private sector	Total
Agriculture, livestock and forestry	-	7,610,238	7,610,238	-	5,924,885	5,924,885
Fishing	-	3,558	3,558	-	6,392	6,392
Mining and quarries	-	408,557	408,557	-	414,497	414,497
Manufacturing industry	-	29,408,436	29,408,436	-	32,224,941	32,224,941
Electricity, gas and water	-	9,643,774	9,643,774	-	11,163,076	11,163,076
Construction	-	19,624,005	19,624,005	-	18,850,149	18,850,149
Wholesale and retail business	-	49,288,727	49,288,727	-	38,973,502	38,973,502
Hotels and restaurants	-	19,848,294	19,848,294	-	22,114,501	22,114,501
Transportation, warehousing and communication	-	5,527,314	5,527,314	-	5,112,089	5,112,089
Financial intermediaries	2,741,732	4,347,475	7,089,207	3,191,679	3,860,050	7,051,729
Real estate, and leasing activities	-	16,994,598	16,994,598	-	16,028,350	16,028,350
Public administration and defense; compulsory social security plans	36,271,809	-	36,271,809	37,295,112	-	37,295,112
Education	-	3,243,019	3,243,019	-	3,074,271	3,074,271
Health and social services	-	246,231	246,231	-	238,443	238,443
Other social and personal services activities	-	162,166,367	162,166,367	-	158,317,636	158,317,636
Private household with local services	-	12,272,519	12,272,519	-	12,042,950	12,042,950
	<u>39,013,541</u>	<u>340,633,112</u>	<u>379,646,653</u>	<u>40,486,791</u>	<u>328,345,732</u>	<u>368,832,523</u>
Interests receivable	489,328	3,781,216	4,270,544	397,326	3,776,004	4,173,330
Allowance for loan losses and interests receivable	-	(26,236,958)	(26,236,958)	-	(26,297,265)	(26,297,265)
	<u>39,502,869</u>	<u>318,177,370</u>	<u>357,680,239</u>	<u>40,884,117</u>	<u>305,824,471</u>	<u>346,708,588</u>

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA,  
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Notes to the Consolidated Financial Statements (continued)

Amounts in Thousands of Dominican pesos (RD\$)

**7 Loans portfolios (continued)**

As of March 31, 2022 and December 31, 2021, loans to the private sector include RD\$2,132,000 and RD\$2,435,000, respectively, which correspond to credit line operations with contractors and suppliers who are carrying or have carried out works to the Dominican Republic State with the guarantee of the government. According to the Second and Seventh Resolutions of the Monetary Board dated December 20, 2018 and December 19, 2019, respectively, the last one modified according to the Fourth Resolution of the Monetary Board dated January 16, 2020, which in turn was retroactively modified through the Third Resolution of the Monetary Board dated August 13, 2020, this organism granted a no objection so that the loans to contractors and suppliers of the Dominican State be classified as risk category "A", with allowance of 0 %, as well as its recognition as current loans from private sector until December 31, 2022.

**8 Debtors by acceptances**

A summary of debtors by acceptances, is as follows:

<u>Correspondent Bank</u>	<u>2022</u>		<u>2021</u>	
	<u>Amount</u>	<u>Maturity date</u>	<u>Amount</u>	<u>Maturity date</u>
Sumitomo Mitsui Banking Corporation (corresponds to \$530 in 2022 and 2021)	29,105	2022	30,281	2022
The Bank of Tokyo-Mitsubishi (corresponds to \$432 in 2021)	-	-	24,708	2022
	<u>29,105</u>		<u>54,989</u>	

**9 Accounts receivable**

A summary of accounts receivable is as follows:

	<u>2022</u>	<u>2021</u>
Commissions receivable (includes \$304 in 2022 and \$263 in 2021)	179,484	125,944
Other receivables:		
Accounts receivable from employees	46,396	46,140
Security deposits	95,224	92,180
Advance in current account	65,461	47,443
Charges to receivable for cards of credits	57,290	49,430

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA,  
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Notes to the Consolidated Financial Statements (continued)

Amounts in Thousands of Dominican pesos (RD\$)

**9 Accounts receivable (continued)**

	<u>2022</u>	<u>2021</u>
Credit card operations (includes \$41 in 2021)	96,009	171,085
Accounts receivable from remitte (includes \$893 in 2022 and \$187 in 2021)	209,642	10,753
Accounts receivable for real estate and leasing operations (includes \$4 in 2022 and 2021)	3,439	5,876
Management funds	142,130	146,099
Documents receivable (a) (includes \$5,000 in 2022 and 2021)	559,046	506,785
Accounts receivable - other (includes \$7,427 in 2022 and \$615 in 2021)	<u>646,586</u>	<u>897,606</u>
	<u>2,100,707</u>	<u>2,099,341</u>
Insurance premiums receivable:		
General insurances (includes \$22,290 and \$42,052 in 2022 and 2021)	3,040,652	3,347,049
Life insurance (includes \$1,176 and \$663 in 2022 and 2021)	<u>324,632</u>	<u>120,241</u>
	<u>3,365,284</u>	<u>3,467,290</u>
Receivables from insurance and guarantees	<u>2,210</u>	<u>1,730</u>
	<u><b>5,468,201</b></u>	<u><b>5,568,361</b></u>

(a) As of March 31, 2022 and December 31, 2021, notes receivable include unsecured financing granted for an original amount of \$5,000 to a tourism development entity in the southern region of the Dominican Republic. These notes have a maturity of one year and generate a guaranteed minimum return of 16 % per year. Interest and principal are payable at maturity.

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA,  
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Notes to the Consolidated Financial Statements (continued)

Amounts in Thousands of Dominican pesos (RD\$)

**10 Assets received in lieu of foreclosure of loans**

A summary of assets received in lieu of foreclosure of loans as of March 31, 2022 and December 31, 2021, is as follows:

	<u>2022</u>	<u>2021</u>
Furniture and equipment	350,981	319,341
Real estate	<u>7,691,323</u>	<u>7,490,572</u>
	8,042,304	7,809,913
Allowance for losses on assets received in lieu of foreclosure of loans	<u>(7,664,960)</u>	<u>(7,499,440)</u>
	<u><b>377,344</b></u>	<u><b>310,473</b></u>

A description of assets received in lieu of foreclosure of loans (by aging) as of March 31, 2022 and December 31, 2021, is as follows:

	<u>Amount</u>	<u>Provision</u>
<b>2022</b>		
Up to 40 months:		
Furniture and equipment	42,191	(41,508)
Real estate	2,124,734	(1,748,074)
More than 40 months:		
Furniture and equipment	308,790	(308,789)
Real estate	<u>5,566,589</u>	<u>(5,566,589)</u>
Total	<u><b>8,042,304</b></u>	<u><b>(7,664,960)</b></u>
<b>2021</b>		
Up to 40 months:		
Furniture and equipment	9,635	(9,294)
Real estate	1,847,899	(1,537,766)
More than 40 months:		
Furniture and equipment	309,707	(309,707)
Real estate	<u>5,642,672</u>	<u>(5,642,673)</u>
Total	<u><b>7,809,913</b></u>	<u><b>(7,499,440)</b></u>

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA,  
BANCO DE SERVICIOS MÚLTIPLES AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements (continued)

Amounts in Thousands of Dominican pesos (RD\$)

## 11 Investments in associates

A summary of investments in shares as of March 31, 2022 and December 31, 2021 and, is as follows:

<u>Issuer</u>	<u>Amount of investment</u>	<u>Percentage of shares</u>	<u>Type of shares</u>	<u>Face value</u>	<u>Market value</u>	<u>Number of outstanding shares</u>
<b>March 31, 2022</b>						
<u>Investments in associates:</u>						
Consortio Tarjetas Dominicanas, S. A.						
	950,546	24.53 %	Common	100	(a)	2,097,100
CEVALDOM Depósito Centralizado de Valores, S. A.						
	517,635	30.00 %	Common	1,000	(a)	209,996
Red Nuevo Servicios Financieros, S. A.						
	<u>133,573</u>	49.00 %	Common	100	(a)	339,618
	<u>1,601,754</u>					
<u>Investments in other entities:</u>						
UNIPAGO, S. A.						
	25,387	10 %	Common	100	(a)	253,872
Others						
	<u>22,975 (b)</u>					
	<u>48,362</u>					
	1,650,116					
	<u>(38,476) (c)</u>					
Total	<u><b>1,611,640</b></u>					
<b>December 31, 2021</b>						
<u>Investments in associates:</u>						
Consortio Tarjetas Dominicanas, S. A.						
	903,580	24.53 %	Common	100	(a)	2,097,100
CEVALDOM Depósito Centralizado de Valores, S. A.						
	469,154	30.00 %	Common	1,000	(a)	209,996
Red Nuevo Servicios Financieros, S. A.						
	<u>123,616</u>	49.00 %	Common	100	(a)	339,618
	<u>1,496,350</u>					
<u>Investments in other entities:</u>						
UNIPAGO, S. A.						
	25,387	10 %	Common	100	(a)	253,872
Others						
	<u>22,949 (b)</u>					
	<u>48,336</u>					
	1,544,686					
	<u>(56,547) (c)</u>					
Total	<u><b>1,488,139</b></u>					

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA,  
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Notes to the Consolidated Financial Statements (continued)

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## 11 Investments in associates (continued)

- (a) In the Dominican Republic, there is no active market where the Bank can obtain the market value of these local investments.
- (b) Corresponds to minor investments in several entities.
- (c) Represents an allowance for investments in shares.

A movement of the investment, dividends received and equity shares in net profit of the associates as of March 31, 2022 and December 31, 2021, is as follows:

	<u>2022</u>	<u>2021</u>
Investment balances at January 1 <sup>st</sup>	1,496,350	1,387,624
Equity on earnings recognized	105,404	351,883
Dividends received in cash	-	(243,157)
Investment balances at March 31, 2022 and December 31, 2021	<b>1,601,754</b>	<b>1,496,350</b>

## 12 Property, furniture and equipment

As of March 31, 2022 and December 31, 2021, a summary of property, furniture and equipment is as follows:

	<u>Land and improvements</u>	<u>Buildings</u>	<u>Furniture and equipment</u>	<u>Leasehold improvements</u>	<u>Construction and acquisitions in process (a)</u>	<u>Total</u>
<b>March 31, 2022</b>						
Balance at January 1 <sup>st</sup> , 2022	2,047,516	9,249,882	7,045,616	409,235	657,580	19,409,829
Acquisitions	-	87,098	25,820	-	363,836	476,754
Disposals	-	(112,327)	(3,949)	(11,577)	-	(127,853)
Transfers	-	35,842	155,790	-	(191,632)	-
Balance at March 31, 2022	<u>2,047,516</u>	<u>9,260,495</u>	<u>7,223,277</u>	<u>397,658</u>	<u>829,784</u>	<u>19,758,730</u>

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Amounts in Thousands of Dominican pesos (RD\$)

## 12 Property, furniture and equipment (continued)

	Land and improvements	Buildings	Furniture and equipment	Leasehold improvements	Construction and acquisitions in process (a)	Total
<b>March 31, 2022</b>						
Accumulated depreciation at January 1 <sup>st</sup> , 2022	-	(2,418,788)	(3,563,683)	-	-	(5,982,471)
Depreciation expenses (b)	-	(72,396)	(271,094)	-	-	(343,490)
Disposals	-	38,433	3,241	-	-	41,674
Balance at March 31, 2022	-	(2,452,751)	(3,831,536)	-	-	(6,284,287)
Property, furniture and equipment at March 31, 2022	<u>2,047,516</u>	<u>6,807,744</u>	<u>3,391,741</u>	<u>397,658</u>	<u>829,784</u>	<u>13,474,443</u>
<b>December 31, 2021</b>						
Balance at January 1 <sup>st</sup> , 2021	2,013,784	8,709,703	7,061,271	874,295	325,387	18,984,440
Acquisitions	-	310,420	98,666	-	1,762,025	2,171,111
Disposals	-	(105,739)	(971,502)	(194,939)	-	(1,272,180)
Transfers	33,732	335,498	857,181	69,842	(1,296,253)	-
Others (note 39)	-	-	-	-	(133,579)	(133,579)
Balance at December 31, 2021	<u>2,047,516</u>	<u>9,249,882</u>	<u>7,045,616</u>	<u>749,198</u>	<u>657,580</u>	<u>19,749,792</u>
Accumulated depreciation at January 1 <sup>st</sup> , 2021	-	(2,242,853)	(3,473,641)	(365,065)	-	(6,081,559)
Depreciation expenses (b)	-	(273,694)	(1,060,234)	(170,299)	-	(1,504,227)
Disposals	-	97,759	970,192	195,401	-	1,263,352
Balance at December 31, 2021	-	(2,418,788)	(3,563,683)	(339,963)	-	(6,322,434)
Property, furniture and equipment at December 31, 2021	<u>2,047,516</u>	<u>6,831,094</u>	<u>3,481,933</u>	<u>409,235</u>	<u>657,580</u>	<u>13,427,358</u>

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Notes to the Consolidated Financial Statements (continued)

Amounts in Thousands of Dominican pesos (RD\$)

## 12 Property, furniture and equipment (continued)

- (a) As of March 31, 2022 and December 31, 2021, it basically corresponds to remodeling and construction of offices.
- (b) Expenses for this concept for the three month periods ended March 31, 2022 and 2021, includes RD\$5,242 and RD\$4,488, respectively, correspond to depreciation of assets in use by officers and employees which are presented as part of salaries and compensation to personnel in the accompanying consolidated statements of profit or loss.

Land and buildings held by the Bank (Parent Company) as of December 31, 2004, are recognized at fair value as determined by independent external appraisers at that date. The difference between the historical cost of land and buildings and their fair values at the valuation date, amounted to RD\$915,737. As of March 31, 2022 and December 31, 2021, the revaluation surplus, net of accumulated depreciation, amounts to RD\$ 666,545 to both years, and is included as a revaluation surplus in the accompanying consolidated balance sheets.

## 13 Properties under development for sale and rent

As of March 31, 2022 and December 31, 2021, properties under development amounts to RD\$5,242,600 and RD\$5,391,850, respectively, and corresponds to the development of properties projects for sale and rent. In December 2021, one of the subsidiaries acquired a portion of land with a tourist vocation for RD\$4,628,477, consisting of 9,649,782 square meters.

Due to the absence of market comparables to determine the fair value of the property, and the recent nature of the purchase transaction, the Bank considers that its book value is the best estimate of the market value as of March 31, 2022 and December 31, 2021.

## 14 Other assets

A summary of other assets is as follows:

	<u>2022</u>	<u>2021</u>
Deferred charges:		
Returns and commissions paid in advance	2,585	3,890
Commissions to insurance agents on unearned premiums	444,801	413,291
Prepaid insurances	229,218	316,126

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Notes to the Consolidated Financial Statements (continued)

Amounts in Thousands of Dominican pesos (RD\$)

**14 Other assets (continued)**

	<u>2022</u>	<u>2021</u>
Non-deferred proportional ceded reinsurance premium (a)	177,537	314,456
Prepaid income tax	5,564,575	7,208,409
Other prepaid payments (includes \$28 in 2022 and 2021) (b)	6,842,518	4,418,968
Other deferred charges	<u>210,567</u>	<u>180,762</u>
	<u>13,471,801</u>	<u>12,855,902</u>
Intangibles:		
Software	3,088,526	3,083,121
Others	<u>36,046</u>	<u>34,631</u>
	3,124,572	3,117,752
Accumulated amortization of computers programs (d)	<u>(1,690,237)</u>	<u>(1,564,525)</u>
	<u>1,434,335</u>	<u>1,553,227</u>
Other assets:		
Stationery and office supply	489,942	286,439
Libraries and artwork	32,872	32,872
Items pending for allocation (c), (includes \$11 in 2021)	17,203	33,343
Others (includes \$15 in 2022 and \$103 in 2021)	<u>212,353</u>	<u>154,145</u>
	<u>752,370</u>	<u>506,799</u>
	<u><b>15,658,506</b></u>	<u><b>14,915,928</b></u>

(a) Corresponds to insurance premiums pending to be amortized from reinsurance contracts for excess of losses.

(b) As of December 31, 2021, includes approximately RD\$2,645,000 for advances made to vehicle dealers for Expomovil Banreservas 2021, which, as of that date, the corresponding loans had not been disbursed.

(c) The Bank recognizes under this caption the debit balances of the items that due to operational reasons cannot be immediately recognized in the final accounts.

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Notes to the Consolidated Financial Statements (continued)

Amounts in Thousands of Dominican pesos (RD\$)

## 14 Other assets (continued)

(d) A movement of accumulated amortization of computer software during the years ended March 31, 2022 and December 31, 2022, is as follows:

	<u>2022</u>	<u>2021</u>
Balances at the beginning	1,564,525	1,056,799
Cost of the year	<u>125,711</u>	<u>507,726</u>
Balances at the end	<u><u>1,690,237</u></u>	<u><u>1,564,525</u></u>

## 15 Summary of allowances for risky assets

A summary of the changes in allowances for risky assets is shown below:

	Loan <u>portfolio</u>	<u>Investments</u>	Interests <u>receivable</u>	Other <u>assets (a)</u>	Contingent <u>operations (b)</u>	Total <u>RD\$</u>
<b>March 31, 2022</b>						
Balance at January 1 <sup>st</sup> , 2021	24,770,917	267,530	1,526,991	7,499,440	701,113	34,765,991
Constitution of allowances	1,374,634	3,500	38,161	-	3,085	1,419,380
Write-offs against allowances	(859,698)	-	(82,595)	-	-	(942,293)
Transfers of allowances	(211,433)	-	(10,551)	221,984	-	-
Withdrawal of allowance for sales of foreclosed assets	-	-	-	(56,464)	-	(56,464)
Effect of change in exchange rates and others	<u>(301,770)</u>	<u>(248)</u>	<u>(7,068)</u>	<u>-</u>	<u>(11,430)</u>	<u>(320,516)</u>
Balance at March 31, 2022	24,772,650	270,782	1,464,938	7,664,960	692,768	34,866,098
Minimum allowances required at March 31, 2022 (c)	<u>(14,900,518)</u>	<u>(257,428)</u>	<u>(729,889)</u>	<u>(7,303,508)</u>	<u>(692,768)</u>	<u>(23,884,111)</u>
Excess (deficit) in the minimum allowance required at March 31, 2022 (d)	<u><u>9,872,132</u></u>	<u><u>13,354</u></u>	<u><u>735,049</u></u>	<u><u>361,452</u></u>	<u><u>-</u></u>	<u><u>10,981,987</u></u>
<b>December 31, 2021</b>						
Balance at January 1 <sup>st</sup> , 2021	16,477,821	234,346	1,598,735	9,448,077	518,377	28,277,356
Constitution of allowances	9,697,807	35,033	1,270,897	719,997	187,000	11,910,734
Write-offs against allowances	(4,261,763)	-	(441,235)	(86,722)	-	(4,789,720)
Transfers of allowances	2,895,596	10,000	(898,577)	(2,007,019)	-	-
Withdrawal of allowance for sales of foreclosed assets	-	-	-	(574,893)	-	(574,893)
Effect of change in exchange rates and others	<u>(38,544)</u>	<u>(11,849)</u>	<u>(2,829)</u>	<u>-</u>	<u>(4,264)</u>	<u>(57,486)</u>
Balance at December 31, 2021	24,770,917	267,530	1,526,991	7,499,440	701,113	34,765,991

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**15 Summary of allowances for risky assets (continued)**

	Loan portfolio	Investments	Interests receivable	Other assets (a)	Contingent operations (b)	Total RD\$
<b>December 31, 2021</b>						
Minimum allowances required at December 31, 2021 (c)	<u>16,763,940</u>	<u>249,086</u>	<u>978,526</u>	<u>7,055,389</u>	<u>286,877</u>	<u>25,333,818</u>
Excess (deficit) in the minimum allowance required at December 31, 2021 (d)	<u><u>8,006,977</u></u>	<u><u>18,444</u></u>	<u><u>548,465</u></u>	<u><u>444,051</u></u>	<u><u>414,236</u></u>	<u><u>9,432,173</u></u>

- (a) Corresponds to the allowance for assets received in lieu of foreclosure of loans.
- (b) This allowance is included as part of other liabilities (see note 20) and the constitution expense is included as part of operating expenses in the consolidated statement of profit or loss.
- (c) Represents the amounts of allowances determined in the self-assessment as of March 31, 2022 and December 31, 2021 and other adjustments made.
- (d) As of March 31, 2022 and December 31, 2021, excess allowances on the loan portfolio, accounts receivable and contingent operations correspond to anti-cyclical and additional allowances recognized by the Bank, in accordance with the rules of the Superintendence of Banks, through its Circulars No. 030/20, 001/21 and 007/21, and other related documents. These anti-cyclical and additional allowances were constituted based on an internal methodology that considers the credit risk management of debtors. This evaluation includes an analysis of credit history, risk of non-payment and risk levels by type of portfolio; as well as considering the effects of COVID-19 on the economic situation of debtors.

As of March 31, 2022 and December 31, 2021, the credits granted to road development and low-cost housing construction sectors of the Dominican Republic, for approximately RD\$26,767,000 and RD\$29,600,000, respectively, were granted with a no objection to a risk classification of “A” and an allowance requirement of 0 %, by means of the Second Resolution of the Monetary Board dated December 20, 2018, extended the Seventh Resolution of the Monetary Board dated December 19, 2019, retroactively modified by the Fourth Resolution of the Monetary Board dated January 16, 2020, and, in turn modified by the Third Resolution of the Monetary Board dated August 13, 2020.

Likewise, as of March 31, 2022 and December 31, 2021, respectively, through in the previous resolutions, a no objection was granted so that the facilities granted through the program of contractors and suppliers of the Dominican State, be classified with a risk category as “A”, with a 0 % allowance requirement and reported as current loans from the private sector for RD\$2,132,000 and RD\$2,435,000, respectively, until December 31, 2022.

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## 15 Summary of allowances for risky assets (continued)

As of March 31, 2022 and December 31, 2021, some loans granted to the Dominican agricultural sector for an approximate amount of RD\$2,740,000 and RD\$3,193,000, were classified with risk category of "A" and an allowance requirement of 0 %, as established in the Third Resolution of the Monetary Board dated December 8, 2016.

## 16 Customers' deposits

Customers' deposits are summarized as follows:

### a) By type

	Local currency	Annual weighted average rate (%)	Foreign currency	Annual weighted average rate (%)	Total RD\$
<b>March 31, 2022</b>					
Checking	161,414,391	0.35	-	-	161,414,391
Savings	172,669,872	0.36	132,852,544	0.26	305,522,416
Time	2,233	2.90	44,835,341	0.64	44,837,574
Interests payable	<u>108,289</u>	<u>-</u>	<u>74,240</u>	<u>-</u>	<u>182,529</u>
	<b><u>334,194,785</u></b>	<b><u>0.36</u></b>	<b><u>177,762,125</u></b>	<b><u>0.36</u></b>	<b><u>511,956,910</u></b>
<b>December 31, 2021</b>					
Checking	179,569,718	0.42	-	-	179,569,718
Savings	174,986,758	0.44	123,064,193	0.22	298,050,951
Time	2,337	2.38	47,754,014	0.68	47,756,351
Interests payable	<u>1,597</u>	<u>-</u>	<u>14,021</u>	<u>-</u>	<u>15,618</u>
	<b><u>354,560,410</u></b>	<b><u>0.43</u></b>	<b><u>170,832,228</u></b>	<b><u>0.35</u></b>	<b><u>525,392,638</u></b>

### b) By sector

#### March 31, 2022

Non-financial public sector	94,226,743	0.35	30,675,189	0.31	124,901,932
Non-financial private sector	239,763,702	0.36	145,914,073	0.37	385,677,775
Non-resident	96,051	0.35	1,098,623	0.26	1,194,674
Interests payable	<u>108,289</u>	<u>-</u>	<u>74,240</u>	<u>-</u>	<u>182,529</u>
	<b><u>334,194,785</u></b>	<b><u>0.36</u></b>	<b><u>177,762,125</u></b>	<b><u>0.36</u></b>	<b><u>511,956,910</u></b>

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA,  
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**16 Customers' deposits (continued)**

**b) By sector (continued)**

	<u>Local currency</u>	<u>Annual weighted average rate (%)</u>	<u>Foreign currency</u>	<u>Annual weighted average rate (%)</u>	<u>Total RD\$</u>
<b>December 31, 2021</b>					
Non-financial public sector	116,908,947	0.42	24,718,134	0.32	141,627,081
Non-financial private sector	237,495,442	0.43	145,409,840	0.36	382,905,282
Non-resident	154,424	0.42	690,233	0.22	844,657
Interests payable	<u>1,597</u>	<u>-</u>	<u>14,021</u>	<u>-</u>	<u>15,618</u>
	<b><u>354,560,410</u></b>	<b><u>0.43</u></b>	<b><u>170,832,228</u></b>	<b><u>0.35</u></b>	<b><u>525,392,638</u></b>

**c) By maturity date**

<b>March 31, 2022</b>					
0 to 15 days	334,085,174	0.36	132,547,035	0.26	466,632,209
16 to 30 days	4	0.57	177,874	0.59	177,878
31 to 60 days	351	0.69	5,974,390	0.15	5,974,741
61 to 90 days	256	0.98	2,201,289	0.33	2,201,545
91 to 180 days	499	0.55	10,966,043	0.61	10,966,542
181 to 360 days	212	1.07	10,956,613	0.80	10,956,825
More than 1 year	-	-	14,864,641	0.78	14,864,641
Interest payable	<u>108,289</u>	<u>-</u>	<u>74,240</u>	<u>-</u>	<u>182,529</u>
	<b><u>334,194,785</u></b>	<b><u>0.36</u></b>	<b><u>177,762,125</u></b>	<b><u>0.36</u></b>	<b><u>511,956,910</u></b>
<b>December 31, 2021</b>					
0 to 15 days	354,557,386	0.43	123,102,076	0.22	477,659,462
16 to 30 days	-	-	169,577	0.41	169,577
31 to 60 days	281	0.05	7,286,598	0.19	7,286,879
61 to 90 days	160	0.06	2,343,287	0.62	2,343,447
91 to 180 days	872	0.06	8,648,293	0.43	8,649,165
181 to 360 days	114	0.15	14,339,939	0.94	14,340,053
More than 1 year	-	-	14,928,437	0.84	14,928,437
Interest payable	<u>1,597</u>	<u>-</u>	<u>14,021</u>	<u>-</u>	<u>15,618</u>
	<b><u>354,560,410</u></b>	<b><u>0.43</u></b>	<b><u>170,832,228</u></b>	<b><u>0.35</u></b>	<b><u>525,392,638</u></b>

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## 16 Customers' deposits (continued)

As of March 31, 2022 and December 31, 2021, customers' deposits include restricted amounts for the following concepts:

	<u>Inactive accounts</u>	<u>Foreclosed funds</u>	<u>Deceased customers</u>	<u>Security deposits</u>	<u>Total RD\$</u>
<b>March 31, 2022</b>					
Customers' deposits:					
Checking	68,169	344,874	-	-	413,043
Savings	<u>1,791,459</u>	<u>1,334,822</u>	<u>2,542,555</u>	-	<u>5,658,836</u>
	<u><b>1,859,628</b></u>	<u><b>1,669,696</b></u>	<u><b>2,542,555</b></u>	<u>-</u>	<u><b>6,071,879</b></u>
<b>December 31, 2021</b>					
Customers' deposits:					
Checking	83,794	3,705,673	87,686	-	3,877,153
Savings	2,073,592	1,354,718	2,544,416	-	5,972,726
Time	<u>-</u>	<u>510,905</u>	<u>305,103</u>	<u>3,875,085</u>	<u>4,691,093</u>
	<u><b>2,157,386</b></u>	<u><b>5,571,296</b></u>	<u><b>2,937,205</b></u>	<u><b>3,875,085</b></u>	<u><b>14,540,972</b></u>

As of March 31, 2022 and December 31, 2021 customer' deposits include amounts of inactive accounts, as follows:

	<u>From 3 to 10 years</u>	<u>More than 10 years</u>	<u>Total</u>
<b>March 31, 2022</b>			
Customers' deposits:			
Checking	65,424	2,745	68,169
Savings	<u>1,770,296</u>	<u>21,163</u>	<u>1,791,459</u>
	<u><b>1,835,720</b></u>	<u><b>23,908</b></u>	<u><b>1,859,628</b></u>
<b>December 31, 2021</b>			
Customers' deposits:			
Checking	75,609	8,185	83,794
Savings	<u>2,002,036</u>	<u>71,556</u>	<u>2,073,592</u>
	<u><b>2,077,645</b></u>	<u><b>79,741</b></u>	<u><b>2,157,386</b></u>

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Notes to the Consolidated Financial Statements (continued)

Amounts in Thousands of Dominican pesos (RD\$)

**17 Deposits from domestic and foreign financial entities**

A summary of deposits from domestic and foreign financial institutions is as follows:

**a) By type and currency**

	<u>Local currency</u>	<u>Annual weighted average rate (%)</u>	<u>Foreign currency</u>	<u>Annual weighted average rate (%)</u>	<u>Total RD\$</u>
<b>March 31, 2022</b>					
Checking	8,645,737	0.35	-	-	8,645,737
Savings	423,245	0.36	2,613,183	0.26	3,036,428
Time	104	1.36	2,704,002	0.50	2,704,106
Interest payable	<u>261</u>	-	<u>1,491</u>	-	<u>1,752</u>
	<b><u>9,069,347</u></b>	<b><u>0.35</u></b>	<b><u>5,318,676</u></b>	<b><u>0.38</u></b>	<b><u>14,388,023</u></b>
<b>December 31, 2021</b>					
Checking	14,500,561	0.42	-	-	14,500,561
Savings	477,766	0.44	1,325,796	0.22	1,803,562
Time	110	1.06	9,206,381	0.22	9,206,491
Interest payable	<u>2</u>	-	<u>-</u>	-	<u>2</u>
	<b><u>14,978,439</u></b>	<b><u>0.42</u></b>	<b><u>10,532,177</u></b>	<b><u>0.22</u></b>	<b><u>25,510,616</u></b>

**b) By maturity date**

<b>March 31, 2022</b>					
0 to 15 days	9,068,984	0.35	2,613,183	0.26	11,682,167
31 to 60 days	70	1.80	1,098,777	0.25	1,098,847
61 to 90 days	-	0.08	542,019	0.65	542,019
91 to 180 days	32	-	424,327	0.56	424,359
181 to 360 days	-	-	393,008	0.69	393,008
More than a year	-	-	245,871	0.94	245,871
Interest payable	<u>261</u>	-	<u>1,491</u>	-	<u>1,752</u>
	<b><u>9,069,347</u></b>	<b><u>0.35</u></b>	<b><u>5,318,676</u></b>	<b><u>0.38</u></b>	<b><u>14,388,023</u></b>

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA,  
BANCO DE SERVICIOS MÚLTIPLES AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements (continued)

Amounts in Thousands of Dominican pesos (RD\$)

**17 Deposits from domestic and foreign financial entities (continued)**

**b) By maturity date (continued)**

	<u>Local currency</u>	<u>Annual weighted average rate (%)</u>	<u>Foreign currency</u>	<u>Annual weighted average rate (%)</u>	<u>Total RD\$</u>
<b>December 31, 2021</b>					
0 to 15 days	14,978,329	0.42	1,325,796	0.22	16,304,125
31 to 60 days	75	1.33	6,918,456	0.02	6,918,531
61 to 90 days	33	0.08	651,551	0.49	651,584
91 to 180 days	-	-	1,012,063	0.87	1,012,063
181 to 360 days	-	-	357,470	1.20	357,470
More than a year	-	-	266,841	1.08	266,841
Interest payable	<u>2</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2</u>
	<b><u>14,978,439</u></b>	<b><u>0.42</u></b>	<b><u>10,532,177</u></b>	<b><u>0.22</u></b>	<b><u>25,510,616</u></b>

As of March 31, 2022 and December 31, 2021, the Bank held funds in escrow due to third parties' foreclosures, inactive accounts, inoperative accounts and accounts from deceased customers in domestic financial institutions for RD\$366,624 and RD\$961,458, respectively.

As of March 31, 2022 and December 31, 2021, the estatus of the inactive and/or dormant accounts of the deposits in domestic financial institutions with three to ten year term is RD\$382 y and RD\$359, respectively.

**18 Borrowed funds**

A summary of borrowed funds is as follows:

<u>Borrower</u>	<u>Type</u>	<u>Collateral</u>	<u>Annual Weighted average rate (%)</u>	<u>Maturity</u>	<u>Balance</u>
<b>March 31, 2022</b>					
Central Bank of the Dominican Republic (i)	Loan	Secured	2.00 %	2022 until 2025	<u>30,036,870</u>

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA,  
BANCO DE SERVICIOS MÚLTIPLES AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements (continued)

Amounts in Thousands of Dominican pesos (RD\$)

**18 Borrowed funds (continued)**

<u>Borrower</u>	<u>Type</u>	<u>Collateral</u>	<u>Annual Weighted average rate (%)</u>	<u>Maturity</u>	<u>Balance</u>
<b>March 31, 2022</b>					
Domestic financial entities:					
Banco Popular Dominicano, S. A. Banco Múltiple	Line of credit	Unsecured	7.50 %	2022	600,000
Banco Lafise	Line of credit	Unsecured	6.20 %	2022	<u>60,900</u>
					<u>660,900</u>
Foreign financial entities:					
Bank of America (corresponds to \$40,000) (iii)	Loan	Unsecured	1.15 %	2022	2,196,876
Banco Interamericano de Desarrollo, BID (corresponds to \$150,000) (iii)	Loan	Unsecured	2.24 %	2022	8,238,285
Banco Latinoamericano de Comercio Exterior, S. A. (corresponds to \$180,000) (iii)	Loan	Unsecured	1.16 %	2022	9,885,942
Wells Fargo Bank (corresponds to \$105,000) (iii)	Loan	Unsecured	1.16 %	2022	5,766,800
China Development Bank, (corresponds to \$180,000) (ii)	Loan	Unsecured	2.17 %	2025	9,885,942
Eximbank, Republic of China - Taiwán (corresponds to \$109)	Loan	Unsecured	1.20 %	2022	6,003
Bac Florida Bank (corresponds to \$20,000)	Loan	Unsecured	1.29 %	2022	1,098,438
Commerzbank (corresponds to \$50,000)	Loan	Unsecured	1.46 %	2022	2,746,095
Citibank, N. A. (corresponds to \$115,000)	Loan	Unsecured	1.48 %	2022	6,316,019
Agencia Francesa de Desarrollo (corresponds to \$25,000)	Loan	Unsecured	2.22 %	2032	<u>1,373,047</u>
					<u>47,513,447</u>

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA,  
BANCO DE SERVICIOS MÚLTIPLES AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements (continued)

Amounts in Thousands of Dominican pesos (RD\$)

**18 Borrowed funds (continued)**

<u>Borrower</u>	<u>Type</u>	<u>Collateral</u>	Annual Weighted average rate (%)	<u>Maturity</u>	<u>Balance</u>
<b>March 31, 2022</b>					
Other: Various (includes \$21,515)	Sale of investments with re-purchase agreement	Secured	7.50 %	2022	<u>2,730,075</u>
Interests payable (includes \$4,033)					<u>659,210</u>
					<u><b>81,600,502</b></u>
<b>December 31, 2021</b>					
Central Bank of the Dominican Republic (i)	Loan	Secured	3.50 %	2021 until 2025	<u>32,924,594</u>
Domestic financial entities: Banco Popular Dominicano, S. A. Banco Múltiple	Line of credit	Unsecured	5.20 %	2022	300,000
Banco Múltiple BHD León, S. A.	Line of credit	Unsecured	5.10 %	2022	480,000
Banco Lafise	Line of credit	Unsecured	6.20 %	2022	<u>136,000</u>
					<u>916,000</u>
Foreign financial entities:					
Bank of America (corresponds to \$40,000) (iii)	Loan	Unsecured	1.15 %	2022	2,285,652
Banco Interamericano de Desarrollo, BID (corresponds to 100,000) (iii)	Loan	Unsecured	0.94%	2022	5,714,130
Banco Latinoamericano de Comercio Exterior, S. A. (corresponds to \$200,000) (iii)	Loan	Unsecured	1.16 %	2022	11,428,260
Wells Fargo Bank (corresponds to \$90,000) (iii)	Loan	Unsecured	1.16 %	2022	5,142,717
China Development Bank, (corresponds to \$180,000) (ii)	Loan	Unsecured	2.17 %	2025	10,285,434

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA,  
BANCO DE SERVICIOS MÚLTIPLES AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements (continued)

Amounts in Thousands of Dominican pesos (RD\$)

**18 Borrowed funds (continued)**

<u>Borrower</u>	<u>Type</u>	<u>Collateral</u>	<u>Annual Weighted average rate (%)</u>	<u>Maturity</u>	<u>Balance</u>
<b>December 31, 2021</b>					
Eximbank, Republic of China - Taiwán (corresponds to \$49)	Loan	Unsecured	0.91 %	2022	2,791
Agencia Francesa de Desarrollo (corresponds to \$25,000)	Loan	Unsecured	2.23 %	2032	<u>1,428,532</u>
					<u>36,287,516</u>
Other: Various (includes \$16,201)	Sale of investments with re-purchase agreement	Secured	7.50 %	2022	<u>2,515,455</u>
Interests payable (includes \$1,229)					<u>450,206</u>
					<u><u>73,093,771</u></u>

- (i) As of March 31, 2022 and December 31, 2021, includes financing obtained through the Rapid Liquidity Facility (FLR) window set up by the Central Bank of the Dominican Republic amounting to RD\$20,275,351 with the objective to grant loans to MYPYMES sector, productive sectors and households with a fixed interest rate of no more than 8 % and three years term.
- (ii) During the term of these loans, the Bank must comply with certain financial conditions established in the loan contract. A summary of them, is as follows:
- ◆ Maintain a capital adequacy ratio (CAR) greater than 11 %.
  - ◆ Maintain an allowance for past due loan portfolio greater than 100 %.
  - ◆ Maintain a loan portfolio delinquency rate of less than 3 %.
  - ◆ Maintain an adjusted liquidity ratio (ALR) of not less than 80 % for maturity periods of fifteen (15) and thirty (30) days and no less than 70 % for maturity periods of sixty (60) and ninety (90) days.

As of December 31, 2021, the Bank is in compliance with these clauses.

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA,  
BANCO DE SERVICIOS MÚLTIPLES AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements (continued)

Amounts in Thousands of Dominican pesos (RD\$)

## 18 Borrowed funds (continued)

- (iii) As of March 31, 2022 and December 31, 2021, includes financing taken to guarantee the oil bill of Refinería Dominicana de Petróleo PDV, S. A., for approximately RD\$34,601,000 and RD\$23,999,000, respectively.
- (iv) During the term of these borrower funds, the Bank must comply with certain financial conditions established in the debt contract. A summary of them is as follows:
- ◆ Maintain a capital adequacy ratio (CAR) greater than 11 %.
  - ◆ Maintain a loan portfolio delinquency rate of less than 3 %.
  - ◆ Maintain a allowance for your overdue credit portfolio greater than 100 %.
  - ◆ Maintain a liquidity indicator expressed as a percentage ratio of current assets and current liabilities greater than 20 %.

As of March 31, 2022 and December 31, 2021 and 2020, the Bank is in compliance with these clauses.

## 19 Outstanding securities

A summary of outstanding securities, is as follows:

### a) By type

	Local currency RD\$	Annual weighted average rate (%)
<b>March 31, 2022</b>		
Time certificates	194,483,916	4.05
Interests payable	311,409	-
	<u><b>194,795,325</b></u>	<u><b>4.05</b></u>
<b>December 31, 2021</b>		
Time certificates	174,239,206	3.01
Interests payable	189,664	-
	<u><b>174,428,870</b></u>	<u><b>3.01</b></u>

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA,  
BANCO DE SERVICIOS MÚLTIPLES AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements (continued)

Amounts in Thousands of Dominican pesos (RD\$)

**19 Outstanding securities (continued)**

	Local currency <u>RD\$</u>	Annual weighted average rate (%)
<b>b) By sector</b>		
<b>March 31, 2022</b>		
Non-financial public sector	79,632,157	3.75
Non-financial private sector	98,802,767	3.93
Financial sector	16,048,992	5.98
Interests payable	<u>311,409</u>	<u>-</u>
	<b><u><u>194,795,325</u></u></b>	<b><u><u>4.05</u></u></b>
<b>December 31, 2021</b>		
Non-financial public sector	60,778,323	2.65
Non-financial private sector	96,414,286	3.23
Financial sector	17,046,597	3.08
Interests payable	<u>189,664</u>	<u>-</u>
	<b><u><u>174,428,870</u></u></b>	<b><u><u>3.01</u></u></b>
<b>c) By maturity date</b>		
<b>March 31, 2022</b>		
0 to 15 days	857,789	4.17
16 to 30 days	533,066	4.26
31 to 60 days	47,753,858	4.32
61 to 90 days	6,391,440	3.92
91 to 180 days	50,893,299	3.26
181 to 360 days	43,425,803	4.26
More than a year	44,628,661	4.46
Interests payable	<u>311,409</u>	<u>-</u>
	<b><u><u>194,795,325</u></u></b>	<b><u><u>4.05</u></u></b>

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA,  
BANCO DE SERVICIOS MÚLTIPLES AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements (continued)

Amounts in Thousands of Dominican pesos (RD\$)

**19 Outstanding securities (continued)**

**c) By maturity date (continued)**

	Local currency <u>RD\$</u>	Annual weighted average rate (%)
<b>December 31, 2021</b>		
0 to 15 days	682,817	3.92
16 to 30 days	199,829	4.14
31 to 60 days	30,214,112	2.37
61 to 90 days	8,879,895	3.50
91 to 180 days	59,777,233	2.68
181 to 360 days	36,399,004	3.12
More than a year	38,086,316	3.75
Interests payable	<u>189,664</u>	<u>-</u>
	<b><u>174,428,870</u></b>	<b><u>3.01</u></b>

As of March 31, 2022 and December 31, 2021, outstanding securities include restricted amounts, as follows:

	<u>Deceased clients</u>	<u>Received in collateral</u>	<u>Total</u>
<b>March 31, 2022</b>			
Outstanding securities - time certificates	<u>1,093,602</u>	<u>11,885,898</u>	<u>12,979,500</u>
<b>December 31, 2021</b>			
Outstanding securities - time certificates	<u>952,432</u>	<u>11,471,338</u>	<u>12,423,770</u>

**20 Other liabilities**

A summary of other liabilities is as follows:

	<u>2022</u>	<u>2021</u>
Demand obligations (includes \$ 7,704 in 2022 and \$4,680 in 2021) (a)	6,657,752	4,141,698
Term obligations (includes \$ 10,966 in 2022 and \$10,916 in 2021) (b)	1,300,791	941,472

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA,  
BANCO DE SERVICIOS MÚLTIPLES AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements (continued)

Amounts in Thousands of Dominican pesos (RD\$)

**20 Other liabilities (continued)**

	<u>2022</u>	<u>2021</u>
Administration fund of the public sector (note 29)	3,206	18,425
Unclaimed third party balances (includes \$ 6,454 in 2022 and \$6,366 in 2021)	826,359	819,658
Sundry creditors:		
Commissions payable	37	101,548
Accounts payable to suppliers (includes (\$482 in 2022 and \$23 in 2021)	661,789	182,659
Withheld tax payable	432,125	306,878
Retained payable insurance premium (includes \$14 and 2022 and 2021)	107,706	44,663
Dividends payable (note 23 iii)	1,560,058	1,560,058
Other sundry creditors (includes \$1,060 in 2021) (c)	1,149,313	1,357,165
Reserves for contingent operations (includes \$ 5,144 in 2022 and \$5,119 in 2021) (d)	692,768	701,113
Other provisions:		
Income tax	532,516	51,571
Deferred income tax	346,698	294,469
Provision for litigation (note 28)	71,559	63,445
Bonus and other employee's benefits	2,579,549	4,806,972
Credit card and electronic transactions	649,242	418,105
Actuarial reserve for pensioned personnel of the Bank (note 38, b)	779,530	709,530
Other reserves (includes \$5,684 in 2022 and \$6,973 in 2021)	1,375,190	2,353,424
Items pending for allocation (includes \$170 in 2021) (e)	41,815	27,758
Commissions to agents on premiums pending collection (includes \$1,747 in 2022 and \$2,506 in 2021)	250,628	278,360
Tax on outstanding premium	503,353	357,053
Withholding tax to reinsurers	27,831	23,401
Payments received in advance (includes 104 and \$109 in 2022 and 2021)	191,699	193,188
Others (include \$ 576 in 2022 and \$611 in 2021)	1,927,495	2,799,680
	<u>22,669,009</u>	<u>22,552,293</u>

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA,  
BANCO DE SERVICIOS MÚLTIPLES AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements (continued)

Amounts in Thousands of Dominican pesos (RD\$)

**20 Other liabilities (continued)**

- (a) Corresponds to financial obligations assumed by the Bank, which are payable on demand and certified checks, among others.
- (b) In this category, the Bank recognizes special cash deposits in US dollars (\$) received from the Dominican Government.
- (c) As of March 31, 2022 and December 31, 2021, includes RD\$236,470 and RD\$454,338, respectively, which relates to liabilities for the financing of vehicles granted by the Bank whose original license plates have not been delivered to the Bank by the concessionary entities. Likewise, as of December 31, 2022 includes approximately RD\$39,700 corresponding to loan disbursements from the “Expo Hogar” fair whose contracts have not been delivered to the Bank.
- (d) Corresponds to reserves to cover contingent operations as required by the Superintendence of Banks (see note 28).
- (e) Corresponds to creditors’ balances that, due to internal operating reasons or characteristics of the operation, it was not possible to immediately allocate the balances in the final accounts.

**21 Assimilable capital obligations**

A summary of the subordinated debts, is as follows:

<u>Type</u>	<u>Amount in RD\$</u>	<u>weighted average interest rate</u>	<u>Type of currency</u>	<u>Term</u>
<b>March 31, 2022</b>				
Subordinated debts (corresponds to \$300,000 nominal value (a))	16,476,570	7.00 %	US dollar	10 years
Subordinated debts nominal value (b)	9,999,000	4.68 %	Dominican pesos	10 years
Debt issuance costs (c)	(22,636)	-	-	-
Discount on the issuance of debt (corresponds to \$564) (d)	(30,960)	-	-	-
	26,421,974			
Interests payable (corresponds to \$3,500)	316,057			
	<u><b>26,738,031</b></u>			

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA,  
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Notes to the Consolidated Financial Statements (continued)

Amounts in Thousands of Dominican pesos (RD\$)

**21 Assimilable capital obligations (continued)**

<u>Type</u>	<u>Amount in RD\$</u>	<u>weighted average interest rate</u>	<u>Type of currency</u>	<u>Term</u>
<b>December 31, 2021</b>				
Subordinated debts (corresponds to \$300,000 nominal value (a))	17,142,390	7.00 %	US dollar	10 years
Subordinated debts nominal value (b)	9,999,000	4.68 %	Dominican pesos	10 years
Debt issuance costs (c)	(43,515)	-	-	-
Discount on the issuance of debt (corresponds to \$385) (d)	<u>(22,022)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	27,075,853			
Interests payable (corresponds to \$8,750)	<u>503,981</u>			
	<b><u>27,579,834</u></b>			

- a) Corresponds to bonds issued by the Bank on February 1<sup>st</sup>, 2013, for a nominal value of \$300,000. This debt generates a nominal annual interest rate of 7 % and has an original maturity of 10 years until February 1<sup>st</sup>, 2023. This debt issuance was carried out in the United States of America to qualified institutional buyers as defined in Rule 144A under the *U.S. Securities Act of 1933* and other countries outside the United States of America according to *Regulation S*.

Additionally, the bonds have the following characteristics:

- ◆ Interests are payable semi-annually in February and August 1<sup>st</sup>, of each year.
- ◆ The bonds will not be redeemed prior to their maturity date.
- ◆ The bonds are unsecured.
- ◆ In the event of bankruptcy, liquidation or dissolution of the Bank under Dominican laws, the payment of the bonds shall be subject to all existing and future obligations denominated as "Senior Obligations," which include all other liabilities of the Bank.

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA,  
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Notes to the Consolidated Financial Statements (continued)

Amounts in Thousands of Dominican pesos (RD\$)

## 21 Assimilable capital obligations (continued)

- b) Corresponds to bonds issued in the market of the Dominican Republic by the Bank on December 29, 2014, for a nominal value of RD\$10,000,000. The amount placed corresponds to two issuances offered simultaneously for RD\$5,000,000 each, with a maturity of 10 years until December 29, 2024, and a floating interest rate equivalent to the weighted interest average rate (TIPPP, for its Spanish acronyms) of multiple banks, published by the Central Bank of the Dominican Republic plus a fixed margin of 2.75 %. The effective rate at the time of placement was 9.66 %, reviewable every six months. These bonds have no collateral and in the case of dissolution or liquidation of the Bank, the payment of the bonds is subject to all the Bank's obligations.
- c) Relates to costs incurred when issuing bonds, which are deferred and amortized over the straight-line method during the term of the bonds.
- d) Relates to discounts awarded for the issuance of bonds, which are amortized over the straight-line method during the term of the bonds.

As of March 31, 2022 and December 31, 2021, subordinated debts were authorized by the Superintendence of Banks through Circulars ADM-0013-13 and ADM-2386-20 to be used to compute part of the secondary capital (tier 2 capital) for the purposes of determining Bank's technical equity and index solvency for a value of RD\$4,000,000 and RD\$7,428,478, respectively.

## 22 Technical reserves

The subsidiaries Seguros Reservas, S. A. and Administradora de Riesgos de Salud Reservas, Inc. maintain ongoing specific mathematical risk reserves to meet commitments arising from the current insurance policies, which amounted to RD\$6,305,824 and RD\$6,036,671 as of March 31, 2022 and December 31, 2021, respectively.

The movement during the period of the referred technical reserves, is as follows:

	<u>Mathematical reserves</u>	<u>Specific reserves and ongoing risk</u>	<u>Total</u>
<b>March 31, 2022</b>			
Balance at January 1 <sup>st</sup> , 2022	258,591	5,778,080	6,036,671
Plus: reserve increase	92,840	1,602,364	1,695,204
Less: reserve decrease	<u>(75,742)</u>	<u>(1,350,309)</u>	<u>(1,426,051)</u>
Balance at March 31, 2022	<u><b>275,689</b></u>	<u><b>6,030,135</b></u>	<u><b>6,305,824</b></u>

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Notes to the Consolidated Financial Statements (continued)

Amounts in Thousands of Dominican pesos (RD\$)

**22 Technical reserves (continued)**

	<u>Mathematical reserves</u>	<u>Specific reserves and ongoing risk</u>	<u>Total</u>
<b>December 31, 2021</b>			
Balance at January 1 <sup>st</sup> , 2021	260,600	5,424,034	5,684,634
Plus: reserve increase	332,963	5,073,544	5,406,507
Less: reserve decrease	<u>(334,972)</u>	<u>(4,719,498)</u>	<u>(5,054,470)</u>
Balance at December 31, 2021	<u><b>258,591</b></u>	<u><b>5,778,080</b></u>	<u><b>6,036,671</b></u>

As of March 31, 2022 and December 31, 2021, technical reserves include \$4,019 and \$2,639, respectively.

**23 Income tax**

In accordance with the Organic Law, the Bank is exempt from income tax. However, the Bank performs the computation and voluntarily pays income tax by following some guidelines of the Tax Code and special criteria after considering that the final beneficiary is the Dominican Republic State. The consolidated companies declare and pay their income tax individually and separately.

Income tax expense for the three month periods ended as of March 31, 2022 and 2021, is composed of the following:

	<u>2022</u>	<u>2021</u>
Current income tax	379,221	341,638
Deferred income tax	<u>15,054</u>	<u>23,788</u>
	<u><b>394,275</b></u>	<u><b>365,426</b></u>

On December 21, 2020, financial intermediation entities, represented by Association of Multiple Banks of the Dominican Republic, Inc., signed an agreement with the Ministry of Finance and the General Direction of Internal Taxes, according to which, the Bank agreed to make an income tax advance payment of RD\$6,283,561, payable in four equal quarterly installments starting in 2021. This advance payment could be deducted from Bank's future income tax commitments, for a period of 10 years from the year 2022. This deduction will be in proportion of 5 % for 2022 and 2023 and 11.25 % from 2024 to 2031.

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Notes to the Consolidated Financial Statements (continued)

Amounts in Thousands of Dominican pesos (RD\$)

### 23 Income tax (continued)

As of March 31, 2022 and December 31, 2021, prepaid income tax includes RD\$330,356, for both years, corresponding to agreements made between financial intermediation entities on February 8, 2014, represented by Association of Commercial Banks of the Dominican Republic Inc.; which signed an agreement with the Ministry of Finance and the General Direction of Internal Tax, according to which, the Bank prepaid income tax for RD\$620,000, which will be deducted from future income tax commitments of the Bank, for a period of 15 years as of the fiscal year ended December 31, 2014. This reduction is a proportion of 6.67 % per year.

### 24 Responsibilities

In addition to the obligation balances of insured risks retained, as of March 31, 2022 and December 31, 2021 for RD\$983,331,566 and RD\$1,013,879,029, respectively, the subsidiaries Seguros Reservas, S. A. and Administradora de Riesgo de Salud Reservas, Inc. recognize memorandum accounts for salvages warehouse amounting to RD\$26,149 and RD\$23,300 in March 31, 2022 and December 31, 2021, respectively.

The responsibilities assumed by the insurance company and the amounts withheld by them, are as follows:

	<u>2022</u>	<u>2021</u>
Responsibilities for insurance		
businesses and bonds taken directly	983,331,566	1,013,879,029
Surrendered and retracted insurance		
responsibilities	<u>755,115,139</u>	<u>664,826,001</u>
	<u><b>1,738,446,705</b></u>	<u><b>1,678,705,030</b></u>

### 25 Reinsurance

Reinsurance is the transfer in part or in whole of risk accepted by an insurer to another insurer or reinsurer. The original or primary insurer is called the ceding insurer and the second the reinsurer.

The reinsurers that support the insurance business as of March 31, 2022 and December 31, 2021, are the following:

<u>Reinsurer</u>	<u>Class of contract</u>	<u>Participation (%)</u>
Suiza	Surplus	12.5
	Quota share	20 until 100
Trans. RE Mallen Hannover RE	Surplus	4.5
	Quota share	10 until 100

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Notes to the Consolidated Financial Statements (continued)

Amounts in Thousands of Dominican pesos (RD\$)

**25 Reinsurance (continued)**

<u>Reinsurer</u>	<u>Class of contract</u>	<u>Participation (%)</u>
Thompson Health	Surplus	37.81 until 100
	Quota share	7.5
Everest-BMS	Surplus	16.5
	Quota share	20 until 10
General Re, Axis	Surplus	35 until 100
	Quota share	0.05
Navigators-BMS	Surplus	3
	Quota share	13.25 until 100
Siruis-BMS	Surplus	5

**26 Equity**

A summary of the Bank's equity, owned 100 % by the Dominican Republic State, is as follows:

	<u>Common shares</u>			
	<u>Authorized</u>		<u>Issued</u>	
	<u>Quantity</u>	<u>Amount in RD\$</u>	<u>Quantity</u>	<u>Amount in RD\$</u>
Balance at March 31, 2022	<u><b>39,000</b></u>	<u><b>39,000,000</b></u>	<u><b>39,000</b></u>	<u><b>39,000,000</b></u>
Balance at December 31, 2021	<u><b>10,000</b></u>	<u><b>10,000,000</b></u>	<u><b>10,000</b></u>	<u><b>10,000,000</b></u>

As of March 31, 2022 and December 31, 2021, the capital contributions of the Bank have been originated as follow:

- a) RD\$50,000 corresponding to the initial capital in accordance with the Law No. 6133 of December 17, 1962, which amended article 4 of the Organic Law of the Bank.
- b) RD\$200,000 by delivering state-certified vouchers issued by the National Treasury in 1988.
- c) RD\$1,750,000 by issuing certified bonds on behalf of the Bank in accordance with Law No. 99-01 of April 5, 2001, which amended article 4 of Organic Law of the Bank, the Dominican Republic Government.

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Notes to the Consolidated Financial Statements (continued)

Amounts in Thousands of Dominican pesos (RD\$)

**26 Equity (continued)**

- d) RD\$1,500,000 by issuing bonds on behalf of the Bank in accordance with Law No. 121-05 of April 7, 2005, the Dominican Republic Government.
- e) RD\$2,000,000 by reinvesting dividends charged to earnings of 2013 in accordance with Law No. 543-14 of December 5, 2014.
- f) RD\$2,800,000, by reinvesting dividends charged to earnings of 2014, in accordance with the Law No. 543-14 of December 5, 2014.
- g) RD\$1,700,000 through the reinvestment of dividends charged to earnings of 2014, pursuant to Law No. 543-14 of December 5, 2014.
- h) RD\$29,000,000 through the reinvestment of dividends charged to other equity reserves to the year 2020, pursuant to Law No. 1-22 of January 5, 2022.

The Bank's net profit should be used or distributed as follows:

60 % - To be transferred to the account of other equity reserves of the Bank.

25 % - For payment of cash dividends to the Dominican State.

15 % - To cover debts of the Dominican Republic Government and its agencies with the Bank.

By the Second Resolution of the Ordinary Session dated September 14, 2021, the Board of Directors approved the distribution of dividends, taking into account the guidelines for the distribution of dividends to shareholders set forth in Resolution No.7-2002, issued by the Superintendence of Banks on March 8, 2002, and in accordance with the provisions of Law No. 99-01 on the distribution of dividends from the Bank. The total amount of dividends to be distributed was RD\$10,400,386, as detailed below:

- i) RD\$6,240,231, transferred to equity reserve. This transfer was done effectively as of December 31, 2020.
- ii) RD\$2,600,097, dividends in cash to be paid to the Dominican Republic State.
- iii) RD\$1,560,058, to offset debts of the Dominican Republic State with the Bank.

According to the application instructions of Resolution No. 12-2001 dated December 5, 2001, issued by the Superintendence of Banks, the dividend limit to be paid in cash by the Bank amounts to RD\$6,450,120. During 2021, RD\$2,600,097 were paid in cash, while RD\$1,560,058 were used to compensate the State's debts and its dependencies with the Bank.

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Notes to the Consolidated Financial Statements (continued)

Amounts in Thousands of Dominican pesos (RD\$)

## 26 Equity (continued)

### *Other equity reserves*

In accordance with the Bank's organic law and its modifications in Law No. 99-01, the Bank must segregate the 60 % of its annual net profit to equity reserves. As of December 31, 2021, the Bank segregated equity reserves for the amount of RD\$9,784,093.

Through Circular SB/0682 dated December 31, 2010, the Superintendence of Banks issued its non-objection for the application within the fiscal year of the segregation of 35 % of total net profit as other equity reserves, provided the Bank is in compliance with the guidelines for distribution of profits as set forth by the supervisory body. As of December 31, 2021 and 2020, the Bank has segregated 60 % of total net profits as other equity reserves, according to Law No. 99-01 dated June 15, 2001.

### *Revaluation surplus*

On December 2004, the Bank revalued its land and buildings required for the development of its operations to its estimated fair market value determined by independent appraisers, as allowed by the Prudential Rules of Capital Adequacy. The effect of the revaluation was RD\$915,737. The Bank, in accordance with the rules established, considered this amount as tier 2 capital, prior authorization of the Superintendence of Banks. As of December 31, 2021, the amortized amount corresponding to these revalued assets, amounted to RD\$11,140.

### *Unrealized gains on investments available for sale*

The Bank maintains investments classified as available for sale and which are listed on an active market. As of March 31, 2022 and December 31, 2021, the Bank determined the market value of these investments and recognized an unrealized loss, which amounts to RD\$198,365 and RD\$226,962, respectively.

## 27 Information segments

The Bank's businesses are mainly organized into the following segments:

<u>Segment</u>	<u>Company</u>	<u>Jurisdiction</u>	<u>Functional currency</u>	<u>Equity shares</u>	<u>Percentage of voting rights direct and indirect</u>
<b>March 31, 2022</b>					
Financial	Banco de Reservas de la República Dominicana, Banco de Servicios Múltiples	Dominican Republic	RD\$	39,000,000	100 %
Related services	Tenedora Reservas, S. A. and Subsidiaries	Dominican Republic	RD\$	<u>1,551,434</u>	97.74 %
	Elimination adjustments in consolidation			40,551,434 <u>(1,551,434)</u>	
				<u><b>39,000,000</b></u>	

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA,  
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Notes to the Consolidated Financial Statements (continued)

Amounts in Thousands of Dominican pesos (RD\$)

**27 Information segments (continued)**

<u>Segment</u>	<u>Company</u>	<u>Jurisdiction</u>	<u>Functional currency</u>	Percentage of <u>Equity shares</u>	<u>voting rights direct and indirect</u>
<b>December 31, 2021</b>					
Financial	Banco de Reservas de la República Dominicana, Banco de Servicios Múltiples	Dominican Republic	RD\$	10,000,000	100 %
Related services	Tenedora Reservas, S. A. and Subsidiaries	Dominican Republic	RD\$	<u>1,551,434</u>	97.74 %
	Elimination adjustments in consolidation			11,551,434 <u>(1,551,434)</u>	
				<u><b>10,000,000</b></u>	

Assets, liabilities, revenues, expenses and net profit after eliminations that comprise the consolidated figures of the Bank, are as follows:

<u>Company</u>	<u>At March 31, 2022</u>		<u>Three month period ended at March 31, 2022</u>		
	<u>Assets</u>	<u>Liabilities</u>	<u>Income</u>	<u>Expenses</u>	<u>Net income</u>
Banco de Reservas de la República Dominicana, Banco de Servicios Múltiples	910,821,505	849,684,581	22,427,903	17,414,602	5,013,301
Tenedora Reservas, S. A. and Subsidiaries	39,776,783	20,835,627	4,288,597	3,744,733	543,864
Administradora de Riesgos de Salud Reservas, Inc.	<u>937,035</u>	<u>411,870</u>	<u>343,483</u>	<u>435,848</u>	<u>(92,365)</u>
	951,535,323	870,932,078	27,059,983	21,595,183	5,464,800
Elimination adjustments in consolidation	<u>(27,968,615)</u>	<u>(8,813,833)</u>	<u>(1,391,212)</u>	<u>(949,660)</u>	<u>(441,552)</u>
	<u><b>923,566,708</b></u>	<u><b>862,118,245</b></u>	<u><b>25,668,771</b></u>	<u><b>20,645,523</b></u>	<u><b>5,023,248</b></u>
<u>Company</u>	<u>At December 31, 2021</u>		<u>Three month period ended at March 31, 2021</u>		
	<u>Assets</u>	<u>Liabilities</u>	<u>Income</u>	<u>Expenses</u>	<u>Net income</u>
Banco de Reservas de la República Dominicana, Banco de Servicios Múltiples	898,792,988	842,697,962	24,462,132	20,977,135	3,484,997
Tenedora Reservas, S. A. and Subsidiaries	40,525,541	22,124,656	3,819,303	3,077,578	741,725
Administradora de Riesgos de Salud Reservas, Inc.	<u>1,019,050</u>	<u>512,770</u>	<u>310,275</u>	<u>311,872</u>	<u>(1,597)</u>
	940,337,579	865,335,388	28,591,710	24,366,585	4,225,125
Elimination adjustments in consolidation	<u>(25,696,630)</u>	<u>(7,091,057)</u>	<u>(1,338,185)</u>	<u>(619,495)</u>	<u>(718,690)</u>
	<u><b>914,640,949</b></u>	<u><b>858,244,331</b></u>	<u><b>27,253,525</b></u>	<u><b>23,747,090</b></u>	<u><b>3,506,435</b></u>

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA,  
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Notes to the Consolidated Financial Statements (continued)

Amounts in Thousands of Dominican pesos (RD\$)

## 28 Commitments and contingencies

### (a) Contingent operations

In the normal course of businesses, the Bank enters into different commitments and incurs in certain contingent liabilities that are not reflected in the accompanying consolidated financial statements. The most important balances of these commitments and contingent liabilities, include:

	<u>March 31</u>	<u>December 31</u>
	<u>2022</u>	<u>2021</u>
Collaterals granted:		
Endorsements	3,848,228	4,088,846
Other collaterals granted	95,719	116,672
Non-negotiable letters of credit issued	919,573	1,112,520
Credit lines of automatic use	40,402,983	39,490,450
Derivatives contracts	<u>25,264,074</u>	<u>-</u>
	<b><u>70,530,577</u></b>	<b><u>44,808,488</u></b>

As of March 31, 2022 and December 31, 2021, the Bank has reserves to cover possible losses from these operations for the amounts of RD\$692,768 and RD\$701,113, respectively, which are included in other liabilities in the consolidated balance sheets at those dates.

As of March 31, 2022 and December 31, 2021, the Insurance subsidiary and the Administradora de Riesgos de Salud Reservas, Inc. had contingent liabilities for retained risk, estimated as follows:

	<u>March 31</u>	<u>December 31</u>
	<u>2022</u>	<u>2021</u>
General risks	810,437,299	823,888,974
Individual life insurance	15,430,411	14,857,275
Collective life insurance	<u>157,463,857</u>	<u>175,132,780</u>
	<b><u>983,331,567</u></b>	<b><u>1,013,879,029</u></b>

According to the practice of the insurance industry, most risks retained are reinsured under the catastrophic coverage and excess loss.

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA,  
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Notes to the Consolidated Financial Statements (continued)

Amounts in Thousands of Dominican pesos (RD\$)

**28 Commitments and contingencies (continued)****(b) Leasing of offices, buildings and automatic teller machines (ATM)**

The Bank has leasing contracts for the premises where some of its administrative offices, branches, business centers and ATM are located. For the three month periods ended March 31, 2022 and 2021, expenses for this concept amounted to approximately RD\$273,846 and RD\$277,890, respectively, which are recognized in other operating expenses in the accompanying consolidated statements of profit or loss.

**(c) Superintendence of Bank fees**

The Monetary Board of the Dominican Republic requires that financial entities make contributions in order to cover inspection services provided by the Superintendence of Banks. The expense for the three month periods ended March 31, 2022 and 2021 was approximately RD\$402,998 and RD\$306,800, respectively, and has been recognized in other operating expenses in the accompanying consolidated statements of profit or loss.

**(d) Contingent Fund**

Article 64 of the Monetary and Financial Law No. 183-02 from November 21, 2002 and Regulations for the Contingency Fund adopted by the first resolution issued by the Monetary Board on November 6, 2003, authorizes the Central Bank of the Dominican Republic to collect quarterly contributions from the financial entities for this Contingency Fund.

The quarterly contribution shall be 0.25 % from the total assets less the quarterly supervision fee charged by the Superintendence of Banks. This contribution shall not exceed 1 % of the total deposits from the public.

The Monetary Board, through its Third Resolution of December 15, 2020, authorized an exemption for a period of two years for the payment of the Contingency Fund.

**(e) Banking Consolidation Fund**

For the implementation of the Exceptional Program for Risk Prevention of the Entities of Financial Intermediation of Law 92-04, the Central Bank of the Dominican Republic created the Banking Consolidation Fund (FBC) with the main purpose to protect the depositors and avoiding systematic risk. The FBC was created with mandatory contributions from the financial entities and other sources as established by the above-mentioned law. Such contributions are calculated considering the total customer deposits with a minimum annual rate of 0.17 % to be paid quarterly.

The Monetary Board, through its Third Resolution of December 15, 2020, authorized an exemption for a period of two years for the payment of the Consolidation Fund.

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA,  
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Notes to the Consolidated Financial Statements (continued)

Amounts in Thousands of Dominican pesos (RD\$)

**28 Commitments and contingencies (continued)****(f) Credit card licenses***MasterCard credit cards*

The Bank maintains a contract with a foreign company for the non-exclusive use of MasterCard Brand for charge services, credit or debit card. The Bank does not pay fees for the right of use of MasterCard. The Bank has the commitment to open a line of credit for no less than \$5 for each MasterCard Gold credit card issued. The duration of the license is indefinite; subject to the termination provisions as set forth in the contract.

*Visa credit cards*

The Bank has a contract with a foreign company for a non-exclusive license to use the Visa and Electron brand in charge services, credit or debit card. The Bank does not pay fees for the rights of use of Visa. The duration of the license is indefinite, subject to the termination provisions set forth in the contract.

**(g) Lawsuits**

As of March 31, 2022 and December 31, 2021, there are several lawsuits and claims originated in the normal course of the Bank's operations for approximately RD\$28,267,000. The Bank believes together with its legal advisors that the resolution of these claims will not result in an adverse material effect.

As of March 31, 2022 and December 31, 2021, the amount reserved to meet these claims increased to RD\$71,559 and RD\$63,445, respectively, and is recognized in other liabilities in the accompanying consolidated balance sheet.

In the normal course of operations, the subsidiary Seguros Reservas, S. A. has several commitments and contingent liabilities from claims, lawsuits and other legal proceedings seeking coverage for damages from insurance policies. The Company has established reserves that it considers necessary to cover these claims and demands based on its experience in the insurance business. The subsidiary considers that these claims and subsequent liens are exaggerated, and together with its legal advisors has estimated that the outcome of those will not have significant effects on the Bank's financial position and profit or loss, in an event of adverse ruling.

The subsidiary Company maintains reinsurance contracts with several national and foreign reinsurance companies, which are considered normal within reinsurance operations. The Company has evaluated these contracts and is of the opinion that the probability of an adverse result in the execution of these is low.

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Notes to the Consolidated Financial Statements (continued)

Amounts in Thousands of Dominican pesos (RD\$)

## 28 Commitments and contingencies (continued)

### (h) Guaranteed minimum return

As of March 31, 2022 and December 31, 2021, the subsidiary Administradora de Fondos de Pensiones Reservas, S. A., has a minimum annual return commitment, guaranteed by law, which shall be equal to the weighted average return of the pension funds of individually capitalization less two percentage points, as required by article 103 of Law 87-01. In accordance with Resolution 71/03 of SIPEN, dated April 25, 2003. If the return is below the weighted average calculated by the SIPEN, the *Administradora* would have a payment commitment with the fund.

## 29 Memorandum accounts (administration funds)

As of March 31, 2022 and December 31, the Bank maintains managed loan funds of the Government through funds from PROMIPYME and Solidarity Bank. The Bank receives for the administration of these funds, a percentage that goes from 2 % to 4.50 % on the value charged. Memorandum accounts presented in the Bank's consolidated balance sheet consist of:

	<u>2022</u>	<u>2021</u>
Funds under management by the Bank:		
PROMIPYME Resources	3,555,587	3,951,841
PROMIPYME - PROCREA	11	11
FONDO PYME EMPRENDE	690,398	59,541
PROMICENTRAL	77,178	77,311
PROMIPYME - Fonper funds	23,942	24,271
PROMIPYME - PRESAAC loans	374	374
MI PRIMER PROGRESO loans	8,998	9,065
MI PRODEMICO loans	25,000	-
Solidarity Bank	<u>3,716,035</u>	<u>3,750,035</u>
	<u>8,097,523</u>	<u>7,872,449</u>
Funds managed by the subsidiary -		
Pension Fund Management:		
Mandatory individual capitalization pension plan (Pension Fund T-1)	132,824,064	130,688,669
Pension fund of officers and employees of Banco de Reservas of the Dominican Republic (Pension Fund T-4)	19,158,414	19,080,985
Social solidary fund (Pension Fund T-5)	<u>56,448,617</u>	<u>55,024,618</u>
	<u>208,431,095</u>	<u>204,794,272</u>
	<u><b>216,528,618</b></u>	<u><b>212,666,721</b></u>

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA,  
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Notes to the Consolidated Financial Statements (continued)

Amounts in Thousands of Dominican pesos (RD\$)

### 30 Financial income and expenses

A summary of financial income and expenses is as follows:

	<u>2022</u>	<u>2021</u>
Financial income:		
Loans portfolio:		
Commercial	4,180,138	4,130,336
Consumers	4,403,970	4,001,206
Mortgage	<u>1,240,433</u>	<u>1,142,551</u>
<b>Subtotal</b>	<u>9,824,541</u>	<u>9,274,093</u>
Investments:		
At fair value with changes in equity	4,749,985	4,708,971
Gains on sale of investments	<u>965,772</u>	<u>6,363,284</u>
<b>Subtotal</b>	<u>5,715,757</u>	<u>11,072,255</u>
Other financial income:		
Available funds	320,492	105,113
Interbank funds	2,250	70
Securities loan contract	<u>260,048</u>	<u>-</u>
<b>Subtotal</b>	<u>582,790</u>	<u>105,183</u>
Insurance premiums net of returns and cancelations	<u>2,545,253</u>	<u>2,145,762</u>
Income for technical adjustment to reserves	<u>-</u>	<u>37,809</u>
<b>Total</b>	<u><b>18,668,341</b></u>	<u><b>22,635,102</b></u>
Financial expenses:		
Customer deposits	(477,727)	(562,822)
Securities	<u>(1,523,724)</u>	<u>(1,464,026)</u>
<b>Subtotal</b>	<u>(2,001,451)</u>	<u>(2,026,848)</u>
By financing:		
Financing-borrowed funds	(418,113)	(349,309)
Subordinated debts	<u>(456,249)</u>	<u>(492,826)</u>
<b>Subtotal</b>	<u>(874,362)</u>	<u>(842,135)</u>

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA,  
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**30 Financial income and expenses (continued)**

	<u>2022</u>	<u>2021</u>
Financial expenses:		
Securities loan contract	(1,160,185)	-
Loss on sale of investments	<u>(4)</u>	<u>(34)</u>
<b>Subtotal</b>	<u>(1,160,189)</u>	<u>(34)</u>
Contractual losses and obligations	<u>(1,677,277)</u>	<u>(1,417,801)</u>
Expenses for technical adjustment to reserves	<u>(35,161)</u>	<u>-</u>
Acquisition expense, conservation and premium collection - commission and other acquisition costs of the insurance company	<u>(300,987)</u>	<u>(249,733)</u>
<b>Total</b>	<u>(6,049,427)</u>	<u>(4,536,551)</u>
Gross Financial margin	<u><b>(12,618,914)</b></u>	<u><b>(18,098,551)</b></u>

**31 Income (expense) for exchange differences**

A summary of the main income and expenses due to exchange differences were recognized during the years ended March 31, 2022 and 2021, is as follows:

	<u>2022</u>	<u>2021</u>
Income due to foreign exchange:		
Loan portfolio	2,987,469	842,444
Investments	2,526,338	940,322
Available funds	3,787,663	1,299,489
Accounts receivable	23,635	1,847
Non-financial investments	-	874
Other assets	-	34,912
Adjustments for exchange rate differences	<u>19,688,185</u>	<u>7,957,725</u>
Subtotal	<u>29,013,290</u>	<u>11,077,613</u>
Expenses due to foreign exchange:		
Customer deposits	(7,005,711)	(2,160,276)
Borrowed funds	(2,230,097)	(992,425)
Financial obligations	(97,646)	(39,720)
Subordinated debts	-	(305,474)
Creditors and various provisions	(26,978)	(11,086)

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Notes to the Consolidated Financial Statements (continued)

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**31 Income (expense) for exchange differences (continued)**

	<u>2022</u>	<u>2021</u>
Other liabilities	(648,904)	(28,000)
Adjustments for exchange rate differences	<u>(18,579,917)</u>	<u>(7,676,802)</u>
<b>Subtotal</b>	<u>(28,589,253)</u>	<u>(11,213,783)</u>
<b>Total</b>	<u><b>424,037</b></u>	<u><b>(136,170)</b></u>

**32 Other operating income (expense)**

A summary of other operating income (expenses), is as follows:

	<u>2022</u>	<u>2021</u>
Service fees:		
Drafts and wire transfers	92,128	77,361
For foreign trade	665	-
Certification and sales of bank's checks	15,597	12,435
Collections	535	22,972
Credit cards	1,255,442	762,302
for remittance services	24,271	
Other commissions collected	1,745,772	1,752,567
Letters of credit	10,024	7,558
Collaterals granted	<u>11,727</u>	<u>14,471</u>
<b>Subtotal</b>	<u>3,156,161</u>	<u>2,649,666</u>
Exchange commissions:		
Gains on foreign exchange	<u>2,169,939</u>	<u>480,463</u>
Claims for medical services	152,659	122,977
Other services and contingencies	<u>715,672</u>	<u>580,931</u>
	<u>868,331</u>	<u>703,908</u>
<b>Total</b>	<u><b>6,194,431</b></u>	<u><b>3,834,037</b></u>

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA,  
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Notes to the Consolidated Financial Statements (continued)

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**32 Other operating income (expense) (continued)**

	<u>2022</u>	<u>2021</u>
Other operating expenses:		
Services fees:		
Correspondents	(18,977)	(51,069)
brokerage services	(48,772)	(13,194)
Other services	<u>(483,580)</u>	<u>(360,612)</u>
<b>Subtotal</b>	<u>(551,329)</u>	<u>(424,875)</u>
Miscellaneous expenses:		
Exchange commission	<u>(40,458)</u>	<u>(2,428)</u>
Other operating expenses	(731,829)	(625,438)
Commissions and sales of property	(2,608)	(9,027)
Claims for medical services	<u>(319,205)</u>	<u>(257,263)</u>
	<u>(1,053,642)</u>	<u>( 891,728)</u>
<b>Total</b>	<u><b>(1,645,429)</b></u>	<u><b>(1,319,031)</b></u>

A summary of other income (expenses), is as follows:

Other income:		
Recovery of written off assets	228,787	250,235
Non-financial investments (note 11)	105,404	45,939
Gain on sale of property, furniture and equipment	3,688	232
Gain on sales of assets received in lieu of foreclosure of loans	30,027	7,605
Leases of property	5,078	3,844
Others	<u>444,886</u>	<u>176,223</u>
<b>Subtotal</b>	<u>817,870</u>	<u>484,078</u>
Other expenses:		
Assets received in lieu of foreclosure of loans	(11,108)	(14,391)
Loss on sale of property, furniture and equipment	(5)	(11)

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**33 Other income (expenses) (continued)**

	<u>2022</u>	<u>2021</u>
Loss on sales of assets received in lieu of foreclosure of loans	-	(185,899)
Other expenses:		
Uncollectibility accounts receivable (i)	(57,282)	(50,673)
Donations	(75,269)	(286,006)
Losses from thefts, assaults and frauds	(31,446)	(34,694)
Others	<u>(88,776)</u>	<u>( 83,936)</u>
<b>Subtotal</b>	<u>(263,886)</u>	<u>(655,610)</u>
<b>Total</b>	<u><b>553,984</b></u>	<u><b>(171,532)</b></u>

(i) This basically corresponds to write-offs of impaired commissions receivable.

**34 Salaries and compensations to personnel**

A summary of salaries and compensations to personnel, is as follows:

	<u>2022</u>	<u>2021</u>
Wages, salaries and benefits to employees	5,177,314	4,142,222
Social security	327,436	297,755
Contributions to the pension plan (i)	343,398	540,445
Other personnel expenses	<u>752,146</u>	<u>1,848,758</u>
	<u><b>6,600,294</b></u>	<u><b>6,829,180</b></u>

(i) As of March 31, 2022 and December 31, 2021, includes an amount of RD\$70,000 and RD\$96,530, respectively, corresponding to a provision to cover the actuarial obligation of retired personnel of the Bank.

For the three month periods ended March 31, 2022 and 2021, compensations to personnel include approximately RD\$2,099,304 and RD\$1,251,700, respectively, that corresponds to the executive management of the Bank which are defined as directors and above.

As of March 31, 2022 and 2021, the Bank has approximately 13,592 and 13,046 employees, respectively.

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### 35 Risk assessment

The Bank's credit risk management included the continuity of measures aimed at supporting debtors with the aim of reducing the impact of impairment in the loan portfolio as a result of COVID-19 pandemic. For the design of these strategies, an internal segmentation scheme was implemented whose main inputs are the payment behavior of debtors and their financial information and economic sector. For 2021, different strategies were maintained to continue managing the credit risk of the loan portfolio.

Considering the concentration of risks by economic activity, 45 % of the loan portfolio is represented by consumer and mortgage loans, segregated into a high number of debtors, so they do not constitute an individual concentration. The commercial portfolio is diversified in different sectors of the Dominican economy, so there is no concentration of risk in a specific sector. Regarding the tourism sector, one of the most affected by the pandemic, loan portfolio represents 6 % of the total private portfolio. See detail of the portfolio by economic sector in note 7 literal f).

A summary of assets and liabilities subject to the interest rate risks as of March 31, 2022 and December 31, 2021, is as follows:

#### *Interest rate risk*

	2022		2021	
	<u>Local currency</u>	<u>Foreign currency</u>	<u>Local currency</u>	<u>Foreign currency</u>
Assets sensitive to interest rate	538,988,810	165,226,269	599,677,539	164,773,583
Liabilities sensitive to interest rate	<u>(580,999,459)</u>	<u>(248,856,781)</u>	<u>(409,592,496)</u>	<u>(235,684,044)</u>
Net position	<u><b>(42,010,649)</b></u>	<u><b>(83,630,512)</b></u>	<u><b>190,085,043</b></u>	<u><b>(70,910,461)</b></u>
Interest rate exposure	<u><b>3,714,328</b></u>	<u><b>209,108,116</b></u>	<u><b>1,088,494</b></u>	<u><b>136,608</b></u>

The Bank's interest rates may be reviewed periodically pursuant to contracts between the parties, except in some loans disbursed with specialized resources, which rates are set by the sponsors and specific agreements.

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### 35 Risk assessment (continued)

#### *Liquidity risk (continued)*

A summary of the most significant assets and liabilities according to their maturity date as of March 31, 2022 and December 31, 2021, is as follows:

	Up to 30 days	31 to 90 days	91 days to one year	One year to 5 years	More than 5 years	Total
<b>March 31, 2022</b>						
Assets:						
Cash and cash equivalents	184,322,237	-	-	-	-	184,322,237
Investments	116,119,101	54,759,805	157,223,316	11,578,005	-	339,680,227
Derivatives and sale-and-repurchase agreements	255,102	-	-	-	-	255,102
Loans portfolio	30,701,833	38,813,926	61,110,039	146,173,380	107,118,019	383,917,197
Debtors by acceptances	8,594	20,511	-	-	-	29,105
Accounts receivable (i)	5,306,540	-	-	-	161,661	5,468,201
Investments in shares	-	-	-	-	1,650,116	1,650,116
Other assets	17,203	485,702	-	-	249,465	752,370
<b>Total assets</b>	<b><u>336,730,610</u></b>	<b><u>94,079,944</u></b>	<b><u>218,333,355</u></b>	<b><u>157,751,385</u></b>	<b><u>109,179,261</u></b>	<b><u>916,074,555</u></b>
Liabilities:						
Customers' deposits	471,608,252	7,135,342	21,595,402	2,779,265	8,838,649	511,956,910
Deposits from domestic and foreign financial entities	11,317,373	2,124,788	397,311	182,005	366,546	14,388,023
Derivatives and sale-and-repurchase agreements	1,054,455	-	-	-	-	1,054,455
Borrowed funds	17,120,461	7,875,992	25,321,127	29,895,225	1,387,697	81,600,502
Outstanding acceptances	8,594	20,511	-	-	-	29,105
Outstanding securities	82,731,996	34,008,705	65,001,914	13,052,710	-	194,795,325
Other liabilities (ii)	9,354,098	-	5,597,791	842,533	6,874,587	22,669,009
Subordinated debt	-	123,830	192,227	26,421,974	-	26,738,031
<b>Total liabilities</b>	<b><u>593,195,229</u></b>	<b><u>51,289,168</u></b>	<b><u>118,105,772</u></b>	<b><u>73,173,712</u></b>	<b><u>17,467,479</u></b>	<b><u>853,231,360</u></b>
<b>December 31, 2021</b>						
Assets:						
Cash and cash equivalents	195,140,239	-	-	-	-	195,140,239
Investments	8,933,247	21,805,426	76,443,329	132,435,375	92,148,315	331,765,692
Derivatives and sale-and-repurchase agreements	80,958	-	-	-	-	80,958
Loans portfolio	25,948,601	32,914,343	64,073,233	143,859,677	106,209,999	373,005,853
Debtors by acceptances	-	24,708	30,281	-	-	54,989
Accounts receivable (i)	5,350,237	-	-	-	218,124	5,568,361
Investments in shares	-	-	-	-	1,544,686	1,544,686
<b>Total assets</b>	<b><u>235,453,282</u></b>	<b><u>54,744,477</u></b>	<b><u>140,546,843</u></b>	<b><u>276,295,052</u></b>	<b><u>200,121,124</u></b>	<b><u>907,160,778</u></b>

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### 35 Risk assessment (continued)

#### *Liquidity risk (continued)*

	Up to <u>30 days</u>	31 to <u>90 days</u>	91 days to <u>one year</u>	One year <u>to 5 years</u>	More than <u>5 years</u>	<u>Total</u>
<b>December 31, 2021</b>						
Liabilities:						
Customers' deposits	477,731,191	11,234,692	23,884,102	3,250,350	9,292,303	525,392,638
Deposits from domestic and foreign financial entities	22,621,985	835,068	1,318,623	177,364	557,576	25,510,616
Borrowed funds	2	1,206,206	37,312,675	33,141,628	1,433,260	73,093,771
Outstanding acceptances	-	24,708	30,281	-	-	54,989
Outstanding securities	72,546,414	35,274,925	55,970,977	10,636,554	-	174,428,870
Other liabilities (ii)	6,234,485	-	5,901,325	851,575	5,161,771	18,149,156
Subordinated debt	-	499,986	3,995	27,075,853	-	27,579,834
Total liabilities	<u>579,134,077</u>	<u>49,075,585</u>	<u>124,421,978</u>	<u>75,133,324</u>	<u>16,444,910</u>	<u>844,209,874</u>

(i) Consists of transactions that represent a right of collection for the Bank.

(ii) Consists of transactions that represent an obligation to the Bank.

The liquidity ratios of the Bank as of March 31, 2022 and December 31, 2021, is as follows:

	<u>As of March 31, 2022</u>		<u>As of December 31, 2021</u>	
	<u>In local currency</u>	<u>In foreign currency</u>	<u>In local currency</u>	<u>In foreign currency</u>
Liquidity ratio:				
15 days adjusted	389.54 %	464.48 %	294.27 %	785.42 %
30 days adjusted	359.44 %	300.81 %	324.24 %	676.69 %
60 days adjusted	310.70 %	311.80 %	272.81 %	545.58 %
90 days adjusted	<u>331.67 %</u>	<u>277.01 %</u>	<u>285.17 %</u>	<u>481.91 %</u>
Position:				
15 days adjusted	86,007,352	1,329,680	62,167,631	1,599,822
30 days adjusted	94,208,922	1,221,871	71,907,205	1,594,103
60 days adjusted	107,530,842	1,389,253	76,480,762	1,594,898
90 days adjusted	133,401,222	1,433,382	91,054,675	1,599,583
Global (months)	<u>(23.31)</u>	<u>(54.39)</u>	<u>(12.85)</u>	<u>(50.34)</u>

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### 35 Risk assessment (continued)

#### *Liquidity risk (continued)*

Liquidity Risk Regulations requires that financial institutions must provide adjusted liquidity ratios in local and foreign currencies at 15 and 30 days no lower than 80 %, and at 60 and 90 days no lower than 70 %. As of March 31, 2022 and December 31, 2021, the liquidity ratios maintained by the Bank are higher than required.

### 36 Fair value of financial instruments

A summary of the fair value of financial instruments as of March 31, 2022 and December 31, 2021, is as follows:

	March 31, 2022		December 31, 2021	
	Book value	Fair value	Book value	Fair value
Financial assets				
Cash and cash equivalents	184,322,237	184,322,237	195,140,239	195,140,239
Investments, net (a)	339,447,291	N/D	331,554,066	N/D
Loans portfolio, net (a)	357,680,239	N/D	346,708,588	N/D
Investments in shares, net (b)	1,611,640	N/D	1,488,139	N/D
	<b>883,061,407</b>	<b>184,322,237</b>	<b>874,891,032</b>	<b>195,140,239</b>
Liabilities				
Customer deposits	511,956,910	N/D	525,392,638	N/D
Deposits from domestic and foreign financial entities	14,388,023	N/D	25,510,616	N/D
Derivatives and sale-and- repurchase agreements	1,054,455	N/D	-	N/D
Borrowed funds (a)	81,600,502	N/D	73,093,771	N/D
Outstanding securities (a)	194,795,325	N/D	174,428,870	N/D
Subordinated debt	26,738,031	28,615,203	27,579,834	28,615,203
	<b>830,533,246</b>	<b>28,615,203</b>	<b>826,005,729</b>	<b>28,615,203</b>

N/D: Not available.

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**36 Fair value of financial instruments (continued)**

- (a) The Bank has not performed an analysis of the fair values of its loan portfolio, customer deposits, deposits in domestic and foreign financial institutions, securities on repurchase agreement, borrowed funds and outstanding securities, which market values might be affected by changes in the interest rates.
- (b) There is not an active stock market in the Dominican Republic where the fair values of these investments can be obtained.

**37 Operations with related parties**

The first resolution of the Monetary Board dated March 18, 2004 approved the Regulation regarding Credit Limits to Related Parties, which established the criteria to determine the related parties of the financial institutions.

The most important operations and balances with related parties in accordance with the criteria established by the Regulation on Credit Limits to Related Parties as of March 31, 2022 and December 31, 2021, are as follows:

	<u>Current loans</u>	<u>Past due loans</u>	<u>Total</u>	<u>Collaterals</u>
<b>March 31, 2022</b>				
Related to ownership	39,013,541	-	39,013,541	-
Related to management	<u>22,814,670</u>	<u>116,753</u>	<u>22,931,423</u>	<u>11,604,289</u>
	<u>Current loans</u>	<u>Past due loans</u>	<u>Total</u>	<u>Collaterals</u>
<b>December 31, 2021</b>				
Related to ownership	40,486,791	-	40,486,791	-
Related to management	<u>17,334,409</u>	<u>136,063</u>	<u>17,470,472</u>	<u>10,452,350</u>

The loans related to ownership correspond to loans to the Dominican Republic Government and its agencies, which are excluded for the determination of technical relations related to credit concentration. A significant proportion of assets and liabilities, as well as financial income and expenses, relate to balances held and transactions carried out with public sector entities.

As of March 31, 2022 and December 31, there are credits granted to contractors and suppliers of the Dominican State for approximately RD\$2,132,000 and RD\$2,435,000, respectively, which are guaranteed by the Dominican State and are classified as loans provided to the private sector, in accordance with resolutions of the Monetary Board as disclosed in note 7.

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### 37 Operations with related parties (continued)

As of March 31, 2022 and December 31, 2021, loans related to the management of the Bank includes RD\$22,931,423 and RD\$17,186,000, respectively, which were provided to employees and relatives by consanguinity at an interest rate on more favorable terms than with non-related parties in accordance with the policy for personnel incentives. Similarly, deposits with related parties maintain interest rates at different conditions from those with unrelated parties.

The main balances and transactions with related parties through ownership for the years ended March 31, 2022 and December 31, 2021, include:

	<u>Balance</u>		<u>Effects on Revenues (Expenses)</u>	
	March 31,	December 31,	Three month periods ended at	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	143,548,109	159,551,849	-	-
Other investments in				
debt securities	168,710,224	88,839,549	3,223,410	1,400,937
Loans portfolio	39,013,055	40,499,866	743,269	903,366
Interests receivable	3,590,382	3,851,489	-	-
Customers' deposits -				
checking	93,443,790	119,608,984	25,741	60,722
Customers' deposits -				
saving	27,242,570	20,665,536	(11,659)	-
Outstanding securities	76,108,624	67,151,663	(459,719)	(259,090)
Accounts receivable	918	69	-	-
Other liabilities	<u>2,004,518</u>	<u>968,338</u>	<u>-</u>	<u>-</u>

Other transactions with identifiable related parties performed during the periods ended March 31, 2022 and December 31, 2021 include:

	<u>Balance</u>		<u>Effects on Revenues (Expenses)</u>	
	March 31,	December 31,	Three month periods ended at	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Loans portfolio	13,661,420	13,525,891	147,007	131,556
Accounts receivable to				
officers and employees	41,057	44,891	-	-
Other assets	210,564	302,943	-	(104,327)
Officers and employees				
deposits	<u>7,544,134</u>	<u>7,506,601</u>	<u>34,721</u>	<u>(40,804)</u>

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### 38 Pension fund

The Bank makes contributions to the following pension plans:

- a) A pension plan with defined benefits and other pension for employees not covered by the Social Security Law No. 87-01 of May 9, 2001, which established the Social Security System of the Dominican Republic. Until June 30, 2014, contributions to this plan were 12.5 % of the monthly salaries paid to officials and employees. From July 1<sup>st</sup>, 2014, this contribution was increased to 17.5 %, plus 2.5 % of the gross profits of the Bank, as provided by the statute of the Pension Plan approved by the Board of Directors. As of December 31, 2020, through the First Resolution of the Board of Directors, dated December 17, 2020, the contribution of 2.5 % of the Bank's annual gross profits is canceled, due to a surplus of the pension plan. A summary of the financial information of the (unaudited) plan, is as follows:

	<u>2022</u>
Present value of obligations	
for past services	(18,811,495)
Net assets of the plan	<u>19,120,082</u>
 Net position of the plan	 <u><u>308,587</u></u>

The expense recognized during the periods of three month ended at March 31, 2022 and 2021, were RD\$198,616 and RD\$207,828, respectively, and includes extraordinary contributions of RD\$69,000 and RD\$16,876, respectively approved by the Board of Directors through its twenty-seventh resolution of April 13, 2021. These contributions were approved for a period of five years through 2025 and is presented as part of other operating expenses in the accompanying consolidated statements of profit or loss for those years.

By Circular SB ADM/0681/10 of December 31, 2010, the Superintendence of Banks did not object that the Bank recognize, since 2011, an extraordinary payment of RD\$242.3 million for a period of nine years, to cover the actuarial deficit determined in accordance to the actuarial study conducted in 2007. For such purpose, the Bank was required to submit to the Superintendence of Banks, the Board of Directors' Minutes that approved the transactions, a study with its recommendations on the financial position and viability over the next nine years and the balance of the actuarial deficit of the plan as of December 31, 2010. This information was provided to the Superintendence of Banks through Communication ADM-1384-11 dated March 14, 2011. This circular remained in effect until June 30, 2020.

#### *Actuarial assumptions*

As of March 31, 2022 and December 31, 2021, the principal actuarial assumptions and other basic information of the plan used in determining the actuarial liabilities, are as follows:

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**38 Pension fund (continued)**

	<u>2022</u>
Mortality table	SIPEN 2011 (M-F)
Rate of return on assets	9.00 %
Long- term annual discount rate	9.00 %
Annual salary increase scale	6.00 %
Long-term annual inflation rate	4.50 %

A summary of the number and amount of current pensions as of March 31, 2022 and December 31, 2021, is as follows:

	<u>2022</u>
Number of members	1,303
Average retirement age	50
Average monthly salary	114

- b) As of March 31, 2022 and December 31, 2021, the Bank maintains a provision for approximately RD\$779,000 and RD\$709,000, respectively to cover actuarial obligations of employees and pensioned officers directly instructed by the Bank and approved by the Board of Directors. The number of employees maintained in this pension plan amounts to 28. This obligation is calculated by estimating the amount of the future benefit that employees have earned in the current period and in previous periods.

***Actuarial assumptions (continued)***

This provision is based on an actuarial evaluation that determines the present value of this obligation. A detail of the actuarial assumptions used by the Bank as of March 31, 2022 and December 31, 2021, is as follows:

	<u>2022</u>
Mortality table	SIPEN 2011 (M-F)
Asset rate of return	9.00 %
Long-term annual discount rate	9.00 %
Annual salary increase scale	6.00 %
Long-term annual inflation rate	4.50 %

- c) A defined contribution plan for employees who are affiliated to the Social Security System of the Dominican Republic, created by Law No. 87-01 published on May 9, 2001. The mentioned law establishes a Contributive Regime that covers public and private workers and employers, including the Dominican State as employer. The Bank's officers and employees are affiliated with various pension fund administrators, mainly the Administradora de Fondos de Pensiones Reservas, S. A.

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**39 Non-monetary transactions**

Non-monetary transactions are as follows:

	<u>2022</u>	<u>2021</u>
Write-off of loan portfolio and interests receivable	942,293	4,702,998
Write-offs of goods received in recovery of credit	-	86,722
Assets received in lieu of foreclosure of loans	380,263	954,001
Transfer between allowance for risky assets:		
Loan portfolio	(211,433)	2,895,596
Investments	-	10,000
Interests receivable	(10,551)	(898,577)
Assets received in lieu of foreclosure of loans	221,984	(2,007,019)
Contingencies	-	-
Sales of assets received in lieu of foreclosure of loans by new credit facilities	166,500	848,503
Withdrawal of allowances for sales of goods awarded	56,464	574,893
Transfers from property, furniture and equipment:		
Operating expenses	-	108,516
Accounts receivable	-	10,670
Assets received in lieu of foreclosure of loans	-	14,393
Equity on earnings in associated companies	-	351,883
Amortization of premium and discount on investments, net	-	1,480,821
Dividends paid by offsetting the debt of the Dominican Republic State's institutions:		
Equity-retained earnings from previous periods	<u>-</u>	<u>1,560,058</u>

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**40 Other disclosures****40.1 COVID-19 impact**

On March 11, 2020, the World Health Organization declared the strain of the coronavirus disease called COVID-19. In the Dominican Republic, multiple cases of this virus have been reported and in that same month, government authorities ordered the closure of most economic activities at the national level and whose gradual reopening began at the end of May. Additionally, various measures have been adopted that have impacted different economic sectors. In this sense, the Bank by instructions of the Superintendence of Banks through Circular No. 014/20, dated June 17, 2020, established several measures on flexible provisions and publication of the "Guidelines for filling out the Provisions / COVID Form", to be considered in the calculation of the solvency index. Additionally, the Bank used a set of measures aimed at reducing the impact of this situation on its debtors, which have impacted its economic activity.

On October 14, 2021, the Superintendence of Banks issued Circular No. 016/21, which established measures to be followed by financial intermediation entities and other users to prevent the spread of COVID-19 after the lifting of the state of emergency in the country. Subsequently, on February 16, 2022, the Dominican Government suspended the restrictive measures associated with the pandemic.

**41 Notes required from the Superintendence of Banks of the Dominican Republic**

Resolution No. 13-94 of the Superintendence of Banks of the Dominican Republic and its amendments sets the minimum disclosure requirements that the consolidated financial statements of financial institutions should include. As of March 31, 2022, the following notes are not included because they are not applicable:

- ◆ Changes in accounting policies.
- ◆ Earnings per shares.
- ◆ Significant discontinued operations.
- ◆ Changes in share ownership.
- ◆ Regular reclassification of significant liabilities.
- ◆ Gains or loss on disposal of fixed assets or other assets in subsidiaries, branches or offices abroad.
- ◆ Effect of changes in the fair value over the carrying amount of investments in securities.