BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA, BANCO DE SERVICIOS MÚLTIPLES
(Parent Company)

Unconsolidated Financial Statements - Statutory basis

December 31, 2013

(With Independent Auditors's Report)

(Free Translation from the Original Spanish-Language Version)

KPMG

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RNC 1-01025913

Independent Auditors Report

To the Board of Directors
Banco de Reservas de la República Dominicana, Banco de Servicios Múltiples:

We have audited the accompanying unconsolidated financial statements - staturoty basis of Banco de Reservas de la República Dominicana, Banco de Servicios Múltiples (the Bank), which comprise the unconsolidated balance sheet - statutory basis as of December 31, 2013, the unconsolidated income statement - statutory basis, the unconsolidated statement of equity - statutory basis and the statement of cash flows - statutory basis for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for financial statements

Management is responsible for the preparation and fair presentation of these unconsolidated financial statements - statutory basis in accordance with accounting practices established by the Superintendence of Banks of the Dominican Republic, which is a comprehensive accounting basis different from the International Financial Reporting Standards, and for such internal controls as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these unconsolidated financial statements - statutory basis based on our audit. We conducted our audits in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the unconsolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the unconsolidated financial statements - statutory basis in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the unconsolidated financial statements - statutory basis.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

(Continues)

Opinion

In our opinion, the unconsolidated financial statements - statutory basis mentioned above present fairly, in all material respects, the financial position of the Bank as at December 31, 2013, and of its financial performance and cash flows for the year ended in accordance with accounting practices established by the Superintendence of Banks of the Dominican Republic, as described in note 2 to the accompanying unconsolidated financial statements- statutory basis.

Emphasis of Matter

Without qualifying our opinion we draw attention to the contents of notes 1 and 33 of the unconsolidated financial statements - statutory basis. As of December 31, 2013 and for the year then ended, due to the Bank's condition for being property of the Dominican Republic State, a significant proportion of assets and liabilities, as well as financial income and expenses, correspond to balances and transactions performed with entities from the public sector.

Other Matters

The accompanying unconsolidated financial statements - statutory basis are not intended to present the financial position, results of operations and cash flow in accordance with the accounting principles of the jusrisdictions other than of the Dominican Republic. Therefore, the unconsolidated balance sheet, the unconsolidated income statements, the statements of stockholder' equity and cash flows and their use are not designed for those who are not informed about accounting practices and procedures established by the Superintendence of Banks of the Dominican Republic.

The accompanying unconsolidated financial statements - statutory basis only include the figures of Banco de Reservas de la República Dominicana, Banco de Servicios Múltiples (Parent company), which were prepared to meet regulatory and legal requirements. The Bank also prepares consolidated financial statements for general purposes and requirements of the Monetary and Finanacial Administration.

KPMG

March 4, 2014

Santo Domingo,
Dominican Republic

BANCO DE RESERVAS DE LA REPUBLICA DOMINICANA
BANCO DE SERVICIOS MULTIPLES
(Parent Company)

Unconsolidated Balances Sheets - Statutory basis

December 31, 2013 and 2012

(Free Translation from the Original Spanish-Language Version)

(Amounts in RD$)

ASSETS	At December 31 2013	2012
Available funds (notes 3, 4, 23, 31, 32 and 33)		
Cash on hand	6,610,322,867	6,319,701,122
Central Bank	38,652,218,068	32,697,554,652
Local banks	162,154,740	-
Foreign banks	11,788,321,273	2,278,056,818
Other funds	2,492,561,535	1,459,932,894
Interests receivable	172,062	-
	59,705,750,545	42,755,245,486
Investments (notes 3, 6, 31, 32, 33 and 35)		
Other investments in debt instrument	40,739,072,054	33,571,721,157
Interests receivable	1,599,675,227	925,457,185
Allowance for negotiable and term investments	(18,900,960)	(15,300,960)
	42,319,846,321	34,481,877,382
Loan portfolio (notes 3, 7, 14, 23, 32, 33 and 35)		
Current	189,237,805,035	144,942,515,198
Restructured	2,045,762,647	382,037,535
Past due	1,340,981,462	3,321,268,737
Legal collection	2,195,068,723	5,035,802,520
Interests receivable	1,129,753,994	894,879,239
Allowance for loans	(5,439,399,771)	(5,247,856,959)
	190,509,972,090	149,328,646,270
Debtors by acceptance (notes 3, 8 and 31)	1,593,448	193,574,215
Accounts receivable (notes 3, 9, 31 and 35)	617,128,754	6,269,334,551
Assets received in loan settlements (notes 10, 14 and 35)		
Assets received in loan settlements	7,148,078,800	5,689,125,841
Allowance for assets received in loan settlements	(4,354,022,558)	(3,624,695,066)
	2,794,056,242	2,064,430,775
Investment in shares (notes 3, 11, 23, 32 and 35)		
Investment in shares	3,976,826,881	4,172,275,913
Allowance for investment in shares	(156,763,207)	(168,511,241)
	3,820,063,674	4,003,764,672
Property, furniture and equipment (notes 12 and 23)		
Property, furniture and equipment	9,550,089,496	9,667,676,052
Accumulated depreciation	(3,897,207,782)	(4,035,564,293)
	5,652,881,714	5,632,111,759
Other assets (notes 3, 13, 21 and 31)		
Deferred charges	1,462,331,186	1,357,894,300
Intangibles	101,964,784	101,964,784
Other assets	328,149,434	200,819,554
Accumulated amortization	(77,392,847)	(42,485,327)
	1,815,052,557	1,618,193,311
TOTAL ASSETS	307,236,345,345	246,347,178,421
Contingent accounts (notes 23 and 24)	6,568,522,989	7,512,353,580
Memorandum accounts (note 25)	376,442,517,544	302,848,548,377

LIABILITY AND EQUITY	At December 31st 2013	2012
Customer deposits (notes 3, 15, 31, 32 and 33)		
Checking	48,637,028,188	34,040,168,008
Savings	67,830,226,264	54,836,747,251
Time	43,967,135,983	34,946,520,407
Interests payable	130,116	-
	160,434,520,551	123,823,435,666
Deposits from domestic and foreign financial institutions (notes 3, 16, 31, 32 and 33)		
From domestic financial institutions	9,330,943,609	10,219,269,925
From foreign financial institutions	1,280,346,737	-
	10,611,290,346	10,219,269,925
Borrowed funds (notes 3, 17, 31 and 32)		
From domestic financial institutions	7,981,791	10,577,082
From foreign financial institutions	22,072,728,876	15,959,244,794
Insterests payable	76,540,507	97,534,717
	22,157,251,174	16,067,356,593
Outstanding acceptances (notes 3, 8 and 31)	1,593,448	193,574,215
Outstanding securities (notes 18, 31, 32 and 33)		
Securities	75,035,439,606	68,506,506,880
Other liabilities (notes 3, 14, 19, 24, 31 and 35)	6,432,841,061	9,225,034,463
Subordinated debt (notes 3, 20, 31 and 32)		
Subordinated debt	12,539,619,925	-
Interests payable	373,382,625	-
	12,913,002,550	-
Total liabilities	287,585,938,736	228,035,177,742
NET EQUITY (notes 22, 23 and 35)		
Paid-in capital	3,500,000,000	3,500,000,000
Other equity reserves	10,485,027,162	8,718,685,908
Revaluation surplus	755,665,021	773,840,890
Retained earnings from prior periods	1,611,190,519	3,580,607,998
Net income for the year	3,298,523,907	1,738,865,883
Total net equity	19,650,406,609	18,312,000,679
TOTAL LIABILITIES AND EQUITY	307,236,345,345	246,347,178,421
Contingent accounts (notes 23 and 24)	6,568,522,989	7,512,353,580
Memorandum accounts (note 25)	376,442,517,544	302,848,548,377

These unconsolidated financial statements - statutory basis are to be read in conjunction with their accompanying notes.

Lic. Enrique A. Ramírez Paniagua
General Administrador

Lic. Luis R. Espinal L.
Comptroller

BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA
BANCO DE SERVICIOS MÚLTIPLES
(Parent company)

Unconsolidated Income Statements - Statutory basis

Years ended at December 31, 2013 and 2012

(Free Translation from the Original Spanish-Language Version)

(Amounts in RD$)

	Years ended December 31st	
	2013	2012
Financial income (notes 6, 7, 26 and 33)		
Interests and commissions on loans	19,566,233,371	17,006,845,410
Interests from investments	5,166,908,945	4,197,677,290
Gains from investments	1,953,637,975	291,846,556
	26,686,780,291	21,496,369,256
Financial expenses (notes 16, 17, 18, 20, 26 and 33)		
Interests on deposits	(7,853,122,769)	(7,950,010,104)
Losses on investments	(286,469,068)	(96,073,908)
Interests and commissions on borrowed funds	(372,796,830)	(337,839,476)
	(8,512,388,667)	(8,383,923,488)
Gross financial margin	18,174,391,624	13,112,445,768
Provisions for loan portfolio (note 14)	(1,605,000,000)	(870,225,000)
Provisions for investments (note 14)	(1,050,000)	-
	(1,606,050,000)	(870,225,000)
Net financial margin	16,568,341,624	12,242,220,768
Foreign exchange gain (loss) (notes 3 and 27)	(60,851,769)	(116,729,905)
Other operating income (notes 28 and 33)		
Service fees	2,587,302,577	2,279,892,635
Commissions from exchange	752,299,365	746,898,387
Miscellaneous income	16,454,747	17,213,073
	3,356,056,689	3,044,004,095
Other operating expenses (notes 28 and 33)		
Commissions for services	(221,131,326)	(200,783,276)
Miscellaneous expenses	(87,366,341)	(69,216,291)
	(308,497,667)	(269,999,567)
Operating expenses (notes 14, 24, 30 and 33)		
Salaries and compensation to personnel	(8,928,069,555)	(7,666,523,444)
Third party services	(999,246,710)	(677,483,917)
Depreciation and amortization	(571,598,003)	(606,424,461)
Other provisions	(658,398,097)	(810,386,137)
Other expenses	(4,380,566,479)	(4,117,194,637)
	(15,537,878,844)	(13,878,012,596)
Operating income	4,017,170,033	1,021,482,795
Other income (expenses) (notes 29 and 35)		
Other income	2,018,504,099	1,629,546,402
Other expenses	(607,288,634)	(358,261,837)
	1,411,215,465	1,271,284,565
Income before income tax	5,428,385,498	2,292,767,360
Income tax (note 21)	(381,696,206)	81,753,044
Net income for the period	**5,046,689,292**	**2,374,520,404**

These unconsolidated financial statements - statutory basis are to be read in conjunction with their accompanying notes.

Lic. Enrique A. Ramírez Paniagua General Administrador	Lic. Luis R. Espinal L. Comptroller

BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA
BANCO DE SERVICIOS MÚLTIPLES
(Parent company)

Unconsolidated Statements of Equity - Statutory basis

Years ended at December 31, 2013 and 2012

(Free Translation from the Original Spanish-Language Version)

(Amounts in RD$)

	Paid-in Capital	Other Equity Reserves	Revaluation Surplus	Retained Earnings from Prior Years	Net Income For this Year	Total Equity
Balances at January 1st, 2012	3,500,000,000	7,941,134,919	915,737,358	2,223,583,331	1,842,931,919	16,423,387,527
Transfer to retained earnings	-	-	-	1,842,931,919	(1,842,931,919)	-
Dividends paid to the Dominican Republic Government (note 22)	-	-	-	(184,415,059)	-	(184,415,059)
Dividends paid through payment amortization of National Treasury vouchers (note 22)	-	-	-	(75,000,000)	-	(75,000,000)
Dividends paid through interest payment of National Treasury vouchers (note 22)	-	-	-	(6,000,000)	-	(6,000,000)
Debt amortization of the Dominican State (note 22)	-	-	-	(220,492,193)	-	(220,492,193)
Effects of depreciation on revalued assets (note 22)	-	-	(141,896,468)	-	141,896,468	-
Net income for the year	-	-	-	-	2,374,520,404	2,374,520,404
Transfer to other equity reserves (nota 22)	-	777,550,989	-	-	(777,550,989)	-
Balances at December 31, 2012	3,500,000,000	8,718,685,908	773,840,890	3,580,607,998	1,738,865,883	18,312,000,679
Transfer to reatined earnings	-	-	-	1,738,865,883	(1,738,865,883)	-
Dividends paid in cash to the Dominican Republic Government (note 22)	-	-	-	(3,178,033,362)	-	(3,178,033,362)
Dividends paid through payment amortization of National Treasury vouchers (nota 22)	-	-	-	(75,000,000)	-	(75,000,000)
Dividends paid through interest payment of National Treasury vouchers (nota 22)	-	-	-	(5,250,000)	-	(5,250,000)
Dividends paid with assets received of foreclosure of loans	-	-	-	(450,000,000)	-	(450,000,000)
Effects of depreciation of revalued assets (note 22)	-	-	(18,175,869)	-	18,175,869	-
Net income for the year	-	-	-	-	5,046,689,292	5,046,689,292
Transfer to other equity reserves (note 22)	-	1,766,341,254	-	-	(1,766,341,254)	-
Balances at December 31st 2013	**3,500,000,000**	**10,485,027,162**	**755,665,021**	**1,611,190,519**	**3,298,523,907**	**19,650,406,609**

These unconsolidated financial statements - statutory basis are to be read in conjunction with their accompanying notes.

Lic. Enrique A. Ramírez Paniagua
General Administrator

Lic. Luis R. Espinal L.
Comptroller

BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA
BANCO DE SERVICIOS MÚLTIPLES
(Parent company)

Unconsolidated Statements of Cash Flows - Statutory basis

Years ended at December 31, 2013 and 2012

(Free Translation from the Original Spanish-Language Version)

(Amounts in RD$)

	Years ended at December 31	
	2013	2012
CASH FROM OPERATING ACTIVITIES		
Interests and commissions collected on loans	19,331,358,616	16,859,977,957
Other financial income collected	6,154,609,810	4,310,109,193
Other operating income collected	3,385,788,112	2,751,738,144
Interests paid on deposits	(7,456,444,428)	(7,950,010,104)
Interests and commissions paid on borrowed funds	(393,791,040)	(360,737,235)
General and administrative expenses paid	(14,234,899,883)	(12,439,898,584)
Other operating expenses paid	(308,497,667)	(269,999,567)
Income taxes paid	(695,728,140)	(354,196,497)
Miscellaneous collections (payments) from operating activities	(7,613,017,269)	977,829,044
Net cash (used) in operating activities	(1,830,621,889)	3,524,812,351
CASH FROM INVESTMENT ACTIVITIES		
Net decrease (increase) in investments	(6,130,748,544)	818,360,190
Loans granted	(159,273,313,808)	(134,569,335,291)
Loans collected	125,471,872,431	111,314,395,639
Interbank funds granted	(3,733,000,000)	(1,000,000,000)
Interbank fund collected	3,733,000,000	1,000,000,000
Acquisition of property, furniture and equipment	(676,567,511)	(572,439,326)
Proceeds from sale of fixed assets	29,127,498	239,388,795
Proceeds from sale of assets received in loans settlements	379,539,212	535,213,096
Net cash used in investment activities	(40,200,090,722)	(22,234,416,897)
CASH FROM FINANCING ACTIVITIES		
Deposits received	3,493,277,957,618	1,748,408,577,703
Deposits returned	(3,449,746,049,702)	(1,740,125,070,659)
Borrowed funds received	34,826,885,688	18,381,643,580
Borrowed funds paid	(28,715,996,897)	(16,439,631,703)
Subordinated obligations	12,516,454,325	-
Dividends paid and other payments to shareholders	(3,178,033,362)	(184,415,059)
Net cash provided by financing activities	58,981,217,670	10,041,103,862
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	16,950,505,059	(8,668,500,684)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	42,755,245,486	51,423,746,170
CASH AND CASH EQUIVALENTS AT YEAR END	**59,705,750,545**	**42,755,245,486**

(Continues)

BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA
BANCO DE SERVICIOS MÚLTIPLES
(Parent company)

Unconsolidated Statements of Cash Flows - Statutory basis

Years ended at December 31, 2013 and 2012

(Free Translation from the Original Spanish-Language Version)

(Amounts in RD$)

	Years ended at December 31	
	2013	**2012**
Reconciliation between the net income for the year and net cash provived by (used in) operating activities:		
Net income for the year	5,046,689,292	2,374,520,404
Adjustments to reconcile net income for the year to net cash used by operating activities:		
Allowances:		
Loan portfolio	1,605,000,000	870,225,000
Investments	1,050,000	-
Assets received in settlement of loans	388,969,025	331,070,000
Interests receivable	251,829,072	415,316,137
Other provisions	17,600,000	64,000,000
Release of provisions:		
Interests receivable	(343,795,757)	(251,576,140)
Depreciation and amortization	583,583,836	627,727,875
Loss (gain) in sale of property, furniture and equipment	16,996,714	(11,178,922)
Discharge of property, furniture and equipment	60,997,028	-
Gains on sale of assets received in settlement of loans	(45,868,944)	(54,276,985)
Currency exchange rate fluctuations, net	90,583,192	76,040,094
Amortization of cost of subordinated debt	15,925,519	-
Amortization of discount on issuance of subordinated debt	7,240,081	-
Equity accounted investee	(914,082,815)	(896,920,987)
Net changes in assets and liabilities:		
Interests receivable	(914,342,797)	(326,282,106)
Acceptance debtors	191,980,767	(116,287,940)
Accounts receivable	(5,092,675,525)	6,109,558,576
Deferred charges	(104,436,886)	(926,676,999)
Other assets	(127,329,880)	21,491,690
Outstanding acceptances	(191,980,767)	116,287,940
Interests payable	352,518,531	73,176,149
Other liabilities	(2,727,071,575)	(4,971,401,435)
Total adjustments	(6,877,311,181)	1,150,291,947
Net cash (used) in operating activities	**(1,830,621,889)**	**3,524,812,351**

These unconsolidated financial statements - statutory basis are to be read in conjunction with their accompanying notes.

Lic. Enrique A. Ramírez Paniagua
General Administrador

Lic. Luis R. Espinal L.
Comptroller

1 Entity

Banco de Reservas de la República Dominicana, Banco de Servicios Múltiples (the "Bank"), is owned by the Government of the Dominican Republic and was established on October 24th, 1941 under Law No. 581 as amended by Law No. 6133 of December 17th, 1962,which was modified by Law No. 281 of January 1st, 1976 and its modifications and laws currently in force.

The Bank offers multiple banking services to the Dominican Government, its autonomous entities and state-owned companies (public sector), as well as to private companies and to the general public (private sector). The main activities of the Bank include the granting of loans, investment, deposits, financing, among others.

The accompanying unconsolidated financial statements - statutory basis only includes figures from the Banco de Reservas de la República Dominicana, Banco de Servicios Múltiples (Parent Company), which were prepared to meet the requirements of regulatory agencies. Furthermore, the Bank prepares consolidated financial statements for general purposes and to comply with the requirements of the Monetary and Financial Authority.

The main offices of the General Administration are at Torre Banreservas on Winston Churchill Avenue, Santo Domingo, Dominican Republic.

The detail of the main officers is as follows:

Name	Position
Simón Lizardo	Minister of Finance - Ex in Officiate Chairman
Enrique A. Ramírez Paniagua	General Administrator
Aracelis Medina Sánchez	Deputy Administrator - Administration
José Manuel Guzmán Ibarra	Deputy Administrator - Government Business
Marcial H. Mejía Guerrero	Deputy Administrator - Operation and Technology
Rienzi M. Pared Pérez	Deputy Administrator - Subsidiary Entities of Banco de Reservas
Luis R. Espinal L.	Comptroller
William Read Ortiz	General Director - Personal Business
Luis Eduardo Rojas de Peña	General Director - Treasury, Investment Banking and Capital Market
Julio Enrique Páez Presbot	General Auditor

(Continues)

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.

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

	2013		2012	
Location	Offices (*)	ATM's	Offices (*)	ATM's
Santo Domingo	62	217	60	216
Provinces	91	212	89	212
	153	**429**	**149**	**428**

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

These unconsolidated Financial Statements were approved for issuance by the Board of Directors on March 4, 2014.

2 Summary of significant accounting policies

2.1 Accounting basis for the unconsolidated financial statements

The financial information and accounting policies of the Bank are in accordance with the accounting practices established by the Superintendence of Banks of the Dominican Republic, as stipulated in the Accounting Manual for Financial Institutions, as ammended by regulations, bulletins, resolutions, letters and other specific provisions issued by the Superintendence of Banks and the Monetary Board of the Central Bank of the Dominican Republic.These accounting practices differ in some aspects in form and content from International Financial Reporting Standards applicable for banks and financial institutions. Consequently, the accompanying unconsolidated financial statements - statutory basis do not purport to present the financial position, financial performance nor the cash flows in accordance with International Financial Reporting Standards.

The accompanying non-consolidated financial statements - statutory basis, have been prepared on the historical costs basis except for some lands and buildings that were revaluated to carryout them to their market value as of December 31, 2004.

(Continues)

The accounting practices set forth by the Superintendence of Banks of the Dominican Republic differ from International Financial Reporting Standards in certain aspects. A summary of the most significant differences is as follows:

(i) Allowances for loan losses correspond to the amount determined through an assessment of risks made by the Bank and the reserve levels that result from the classification assigned to each loan (for commercial loans classified as major debtors) or days past due (for consumer, mortgage loans and minor commercial debtors) and some specific approvals issued by the Superintendency of Banks. This evaluation (for major commercial debtors) includes the ability to pay is based on a review of credit records, payment history and collateral which are considered only for the determination of the provisions following the guidelines of the Asset Evaluation Regulations.

In accordance with International Financial Reporting Standards, loan portfolios are assessed by separating individual and collective loans. Individual loan analysis is evaluated on a loan-by-loan basis. In the case of loans that are collectively evaluated for impairment are estimated on the basis of the contractual cash flows of such groups, historical loss experience, analysis and opinion from management as to whether the current economical and loans conditions may change the actual level of the inherent historical losses. A provision is recognized, if objective evidence exist that there has been an impairment loss, which would result in the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

(ii) Banking regulations require financial institutions to establish allowances for assets received in loan settlements according to the following criteria: movable goods are reserved over a two (2) year period, on a straight line basis, starting six (6) months following foreclosure, while real estate is reserved over a three (3) year period, on a straight-line basis, counted as of the first anniversary of its recording in the Bank's books. International Ffinancial Reporting Standards (IFRS) require these assets be reserved only in the event that impairment exists.

(iii) Interest receivable past-due with less than 90 is reserved according to the classification granted to the corresponding principal of the loan. Past due interest receivable with more than 90 days is fully reserved, except in the case of credit cards transactions, which is fully reserved after 60 days past due. Subsequently, accrued interest is not recognized in the financial statements and are recorded as memorandum accounts. According to IFRS, allowances for interest receivable are determined based on existent risks to the loan portfolio; in the event of impairment of interest receivable, the loans are adjusted and subsequent accrual of interest is based on the adjusted balance using the effective interest rate.

(Continues)

(iv) Financial institutions translate all monetary items in foreign currency at the official exchange rate as established by the Central Bank of the Dominican Republic at the date of the balance sheet. IFRS require that all balances in foreign currencies be translated at the exchange rate to which the Bank had access at the balance sheet date.

(v) The Superintendence of Banks of the Dominican Republic requires that reserves held on loans at the time of executing their collateral be transferred to the assets received in loan settlements. IFRS only requires reserves on assets when the asset's market value is lower than its book value or when impairment exists.

(vi) There are differences between the presentation and disclosures of the financial statements according to IFRS and what is required by the Superintendence of Banks of the Dominican Republic.

(vii) According to banking practices, income derived from credit card renewals, letters of credit and customer acceptances are immediately recognized as income. IFRS requires recognition of this income to be deferred over the validity period of the credit cards, letters of credit and acceptances outstanding.

(viii) The Superintendence of Banks of the Dominican Republic requires that leasehold improvements and computer software, must be previously authorized by the Superintendence of Banks in order to be recognized as property, plant and equipment and intangible assets, respectively, in order to be recognized as other assets until such approval is obtained. IFRS requires that these items be recognized as property, plant and equipment and intangible assets as long as they generate future economic benefits.

(ix) The Superintendence of Banks of the Dominican Republic has established that short-term highly liquid investments which are easily convertible to cash be classified as investments. IFRS requires that this type of investments be presented as cash equivalents.

(x) The Superintendence of Banks of the Dominican Republic requires that financial institutions classify investments in four (4) categories, which are: trading, available-for-sale investments, held-to-maturity investments, and other investments in debt securities. Also, the Superintendence allows classifying in one of the three (3) former categories only those investments listed in an active market. IFRS does not require this kind of distinction, and the classification will depend on management's intention and does not include the category of other investments.

(xi) The Superintendence of Banks of the Dominican Republic allowed multiple service banks the revaluation of its properties as of December 31, 2004, and has not required updating these values after this date. IFRS has established that once a classification of assets is revalued such revaluation should be updated when significant and frequent value changes occur for such assets.

(Continues)

(xii) In accordance with current banking regulations, the Bank is required to classify cash flows resulting from the loans portfolio and customer deposits as investment and financial activities, respectively. IFRS require cash flows from these transactions be presented under operating activities.

(xiii) The Superintendence of Banks of the Dominican Republic requires banks to record an allowance for contingent operations, which includes granted guarantees, non-negotiable letters of credit issued, and lines of credit of automated use based on a classification of risk categories following the REA. The International Financial Reporting Standards requires recording a provision when there is a present obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable amount can be estimated.

(xiv) The Superintendence allowed the recognition as interest income upfront commission collected on discount of invoices to some important customers. IFRS require that such commission be deferred and recognized as income using the effective interest method.

(xv) The Superintendence of Banks allowed the recognition of liabilities related to the Pension Fund and the pensions paid directly by the Bank over a nine (9) year-period beginning in 2011. IFRS establishes that pension plan obligations must be recognized initially in full and periodically updated in subsecuent periods and the effects to be recognized either in profit or loss or other comprehensive income.

(xvi) Banking regulations require that investment in stocks be valued at the lower of fair value or cost. If there is not a security market, they are valued at cost less impairment. The quality and creditworthiness of the issuer should be taken into consideration, following the Ruling for Assets Evaluation and Instructive for the Assets Evaluation Process as stated in the banking regulations. In accordance with IFRS it must be determined if there is control or significant influence. If control exists, the consolidated financial statements must be prepared. If it is determined that there is significant influence, investments must be recognized under the equity method and those that do not comply with the two (2) above features are carried at fair value with either changes in profit or loss or in other comprehensive income, depending of the classification.

(xvii) In accordance to 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 the loans, among others. IFRS require the following disclosures that allows the users of the financial statements to evaluate: a) the importance of the financial instruments in relation to the financial position and results of the entity and b) the nature and the scope of the risks resulting from the financial instruments to which the entity is exposed during the year and at the report date and how the entity manages those risks.

(Continues)

(xviii) The Superintendence of Banks of the Dominican Republic does not allow the release of provisions for asset received on foreclosure of loan without its prior authorization. In the case of sale of foreclosed assets that are provisioned, if the sale occurs at a higher value than its books value a gain cannot be recognized as required by the International Financial Reporting Standards, but instead the provisions released must be transferred to other regulatory provisions or request authorization from Superintendence of Banks to recognize them as income.

(xix) The Superintendence of Banks of the Dominican Republic, authorized the Bank to account for investments in subsidiaries by using the equity method in separate financial statements (Parent Company) on the results of the subsidiaries, including without standardizing, the accounting principles of the subsidiaries that follow different accounting principles. The International Financial Reporting Standards, requires that a Parent Company account its investments in subsidiaries using the cost method or by following the guidelines of International Accounting Standard No. 39 in its separate financial statements .

(xx) The Superintendence of Banks of the Dominican Republic authorized the Bank to classify factoring operations as accounts receivable. According to International Financial Reporting Standards these operations must be classified as loans.

(xxi) The Superintendence of Banks of the Dominican Republic authorizes financial intermediation institutions to write-off a loan with or without collateral when it becomes a non-performing portfolio, 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. The International Financial Reporting Standards require these write offs immediately when loans are determined to be unrecoverable.

(xxii) International Financial Reporting Standards requires that if the Bank presents other comprehensive income, an income statement and comprehensive income financial statement must be presented or a separate statement of other comprehensive income showing the nature and amount of line items for other comprehensive income during the reporting period. The Superintendence of Banks of the Dominican Republic does not include this requirement in their preparation of financial statements - statutory basis.

(xxiii) The Superintendence of Banks authorized to account foreign currencies sale transactions with the Central Bank of the Dominican Republic in which the Bank is entitled to receive U.S. dollars at a maximum preestablished exchange rate, and to be disclosed and accounted as foreign currency balances for purposes of determining the net foreign currency position. International Financial Reporting Standards requires that these operations be recognized at fair value of derivative financial instruments.

(Continues)

The Bank has not quantified the effects of differences between the accounting basis of the Superintendence of Banks and the International Ffinancial Reporting Standards on the financial statements.

2.2 Use of estimates

The preparation of the financial statements - statutory basis requires management to make estimates and assumptions that affect the amounts of assets and liabilities reported and the disclosure of contingent assets and liabilities as of the date of the financial statements - statutory basis, and the amounts reported as current revenues and expenses during the period. Estimates are used mainly in the determination of allowances for assets subject to risk, long term depreciation and amortization, long-term, impairment of assets and contingencies. Actual results may differ from such estimates.

2.3 Loan portfolio

Loans are carried out at their outstanding balances less the required allowance for loan losses.

The Bank calculates interest on loans and cardholders based on the outstanding balance of the principal.

The Bank assigns to commercial loans that have been restructured an initial classification no lower than “C” independently of their capability and payment behavior and country risk; this can be changed subsequently to a lower risk category based on satisfactory payment behavior. The Bank also is required to create an allowance for consumer and mortgage loans that have been restructured and classified no lower than “D.” Such classification may be subsequently changed based on payment behavior, but can in no event be classified lower than “B.”

Furthermore, the Bank applies the arrears method to past due loans for more than 90 days 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 2.4.3).

2.4 Determination of allowances to cover credit risks on loan losses in the loan portfolio, other assets and contingent operations

2.4.1 Allowance for loan losses

Determination of allowance for loan losses is based on local Banking Regulations for Asset Valuation, as approved by the Monetary Board in its First Resolution of December 29, 2004, as well as complementary regulations and observations made by the Superintendence of Banks of the Dominican Republic. (Basis of determination of allowances).

(Continues)

According to these regulations, the estimate of loan loss reserves depends upon the type of loan, which can be classified as: major commercial debtors, minor commercial debtors, 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 history 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. Minor comercial debtors' classification is based only in payment history. The Superintendence of Banks of the Dominican Republic, through Instruction Letter 001/11 dated July 25, 2011 and expiration date June 30, 2013, allows financial institutions when performing evaluations regarding major debtors to take into consideration only their payment history. Subsequent to the expiration date of the aformentioned Instruction Letter, major commercial debtors are classified quaterly considering the categorized analisys of each debtor based on solvency, and as established in the Regulation for Asset Valuation and the evaluation of other factors such as: liquidity ratio, profitability ratio, leverage ratio, market analysis, payment performance history, country risk and alignment.

According to the Second Monetary Board Resolution dated March 21, 2013, in order for a commercial loan be classified as major commercial debtor, such amount was increased from RD$15,000,000 to RD$ 25,000,000. Furthermore, the consolidated debt should be considered in the financial system regardless of the entity that granted the credit.

Furthermore, such regulations requires a provision for the effects of exchange fluctuations on foreign currency loans classified as D and E, considering as a risk exposure of 20% of the amount past due on collateralized loans classified as D and E, for more than 90 days past due.

Through SB Circular: No. 002/11 dated July 25, 2011, the Superintendence of Banks of the Dominican Republic granted a waiver for the accounting treatment of the provision caused by the positive difference exchange rate differences of existing loans classified D and E, as set out in Circular SB: No. 004/09 dated March 24, 2009. Accordingly, a period of two (2) years was established beginning on the date of the aforementioned resolution for the constitution of reserves originated by positive exchange differences on loans D and E. The Superintendence of Banks of the Dominican Republic though Circular SB: 008/12 dated December 5, 2012, granted an extension of the time limit for implementing the measures set forth in Circular SB : 002 /11, pending the review on Regulations for Assets Valuation is completed.

Additionally, SB Circular: No. 002/11 establishes that the amount of the allowances that the banks will present at the date of this Instruction Letter should be transferred to the account 129.01.M.08: additional provision for risky assets and can be used to cover requirements of provisions for risk on the different types of assets.

(Continues)

Also, the Superintendence of Banks provided special approvals to classify some credits that might be classified different if the they were evaluated in accordance with the banking Regulation for Assets Valuation.

For minor commercial debtors consumer and mortgage loans the allowance is determined based on the days in arrears and collaterals are not taken into consideration. Loan collateral, as a factor of security in the collection of loans, is considered a secondary element and is not taken into account when determining debtor classification, even though this is considered when determining the necessary reserves (in the case of commercial debtors).

In accordance with the Banking Regulations for Asset Valuation, collaterals that secures credit operations are classified based on its use and ease of conversion to cash. Based on the established acceptable amounts, each classification of collateral is considered as a secondary element in the calculation of the loan loss reserve coverage. Acceptable collateral is quantified using specific discount percentages as established in the Regulations. Collaterals are classified as follows:

Multi-use collateral ("garantías polivalentes")

Includes real estate that is not specific to any activity but has multiple uses, is easily transferable, is easy to convert to cash, easily appraised and easy to monetize without excessive costs and with a stable value. Such collateral is considered at 50% to 100% of its value for the purpose of estimating the risk coverage by such assets, depending on the type of collateral.

Specific use collateral ("garantías no polivalentes")

Represents collateral secured by assets difficult to convert to cash or monetize. Generally these assets are user specific. Such collateral is taken into account at 30% to 50% of its value for the purpose of estimating the risk coverage provided by such assets.

Each classification of collateral is taken into account in calculating the amount of loan coverage based on schedule 8 (Table 8) the percentages established in the Banking Regulations for Asset Valuation (REA).

2.4.2 Allowance for loans portfolio of the public sector

As of December 31, 2013 and 2012, the Bank evaluated the portfolio of major comercial debtors of the public sector, as definied and clustered by Law 6-06 regarding Public Loans, following the Instructional Guidelines for Investment Credit Evaluation and Contingent Operations of the Public Sector, and related circulars. Loans payable to some strategic entities of the Dominican electricity sector, were classified as risk "A" and a requirement for the provision of 1% as stated in the ADM/0089/12 Memorandum issued by the Superintendence of Banks of the Dominican Republic as of February 8, 2012. Provisions for public sector loans classified as "A," have a provision requirement of "0, " as set forth by Memorandum 0981 dated December 14, 2012 of the Superintendence of Banks of the Dominican Republic dated December 14, 2012.

(Continues)

2.4.3 Allowance for interest receivable

The allowance for losses on interest receivable is determined using specific percentages according to the classification of the corresponding principal. Provision for interest on consumers, mortgage and minor commercial loans is based upon specific percentages for each loan, depending on past-due payments using parameters established in the Banking Regulations for Asset Valuation (REA).

Interest receivable 90 days past due (except for credit card balance) is fully reserved. Interest receivable on credit cards is fully reserved over 60 days past-due. Such accounts are then maintained on a non-accrual basis, are recorded as a memorandum account ("cuentas de orden") and interest is recognized as income only when collected.

2.4.4 Allowance for other assets

Banking Regulations for Asset Valuation establishes a maximum term of three (3) years, starting after the expiration of 120-days period following foreclosure, to create an allowance for assets received in settlement of the loan. Reserves should be established as follows if assets remain unsold:

Movable goods:	100%	Over two (2) years, recorded on a straight-line basis starting on the seventh (7) month.
Real estate:	100%	Over three (3) years, recorded on a straight-line basis starting on the thirteenth month.

Existing reserves for loan losses relating to collateral that has been foreclosed must be transferred to allowances for losses on assets received in settlement of loans. The allowance on the assets cannot be released without prior authorization of the Superintendence of Banks of the Dominican Republic; nevertheless, they can be transferred to other risky assets without prior authorization.

Impairment in the value of assets received in loan settlements is computed as the difference between book and market values determined by independent appraisers, and are charged as expense when determined.

2.4.5 Allowance for contingencies

The allowance for contingent operations, included in "other liabilities", relates to provisions for guarantees granted, endorsements, non-negative letters of credit and credit lines available on unused credit cards, among others. Such provisions are determined together with the rest of the debtor's obligations and are made depending on the risk classification of the debtor and on collateral for the calculation of the provision. The nature, amounts and estimation of contingent liabilities are described in note 24 to the unconsolidated financial statements - statutory basis.

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2.5 Employee benefit cost

2.5.1 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.

2.5.2 Retirement and pension plan

The Bank has a defined benefit pension plan for employees that are not covered by Social Security Law No. 87-01 of May 9, 2001, which established the Social Security System of the Dominican Republic. As established in the Pension Plan approved by the Board of Directors of the Bank, the contribution of the Bank to the Plan is 5.40% of the monthly salaries paid to officers and employees, plus 2.5% of the gross profits of the Bank and extraordinary contributions. In December 31, 2010, the Superintendence of Banks allowed that the liability for the defined benefit pension plan be recognized prospectively on a nine (9) year period beginning in December 2011.

Additionally, the Board of Director approves pensions to be paid directly by the Bank, which are included in the determination of actuarial liability of the Plan.

The Bank's net obligation in respect of defined benefit plans, is calculated by estimating the amount of future benefit that employees will have earned in the current and prior period and during prior periods and discounting that amount and deducting the fair value of the plan’s assets.

The calculation of the defined benefit obligations is performed annually by a qualified actuary using the method of projected unit credit method. In order to calculate the present value of economic benefits, minimum funding requirements shoud be considered.

2.5.3 Defined contribution plan

The Bank makes contributions to the mandatory pension plan, in accordance with the requirements of the Social Security Law No. 87-01, dated May 9, 2001 which created the Social Security System of the Dominican Republic. This system operates under individual capitalization schemes and requires that individual contributions made by the employer and employee must be managed by the Administradora de Fondos de Pensiones (AFP). The contributions made by the Bank are recognized as expenses when incurred. At retirement age, the employees will receive their contributions and of the employer plus the accrued income on their individual capital account.

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2.5.4 Severance compensation

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

2.6 Outstanding securities and subordinated liabilities

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

The Bank's has subordinated debts relating to financing obtained by issuing debt securities denominated " Subordinated Debt Notes" issued in the United States of America. The subordinated debt is recognized initially at fair value, net from transaction costs incurred and discounts granted on the issue, which are amortized on the straight-line method over the term of the debt. Financial expenses resulting from commissions, exchange differences and other financial charges arising from the aforementioned obligations are recognized and taken to profit or loss for the period in which they have incurred.

2.7 Valuation of different types of investments

2.7.1 Investments in securities and allowances

Investments are carried out at cost less required allowance.

The Bank classifies the investments in four (4) categories: trading, held to maturity, available-for-sale and other investment in debt instruments.

Trading securities correspond to investments acquired with the purpose of obtaining profits derived from short term fluctuations in prices, and which are traded on a stock exchange market or other type of organized market. Held-to-maturity correspond to investments that the Bank has the positive intent and ability to hold until maturity, and are traded in an active organized market. Available-for-sale investments correspond to instruments that are traded in an active and organized market and that do not meet the criteria to be classified as trading or held to maturity. All securities that are not traded in active or organized markets and are not classified in the previous categories, are classified as other investments in debt securities.

Trading securities are recognized initially at cost. The changes in the market value are recognized in the unconsolidated statement of income - statutory basis as a gain or loss on fair value changes.

(Continues)

Available for sale investments are recognized initially at acquisition cost. The changes in the fair value are recognized in equity as an unrealized gain or loss on available-for-sale investments.

Held to maturity invesments and other investments in debt instruments are recognized at amortized cost.

Premiums or discounts arising on the purchase of held to maturity investments and other debt instruments investments are amortized over the period of the instrument using the effective interest rate.

The allowance for investments is determined following similar criteria to those established for loan portfolio in terms of classification, based on the issuer's creditworthiness and percentages of ratio losses. The financial characteristics of the instruments and their trading on a secondary market, if any, are also considered for financial investments.

Instruments issued or guaranteed by the Dominican Government, the Superintendence of Banks authorized that they are considered risk-free with 0% allowance.

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

2.7.2 Investments in shares and provisions

Investments in shares are carried at cost, net of allowance for losses, except for investments in subsidiaries which are recorded using the equity method, following a non-objections from the Superintendence of Banks of the Dominican Republic .

Reserves for investments in shares are determined following the same criteria as for major commercial debtors (see note 2.4.1).

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

2.8 Valuation of property, furniture and equipment and the depreciation method used

2.8.1 Basis of recognition

Land and buildings are carried out at fair values as determined by independent appraisers as of December 31, 2004. Land and buildings acquired after that date and other furniture and equipment are carried out at cost. Depreciation is calculated using a method similar to the declining balances depreciation method.

(Continues)

2.8.2 Depreciation

Depreciation percentages are the followings:

Description	Estimated Useful Lives in Years
Buildings	5%
Furniture and equipment	15-25%
Leasehold improvements	50%

2.9 Assets received in loan settlements

Assets received in loan settlements are carried out at the lower of:

a) Value agreed upon payment in kind or the award price in a public auction.
b) Market value at the date assets are received.
c) Outstanding balance of the loan plus interest and/or accounts receivable, which are being cancelled.

The valuation allowance for these assets is determined following the criteria established by the Superintendence of Banks, as described in note 2.4.4.

2.10 Deferred charges

Deferred charges include prepaid income taxes, deferred income taxes and other prepaid expenses.

Other prepaid expenses are amortized as the prepaid services are received.

2.11 Assets and liabilities in foreign currency

The amounts in the accompanying unconsolidated financial statements - statutory basis are presented in Dominican pesos (RD$). Assets and liabilities in other currencies are translated using the exchange rate set by the Central Bank of the Dominican Republic at the date of the unconsolidated financial statements - statutory basis. 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 under other financial income (expense) in the accompanying unconsolidated income statements - statutory basis.

At December 31, 2013 and 2012, the exchange rates used on the translation of the balances from US dollar to Dominican pesos were RD$42.6723 and RD$40.2612, respectively. The exchange rates to translate from other currencies to US dollars are presented in note 3 to the unconsolidated financial statements - statutory basis.

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2.12 Revenue recognition and expenditures

Finance income and expenses

The Bank recognizes interest income on loans and investments under the accrual method. Loan interest is calculated using the simple interest method on outstanding capital amounts. Interests on loans are no longer recognized and placed on nonaccrual status, when a loan is 90 days past due, except for credit card balances, which are placed on nonaccrual status after 60 days. From these dates forward they are recorded in a memorandum account. Once placed in nonaccrual status the interests are recognized as income only when collected.

With the authorization of the Superintendence of Bank, the Bank recognizes as interest income the commisions on discount of invoices when they are collected.

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

Expenses related to returns on deposits are recognized in the unconsolidated financial statement of income - statutory basis, based on accumulation of simple interest, except those corresponding to savings accounts and financial certificates, in which the capitalized returns are accumulated using the compound interest method.

Costs directly related to the issuance of the subordinated debts are amortized and recognized as expenses using the straight-line method over the term of the debt.

Income related to the disposal of other investments in debt instruments

Income from the disposal of other investments in debt instruments, are recognized in the unconsolidated statements of income - statutory basis, as the difference between the amount received from the sale and the book value of the instrument when the risks and rewards associated with the investment have been transferred to the buyer.

Other income and other operational expenses

Other operational income are recognized when earned and other operational expenses and other operating expenses when incurred. Revenues from fees/commissions and other services resulting from managing accounts, drafts and transfers, guarantees and securities, purchase and sale of foreign currencies, credit cards, use of ATMS and retail outlets, third-party collections and others, are recognized on an accumulation basis when services have been provided to the clients.

(Continues)

Other income and expenses

Other income resulting from operations, operating leasing, sales of fixed assets 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.

2.13 Provisions

The Bank establishes provisions whenever it considers that it has incurred an obligation as a result of a past event, when it is probable that it will have to disburse financial resources to settle these obligations and when a reasonable estimate of the amount involved can be made.

2.14 Income tax

According to its Organic Law, Banco de Reservas de la República Dominicana, Banco de Servicios Múltiples is exempted from income tax payment; however, the Bank calculates and voluntarely pays income tax following some guidelines of the Tax Code and specific criteria, considering that the beneficiary is also the Dominican Government. In this regard, the Bank recognizes the tax effects of transactions in the year in which they are included in profit or loss, regardless of when they are recognized for tax purposes, including provisions for risky assets and special contributions of the Bank's employees Pension Plan, among others.

Total expense resulting from income tax payment is recognized in the unconsolidated statement of income - statutory basis.

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

2.15 Financial instruments

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

The estimated market value of the financial instruments of the Bank, their book value and the methodology used to estimate them are presented below:

(Continues)

Short-term financial instruments

Short-term financial instruments, both assets and liabilities, are carried at the cost recorded in the Bank’s unconsolidated balance sheet - statutory basis, because of the relatively short-term period between the origination of the instruments and their subsequent realization. This category includes: cash on hand and in banks, term deposits in other banks, bank acceptances, client’s liability under aceptances, outstanding acceptances and interest payable.

Investments in securities

The fair values of investments in debt and equity securities are estimated based on cost adjusted for impairment, which have been determined following specific guidance issued by the Superintendence of Banks, as there is no active securities market in the Dominican Republic that can provide market values.

Outstanding Securities

It was not possible to estimate the fair 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 allowance for loan losses 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 recognized using the same method.

2.16 Derecognition of financial assets

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

(Continues)

2.17 Impairment of assets

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

Recoverability of an asset maintained and used in operations is measured by comparing the carrying amount of the asset with the discounted cash flow generated by that asset. If, after making such comparison, it is determined that asset values have been negatively affected, the amount to be accounted for as a loss impairment will be the excess of the carrying amount over the fair value of the asset and this loss is recorded affecting the net income of the year when determined.

2.18 Contingencies

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

2.19 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 the Bank's management determines that collectability is doubtful based on installments made, client's payment history and assessment of guarantees.

2.20 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, the maximum amount of dividends to be distributed among the shareholders, should not be greater than the amount of the accumulated retained earnings, calculated based on the cash basis and considering what is set forth in the Organic Law of the Bank No. 6133 and its modifications (see note 22).

2.21 Revaluation surplus

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

(Continues)

BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA,
BANCO DE SERVICIOS MÚLTIPLES
(Parent Company)

Notes to the Unconsolidated Financial Statements - Statutory Basis

3 Transactions in foreign currency and exchange exposure

The following is a detail of the Bank's balances in foreign currency as of December 31, 2013 and 2012

	As of December 31, 2013 Amount		As of December 31 2012 Amount	
Assets	Foreign US$	Total in RD$	Foreign US$	Total in RD$
Available funds	802,081,957	34,226,681,894	418,278,613	16,840,398,885
Investments	6,002,395	256,136,000	32,079,098	1,291,543,001
Loan Portfolio	1,840,014,351	78,517,644,390	1,419,463,336	57,149,297,254
Debtors by acceptance	37,341	1,593,426	4,807,959	193,574,215
Accounts receivable	104,176	4,445,430	152,106,178	6,123,977,244
Investments in shares	831,368	35,476,385	831,034	33,458,415
Other assets	94,731	4,042,390	212,160	8,541,832
Contingencies (a)	100,000,000	4,267,230,000	-	-
Total assets	2,749,166,319	117,313,249,915	2,027,778,378	81,640,790,846
Liabilities				
Customer deposits	1,641,887,132	70,063,100,278	1,389,020,549	55,923,634,125
Deposits from domestic and foreign financial institutions	164,890,326	7,036,249,457	200,854,470	8,086,641,980
Borrowed funds	519,054,923	22,149,269,383	398,815,174	16,056,777,483
Outstanding acceptances	37,341	1,593,448	4,807,959	193,574,215
Other liabilities	10,039,533	428,409,965	32,449,972	1,306,474,819
Subordinated debt	306,306,667	13,070,809,986	-	-
Total liabilities	2,642,215,922	112,749,432,517	2,025,948,124	81,567,102,622
Net foreign exchange position	**106,950,397**	**4,563,817,398**	**1,830,254**	**73,688,224**

(a) Corresponds to the nominal value of a transaction through the "Sale of foreign Currency with the Option of Repurchase" agreement with the Central Bank of the Dominican Republic (BCRD), in which the Bank sold US$100 million to the BCRD to be converted to Dominican pesos at a fixed exchange rate, and the BCRD agrees to sell under the same conditions of the initial purchase exchange rate for a period of 30 days. The accounting and presentation of these transactions in accordance to Circular Letter CC/07/10 issued by the Superintendence of Banks.

(Continues)

As of December 31, 2013 and 2012, the exchange rates used to translate US dollars to Dominican Pesos was RD$42.6723 and RD$40.2612, respectively. Furthermore, the Bank maintains balances in other currencies which were translated to US dollar using the following exchange rates:

	Exchange rate (US$)	
	2013	2012
Currency		
Euro	1.3783	1.3183
Pound Sterling	1.6468	1.6116

4 Available funds

Available funds are summarized as follows:

		2013	2012
Cash on hand (a)	RD$	6,610,322,867	6,319,701,122
Central Bank of the Dominican Republic (b)		38,652,218,068	32,697,554,652
Domestic banks (c)		162,154,740	-
Foreign banks (d)		11,788,321,273	2,278,056,818
Other funds - in transit (e) (f)		2,492,561,535	1,459,932,894
Interests receivable		172,062	-
	RD$	**59,705,750,545**	**42,755,245,486**

(a) Includes US$44,555,344 in 2013 and US$43,834,105 in 2012.

(b) Includes US$426,134,987 in 2013 and US$316,606,545 in 2012.

(c) Includes US$3,800,000 in 2013.

(d) Includes US$276,252,304 in 2013 and US$56,581,940 in 2012.

(e) Includes US$51,339,322 in 2013 and US$1,256,023 in 2012.

(f) Represents checks received from other banks pending to be collected through the Clearing House.

At December 31, 2013 and 2012, mandatory deposits (*encaje legal*) requirements was RD$20,630,713,629 and US$333,613,375 and RD$21,838,143,247 and US$301,461,919, respectively. For this purpose, the Bank maintains cash with the Central Bank of the Dominican Republic and loan portfolio in productive sector, amounting to RD$20,698,031,158 and RD$21,860,549,209 and US$427,624,457 and US$316,254,820, respectively.

5 Interbank funds

A movement of interbank funds made and received during the years ended December 31, 2013 and 2012, is as follows:

	2013			
	Interbank Assets			
Entity	Quantity	Amounts in RD$	No. of Days	Weighted Average Rate
Banco Múltiple León, S. A.	3	480,000,000	1	6.50%
Banco BHD, S. A. Banco Múltiple	2	300,000,000	2	6.50%
Banco Múltiple Santa Cruz, S. A.	9	610,000,000	3	6.56%
Banco BDI, S. A.	12	393,000,000	8	6.53%
Banco Múltiple Vimenca, S. A.	1	50,000,000	1	6.75%
Banco Múltiple Caribe, S. A.	12	600,000,000	3	6.71%
Citibank, N. A.	4	1,300,000,000	2	6.43%
		3,733,000,000		

	2012			
	Interbank Assets			
Entity	Quantity	Amounts in RD$	No. of Days	Weighted Average Rate
Banco Múltiple Santa Cruz, S. A.	2	90,000,000	3	8.50%
Banco BDI, S. A.	4	170,000,000	3	8.51%
Banco Múltiple Vimenca, S. A.	1	50,000,000	1	10.00%
Banco Múltiple Caribe, S. A.	5	240,000,000	1	8.56%
Citibank, N. A.	2	450,000,000	16	9.92%
		1,000,000,000		

During the years 2013 and 2012, the Bank negotiated interbank funds with different financial institutions; however, there are no balances in interbank funds at December 31, 2013 and 2012.

(Continues)

6 Investments

A summary of investments which are classified as other investments in debt instruments at December 31, 2013 and 2012 are summarized as follows

		2013		
Type of Investment	Issuer	Amount in RD$	Interest Rate	Maturity
Other investments in debt securities:				
Certificates of deposits	Banco Agríola de la República Dominicana	700,000,000	6.00%	2014
Certificates of deposits overnight, bills and interest- bearing deposits	Central Bank of the Dominican Republic	22,027,599,739	4.55% up to 16%	2014 to 2020
Bonds: Law 121-05	Dominican Government	1,500,000,000	2.00% plus inflation	2015
Certificates of deposits	Citibank, N.A. (represents US$5,513,200)	235,260,924	4% and 4.25%	2014 and 2015
Bonds: Law 366-09 (a)	Dominican Government	1,562,785,218	13.50% - 16.00%	2015 to 2020
Bonds: Law 131-11 (a)	Dominican Government	2,533,024,582	14.00% - 15.95%	2014 to 2021
Bonds: Law 99-01	Dominican Government	450,000,000	1%	2019
Bonds: Law 361-11	Dominican Government	602,581,444	15.00% and 16.95%	2019 and 2022
Bonds: Law 193-11	Dominican Government	430,891,342	2.00% and 8.00%	2014 and 2017
Bonds: Law 58-13	Dominican Government	10,072,351,579	12.5% to 18.5%	2018 to 2028
Certificates of deposits	Banco Nacional de Fomento Vivienda y Producción	436,993,005	2.00% and 8.5%	2014 to 2017
Bonds	Dominican Government	5,186,782	2.5% and 5.0%	Expired
Certificate of deposits (b)	Central Bank of the Dominican Republic	150,022,792	13%	2015
Mortgage notes (b)	Banco BHD, S. A.	200,681	6.65%	2014
Certificates of deposits (b)	Asociación Popular de Ahorros y Préstamos	3,000,000	6.00%	2014
Bonds	United States Treasury, (corresponds to US$683,675)	29,173,966	1.61%	2024
		40,739,072,054		
	Interest receivable, (includes US$3,093)	1,599,675,227		
	Allowance for losses on investment, (includes US$197,573)	(18,900,960)		
		42,319,846,321		

(Continues)

BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA,
BANCO DE SERVICIOS MÚLTIPLES
(Parent Company)

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Type of Investment	Issuer	2012 Amount in RD$	Average Weighted Rate	Maturity
Other Investments in Debt Securities:				
Bonds Law 131-11	Dominican Government	9,611,890,039	11.70% to 15.95%	2014 to 2021
Certificates of deposits, overnight, bills and interest-bearing deposits	Central Bank of the Dominican Republic	14,514,154,111	5.00% to 16%	2012 to 2019
Bonds Law 121-05	Dominican Government	1,500,000,000	2% plus inflation	2015
Certificates of deposits	Citibank, N. A. (represents US$5,273,200)	212,305,360	4.00% and 4.25% up to 10.50%	2014 and 2015
Bonds Law 366-09	Dominican Government	1,170,563,305	10.5% to 16%	2001and 2020
Bonds Law 99-01	Dominican Government	525,000,000	1%	2019
Bonds Law 175-12	Dominican Government (represents US$25,573,000)	1,029,599,668	7.00%	2023
Bonds Law 361-11	Dominican Government	1,249,830,482	15.00% to 16.95%	2019 to 2022
Bonds Law 193-11	Dominican Government	493,278,144	5.00%	2016
Certificates of deposits	Banco Nacional de Fomento, Vivienda y Producción	436,993,005	2.00% and 8.5%	2013 to 2017
Bonds	Dominican Government	5,186,782	2.5% and 5%	Expired
Bonds Law 366-09 (a)	Dominican Government	1,537,960,095	13.50 to 16%	2017 to 2020
Bonds Law 131-11 (a)	Dominican Government	1,104,631,904	14%	2018
Certificates of deposits (b)	Central Bank of the Dominican Republic	150,038,271	13%	2015
Mortgage notes (b)	Banco BHD, S. A.	200,681	6.45%	2013
Certificates of deposits (b)	Asociación Popular de Ahorros y Préstamos	3,000,000	5.00%	2013
Bonds	United States Treasury, (represents US$672,839)	27,089,310	1.61%	2024
		33,571,721,157		
	Interest receivable, (includes US$786,354)	925,457,185		
	Allowance for losses on investment, (includes US$226,295)	(15,300,960)		
		34,481,877,382		

(a) This investment is securing a borrowing obtained by the Bank.

(b) Investments affected by foreclosures in judicial proceedings against the Bank.

(Continues)

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Notes to the Unconsolidated Financial Statements - Statutory Basis

7 Loan Portfolio

a) Following is an analysis of the loan portfolio by type of loan:

		2013			2012		
		Public Sector	Private Sector	Total	Public Sector	Private Sector	Total
Commercial Loans							
Advances on checking accounts	RD$	-	16,030,859	16,030,859	-	2,902,204	2,902,204
Loans (including US$1,837,229,390 and US$1,437,046,319 in 2013 and 2012)		87,172,497,041	67,706,612,465	154,879,109,506	77,601,396,919	45,010,873,301	122,612,270,220
Discounted invoices		-	1,406,369	1,406,369	-	1,643,814	1,643,814
Financial leases (includes US$717,148 and US$2,023,937 in 2013 y 2012)		30,602,348	37,770,417	68,372,765	81,486,124	49,373,560	130,859,684
Advances on export notes (includes US$1,029,539 in 2012)		-	-	-	-	41,450,466	41,450,466
Letter of credit notes (includes US$23,791,278 and US$5,856,418 in 2013 y 2012)		-	1,015,228,523	1,015,228,523	-	235,786,424	235,786,424
Other loans		-	527,372	527,372	-	704,041	704,041
		87,203,099,389	68,777,576,005	155,980,675,394	77,682,883,043	45,342,733,810	123,025,616,853
Consumer Credit							
Credit cards (includes US$8,411,575 and US$8,343,705 in 2013 y 2012)		-	2,646,241,855	2,646,241,855	-	2,709,284,871	2,709,284,871
Consumer loans (includes US$2,702,044 and US$2,325,110 in 2013 and 2012)		-	19,476,304,667	19,476,304,667	-	13,446,543,470	13,446,543,470
		-	22,122,546,522	22,122,546,522	-	16,155,828,341	16,155,828,341

(Continues)

BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA,
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Mortgage loans						
Residential purchase (includes US$1,165,762 and US$1,481,100 in 2013 and 2012)	-	16,257,054,624	16,257,054,624	-	14,102,225,054	14,102,225,054
Construction, improvements, repairs, expansion and others	-	459,341,327	459,341,327	-	397,953,742	397,953,742
	-	16,716,395,951	16,716,395,951	-	14,500,178,796	14,500,178,796
	87,203,099,389	107,616,518,478	194,819,617,867	77,682,883,043	75,998,740,947	153,681,623,990
Interests receivable (includes US$5,884,563 and US$6,142,284 in 2013 and 2012)	148,768,485	980,985,509	1,129,753,994	91,602,118	803,277,121	894,879,239
Allowance for loan losses and interests receivable (includes US$39,887,409 and US$44,785,076 in 2013 and 2012)	(15,800,754)	(5,423,599,017)	(5,439,399,771)	(16,593,132)	(5,231,263,827)	(5,247,856,959)
RD$	**87,336,067,120**	**103,173,904,970**	**190,509,972,090**	**77,757,892,029**	**71,570,754,241**	**149,328,646,270**

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

	2013			2012		
	Public Sector	Private Sector	Total	Public Sector	Private Sector	Total
Current (i) (includes US$1,806,533,059 and US$1,344,605,049 in 2013 and 2012)	RD$ 87,203,099,389	102,034,705,646	189,237,805,035	77,682,882,129	67,259,633,069	144,942,515,198
Restructured (ii) (includes US$40,970,417 and US$5,871,142 in 2013 and 2012)	-	2,045,762,647	2,045,762,647	-	382,037,535	382,037,535
Past due:						
From 31 to 90 days (iii) (includes US$5,388 and US$4,807,869 in 2013 and 2012)	-	56,175,074	56,175,074	-	271,827,463	271,827,463
More than 90 days (iv) (includes US$8,963,142 and US$32,490,228 in 2013 and 2012)	-	1,284,806,388	1,284,806,388	914	3,049,440,360	3,049,441,274
Legal collections (v) (includes US$17,545,189 and US$70,331,840)	-	2,195,068,723	2,195,068,723	-	5,035,802,520	5,035,802,520

(Continues)

BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA, BANCO DE SERVICIOS MÚLTIPLES (Parent Company)

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Interests receivable current (i) (includes US$5,070,107 and US$2,544,590 in 2013 and 2012)	148,768,485	781,489,491	930,257,976	91,602,118	404,480,347	496,082,465
Restructured (ii) (includes US$87,451 and US$52,719 in 2013 and 2012)	-	12,993,615	12,993,615	-	3,385,007	3,385,007
Past due:						
From 31 to 90 days (iii) (includes US$76,751 and US$12,369 in 2013 and 2012)	-	37,834,170	37,834,170	-	26,906,752	26,906,752
More than 90 days (iv) (includes US$288,368 and US$1,146,852 in 2013 and 2012)	-	80,745,936	80,745,936	-	206,203,379	206,203,379
Judicial collection (v) (includes US$361,886 and US$2,385,754 in 2013 and 2012)	-	67,922,297	67,922,297	-	162,301,636	162,301,636
	87,351,867,874	108,597,503,987	195,949,371,861	77,774,485,161	76,802,018,068	154,576,503,229
Allowances for loans and interest receivable, (includes US$39,887,409 and US$44,785,076 in 2013 and 2012	(15,800,754)	(5,423,599,017)	(5,439,399,771)	(16,593,132)	(5,231,263,827)	(5,247,856,959)
RD$	**87,336,067,120**	**103,173,904,970**	**190,509,972,090**	**77,757,892,029**	**71,570,754,241**	**149,328,646,270**

(i) Represents loans that are current in principal payments.

(ii) Represents principal and interest receivable of loans, which being current or past due, their payment terms and conditions have been changed, resulting in a variation of the interest rate and/or maturity of the original loan contract, as well as credits originated in interest capitalization, past due commissions and other charges of the original loan.

(iii) Corresponds to principal installments and interest receivable that present arrears from 31 to 90 days with respect to the date that principal payment should have been made.

(iv) Corresponds to total principal and interest receivable that are past due in its principal payments for more than 90 days. For loans that are paid in installments, the total loan amounts are classified as past due loans when the installments are more than 90 days past due. It also includes overdrafts on demand deposits accounts with more than three (3) days in arrears.

(v) Corresponds to principal and interest receivable of loans that are in legal collection process.

(Continues)

c) *By type of collateral:*

		2013			2012		
		Public	Private	Public	Private		
		Sector	Sector	Total	Sector	Sector	Total
Multi use collateral (i)	RD$	5,956,855	53,287,070,134	53,293,026,989	16,156,053	45,400,650,067	45,416,806,120
Specific use collateral (ii)		-	2,865,301,585	2,865,301,585	-	2,335,801,512	2,335,801,512
Without collateral (iii)		87,197,142,534	51,464,146,759	138,661,289,293	77,666,726,990	28,262,289,368	105,929,016,358
		87,203,099,389	107,616,518,478	194,819,617,867	77,682,883,043	75,998,740,947	153,681,623,990
Interests receivable		148,768,485	980,985,509	1,129,753,994	91,602,118	803,277,121	894,879,239
Allowance for losses and interests receivable		(15,800,754)	(5,423,599,017)	(5,439,399,771)	(16,593,132)	(5,231,263,827)	(5,247,856,959)
	RD$	**87,336,067,120**	**103,173,904,970**	**190,509,972,090**	**77,757,892,029**	**71,570,754,241**	**149,328,646,270**

(i) Multi-use collateral are real estate assets that are not specific to a certain activity, can be used for a variety of purposes, easy to convert to cash, easy to appraise, easy to foreclose upon, transferrable without excessive costs and of stable value. These collaterals are considered between 50% and 100% of their value for risk coverage depending on the collateral. These collateral are considered for coverage according to the following detail:

Type of collateral	Percentage of Admittance
Public sector securities	100%
Securities issued by the same financial institution	100%
Securities from other financial institution and stand by guarantee	95%
Real estate	80%
Inventory	90%
Industry of multiple use	70%
Hotels located in developed touristic zones	70%
Hotels located in recently established touristic zones	50%
Free-trade zones of multiple use	60%
Other multi-use collateral	70%

(Continues)

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(ii) Specific-use Collateral are real guarantees that for their nature are considered of unique use and for that reason present characteristics that are difficult to sell due to their specialized origin. These collateral apply according to the following percentages:

Motor vehicles with less than five (5) years of use and heavy vehicles with insurance	50%
Industry of unique use	30%
Other specific-use collateral	30%

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

At December 31, 2013 and 2012, includes RD$79,728,172,719 and RD$77,666,726,990 which corresponds to public sector loans portfolio, which were included in the Budget of Revenues and Public Expenses Law ("Presupuesto de Ingresos, y Ley de Gastos Públicos") authorized by the Ministry of Finance or specific laws approving these loans.

d) By source of funds:

		2013			2012		
		Public Sector	Private Sector	Total	Public Sector	Private Sector	Total
Own funds	RD$	87,203,099,389	107,218,510,981	194,421,610,370	77,682,883,043	75,256,129,901	152,939,012,944
Banco Nacional de Fomento de la Vivienda y la Producción		-	8,654,337	8,654,337	-	13,549,601	13,549,601
Other international institutions		-	-	-	-	729,061,445	729,061,445
Other national institutions		-	389,353,160	389,353,160	-	-	-
		87,203,099,389	107,616,518,478	194,819,617,867	77,682,883,043	75,998,740,947	153,681,623,990
Interests receivable		148,768,485	980,985,509	1,129,753,994	91,602,118	803,277,121	894,879,239
Allowance for loans losses and interests receivable		(15,800,754)	(5,423,599,017)	(5,439,399,771)	(16,593,132)	(5,231,263,827)	(5,247,856,959)
	RD$	**87,336,067,120**	**103,173,904,970**	**190,509,972,090**	**77,757,892,029**	**71,570,754,241**	**149,328,646,270**

(Continues)

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Notes to the Unconsolidated Financial Statements - Statutory Basis

e) By term:

		2013			2012		
		Public Sector	Private Sector	Total	Public Sector	Private Sector	Total
Short-term (up to one year)	RD$	42,512,416,372	42,469,615,772	84,982,032,144	52,039,098,453	29,856,720,279	81,895,818,732
Medium term (more tan one year up to three (3) years)		34,051,962,857	49,396,833,886	83,448,796,743	22,048,550,381	32,925,264,639	54,973,815,020
Long-term (more than three (3) years)		10,638,720,160	15,750,068,820	26,388,788,980	3,595,234,209	13,216,756,029	16,811,990,238
		87,203,099,389	107,616,518,478	194,819,617,867	77,682,883,043	75,998,740,947	153,681,623,990
Interests receivable		148,768,485	980,985,509	1,129,753,994	91,602,118	803,277,121	894,879,239
Allowance for loans losses and interests receivable		(15,800,754)	(5,423,599,017)	(5,439,399,771)	(16,593,132)	(5,231,263,827)	(5,247,856,959)
	RD$	**87,336,067,120**	**103,173,904,970**	**190,509,972,090**	**77,757,892,029**	**71,570,754,241**	**149,328,646,270**

f) By economic sectors:

		2013			2012		
		Public Sector	Private Sector	Total	Public Sector	Private Sector	Total
Government	RD$	87,020,561,523	-	87,020,561,523	77,500,527,924	-	77,500,527,924
Financial sector		182,537,866	606,952,164	789,490,030	182,355,119	5,675,483	188,030,602
Non financial sector agriculture, livestock and forestry		-	6,348,174,643	6,348,174,643	-	4,195,495,120	4,195,495,120
Fishing		-	689,369	689,369	-	3,118,293	3,118,293
Mining and quarries		-	372,068,680	372,068,680	-	327,060,288	327,060,288
Manufacturing industry		-	2,793,049,740	2,793,049,740	-	2,041,976,027	2,041,976,027
Electricity gas and water		-	2,338,916,722	2,338,916,722	-	1,811,936,483	1,811,936,483
Construction		-	11,618,127,866	11,618,127,866	-	8,116,154,056	8,116,154,056
Wholesale and retail business		-	43,205,343,729	43,205,343,729	-	26,595,390,819	26,595,390,819
Hotels and restaurants		-	1,201,843,767	1,201,843,767	-	2,125,231,959	2,125,231,959
Transportation, warehousing and communication		-	286,582,725	286,582,725	-	195,712,569	195,712,569
Real estate and leasing activities		-	16,391,650,020	16,391,650,020	-	14,215,520,112	14,215,520,112
Education		-	38,774,352	38,774,352	-	21,325,592	21,325,592

(Continues)

Health and social services	-	281,225,149	281,225,149	-	186,405,806	186,405,806
Other non-specific activities	-	1,580,951	1,580,951	-	1,909,996	1,909,996
Private households with local services	-	22,131,538,601	22,131,538,601	-	16,155,828,344	16,155,828,344
	87,203,099,389	107,616,518,478	194,819,617,867	77,682,883,043	75,998,740,947	153,681,623,990
Interest receivables	148,768,485	980,985,509	1,129,753,994	91,602,118	803,277,121	894,879,239
Allowance for loans and interest receivables	(15,800,754)	(5,423,599,017)	(5,439,399,771)	(16,593,132)	(5,231,263,827)	(5,247,856,959)
RD$	**87,336,067,120**	**103,173,904,970**	**190,509,972,090**	**77,757,892,029**	**71,570,754,241**	**149,328,646,270**

As of December 31, 2013 and 2012, loans to private sector include RD$3,414 millions and RD$550 millions respectively, equivalent to credit line operations with contractors who are working with the Dominican Government, guaranteed by the Dominican Republic Government, and that the Superintendence of Banks authorized the risk "A" classification with a provision of 1%.

As of December 31, 2013 and 2012, a significant amount of the loan portfolio of the Bank corresponds to loans granted to public sector entities. From December 2012, these loans were authorized by the Superintendence of Banks to be classified with 0% of provision requirement if the borrower is in the "A" risk category.

During 2013, the Bank sold to a foreign financial institution a portion of their participation in loans with the Ministry of Finance which amounted to US$253,233,342.

8 Customer acceptances

A summary of customer acceptance is presented below:

	2013		2012	
Correspondent Bank	Amount in RD$	Maturity Date	Amount in RD$	Maturity Date
Wells Fargo Bank, represents US$37,341 in 2013 and US$82,706 in 2012	1,593,448	2014	3,329,847	2013
Deutsche Bank / Standard Chartered, represents US$29,798	-		1,199,715	2013
Bank of America, represents US$4,695,455	-		189,044,653	2013
	1,593,448		**193,574,215**	

(Continues)

9 Accounts receivable

A summary of accounts receivable, is as follows:

		2013	2012
Future contracts - foreign exchange claims	RD$	3,270,000	-
Commissions receivable (includes US$20,609 in 2013)		11,576,295	8,370,757
Other receivables:			
Accounts receivable from employees		7,796,865	9,463,579
Recoverable expenses		146,592,551	80,371,311
Security depostis		23,714,771	19,032,535
Legal and operational deposits		2,013,551	2,013,550
Credit card claims		6,346,979	-
Discount of invoices (includes US$152,090,720 in 2012) (a)		-	6,123,354,883
Others, includes US$83,567 and US$15,458 in 2013 and 2012, respectively (b)		415,817,742	26,727,936
	RD$	**617,128,754**	**6,269,334,551**

a) As of December 31, 2012, corresponds to factoring operations with Constructora Norberto Odebretch, Ministry of Public Works and Communications and Empresa de Generación Hidroeléctrica Dominicana, authorized by the Superintendence of Banks through Circulars SB: ADM/0303/12 dated: June 28, 2012. According to Law 160-13 dated December 6th 2013, the Ministry of Finance of the Dominican Republic, asumed these receivables as a long-term credit, which led them to be reclassified to the loan portfolio public sector at December 31, 2013.

b) At December 31, 2013, includes RD$247 million paid to the related entity Seguros Banreservas, S. A. on behalf of several entities of the Central Government; amount which will be recovered with the payment of 15% of the net profits of the Bank, that under Law 99-01 of April 5, 2001, which according to the amendment of the Organic Law of the Bank, will be used to cover debts of the Dominican Republic State and its agencies with the Bank.

(Continues)

10 Assets received in loan settlements

A summary of assets received in loan settlements as of December 31, 2013 and 2012 is shown:

		2013	2012
Furniture and equipment	RD$	17,676,558	18,661,787
Real estate		7,130,402,242	5,670,464,054
		7,148,078,800	5,689,125,841
Allowance for losses on assets received in loan settlements		(4,354,022,558)	(3,624,695,066)
	RD$	**2,794,056,242**	**2,064,430,775**

Following is a description of assets received in loan settlements (by aging) as of December 31 2013 and 2012:

		2013	
		Amount	Allowance
Up to 40 months:			
Furniture and equipment	RD$	10,503,640	(6,893,591)
Real estate		5,184,939,388	(2,380,678,095)
More than 40 months:			
Generic		-	(13,815,100)
Furniture and equipment		7,172,917	(7,172,917)
Real estate		1,945,462,855	(1,945,462,855)
Total	**RD$**	**7,148,078,800**	**(4,354,022,558)**

		2012	
		Amount	Allowance
Up to 40 months:			
Furniture and equipment	RD$	6,218,017	(4,514,050)
Real estate		4,049,762,775	(1,982,409,379)
More than 40 months:			
Generic		-	(4,626,588)
Furniture and equipment		12,443,770	(12,443,770)
Real estate		1,620,701,279	(1,620,701,279)
Total	**RD$**	**5,689,125,841**	**(3,624,695,066)**

(Continues)

BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA,
BANCO DE SERVICIOS MÚLTIPLES
(Parent Company)

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11 Investments in shares

A summary of investments in shares, is as follows:

December 31, 2013					
Amount of Investment RD$	Percentage of Share	Types of Share	Face Value RD$	Market Value RD$	Number of Shares
Investments in subsidiaries:					
3,615,560,292	98.38%	Common	1,000	(a)	1,477,135
25,799,477	10.00%	Common	1,000	(a)	38,374
7,275,000	96.62%	Common	1,000	(a)	11,595
3,648,634,769					
Investments in other companies:					
36,634,596	0%	Common	249	1,196	128,776
618,445	3%	Common	5	(a)	123,689
269,644,357	18%	Common	100	(a)	523,054
21,000,000	24%	Common	1,000	(a)	21,000
294,714 (b)					
328,192,112					
3,976,826,881					
(156,763,207) (c)					
Total **3,820,063,674**					

December 31, 2012					
Amount of Investment RD$	Percentage of Share	Types of Share	Face Value RD$	Market Value RD$	Number of Shares
Investments in subsidiaries:					
3,816,157,739	98.38%	Common	1,000	(a)	1,477,135
29,582,776	10%	Common	1,000	(a)	38,374
413,239	20%	Common	1,000	(a)	1,200
3,846,153,754					

(Continues)

Investments in other companies:					
34,564,643	0%	Common	249	857	128,776
618,445	3%	Common	5	(a)	123,689
269,644,357	18%	Common	100	(a)	523,054
21,000,000	24%	Common	1,000	(a)	21,000
294,714 (b)					
326,122,159					
4,172,275,913					
(168,511,241) (c)					
Total **4,003,764,672**					

(a) There is no active security market in the Dominican Republic where the market value of these shares may be observed; nevertheless, for investment in shares of companies that trade in active markets and whose book value at December 31, 2013 and 2012 amounted to RD$36,634,596 and RD$34,564,643, respectively, the market value was RD$154,016,096 and RD$110,361,032, respectively.

(b) Correspond to investments in several entities.

(c) Represents an allowance for equity investments

At December 31, 2013 and 2012, investments in shares include US$831,368 and US$831,034, net of a reserve of US$27,141 and US$27,705, respectively.

At December 31, 2013 and 2012, a summary of the investment and dividends received and equity in earnings of the subsidiaries is as follows:

		Tenedora Banreservas and Subsidiaries	Inmobiliaria Banreservas and Subsidiaries	Peaje Dominicano S. A.	Inversiones y Reservas, S. A.	Total
Investment balances at January 1st 2012	RD$	3,598,475,770	39,003,636	-	1,765,376	3,639,244,782
Dividends received		(690,012,015)	-	-	-	(690,012,015)
Equity in retained earnings		907,693,984	(9,420,860)	-	(1,352,137)	896,920,987
Investment balances as of December 31, 2012		3,816,157,739	29,582,776	-	413,239	3,846,153,754
Acquisition of shares		50,000,000	-	11,595,000	-	61,595,000
Sale of shares		-	-	-	(1,200,000)	(1,200,000)
Equity acconted investee		921,399,353	(3,783,299)	(4,320,000)	786,761	914,082,815
Dividends received		(1,171,996,800)	-	-	-	(1,171,996,800)
Investment balances at December 31, 2013	**RD$**	**3,615,560,292**	**25,799,477**	**7,275,000**	**-**	**3,648,634,769**

(Continues)

Assets, liabilities, income, expenses and net income of subsidiaries are accounted for under the equity method at December 31, 2013 and 2012 are as follows:

Entity	Percentage of Share		At December 31 2013 Assets	Liabilities	Income	Expenses	Profit or Loss
Tenedora Banreservas, S. A. (Parent Company)	98.38%	RD$	3,665,784,751	125,674,536	1,042,493,777	105,921,961	936,571,816
Inmobiliaria Banreservas and Subsidiaries (a)	10.00%		236,747,243	186,122,092	6,749,247	44,582,237	(37,832,990)
Peaje Dominicano, S. A.	96.00%		13,070,819	3,952,095	24,711,975	29,031,975	(4,320,000)
		RD$	**3,915,602,813**	**315,748,723**	**1,073,954,999**	**179,536,173**	**894,418,826**

Entity	Percentage of Share		At December 31 2012 Assets	Liabilities	Income	Expenses	Profit or Loss
Tenedora Banreservas, S. A. and Subsidiaries	98.38%	RD$	7,743,278,082	3,642,361,722	6,594,576,832	5,718,401,632	876,175,200
Inmobiliaria Banreservas and Subsidiaries (a)	10.00%		450,540,809	154,703,799	23,052,179	74,016,955	(50,964,776)
Inversiones y Reservas, S. A. (a)	20.00%		2,238,021	171,825	79,652	3,371,240	(3,291,588)
		RD$	**8,196,056,912**	**3,797,237,346**	**6,617,708,663**	**5,795,789,827**	**821,918,836**

(a) The Bank has total ownership of 100% and 99.93% in Inmobiliaria Banreservas and Subsidiaries and in Inversiones y Reservas, S.A., respectively, recognized indirectly through the subsidiary Tenedoras Banreservas, S.A.

12 Property, furniture and equipment

A summary of the property, furniture and equipment at December 31, 2013 and December 31, 2012 is as follows:

		2013 Land and Improvements	Buildings	Furniture and Equipment	Leasehold Improvements	Constructions, Acquisitions in Process (a)	Total
Balances at January 2013	RD$	1,097,134,741	3,415,445,097	4,631,760,524	51,677,103	471,658,587	9,667,676,052
Acquisitions		-	-	-	-	676,567,511	676,567,511
Retirements		-	-	(278,359,798)	-	-	(278,359,798)
Write-offs		-	-	(470,769,295)	(45,024,974)	-	(515,794,269)
Transfers		3,337,308	137,980,618	625,281,272	4,841,970	(771,441,168)	-
Balances at December 31, 2013		1,100,472,049	3,553,425,715	4,507,912,703	11,494,099	376,784,930	9,550,089,496

(Continues)

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Accumulated depreciation as of January 1st, 2013	-	(980,020,431)	(3,018,893,563)	(36,650,299)	-	(4,035,564,293)
Depreciation expense	-	(145,267,611)	(387,330,199)	(16,078,506)	-	(548,676,316)
Retirements	-	-	232,235,586	-	-	232,235,586
Write-offs	-	-	409,772,267	45,024,974	-	454,797,241
Balances at December 31, 2013	-	(1,125,288,042)	(2,764,215,909)	(7,703,831)	-	(3,897,207,782)
Property, furniture and equipment, net at December 31, 2013	**RD$ 1,100,472,049**	**2,428,137,673**	**1,743,696,794**	**3,790,268**	**376,784,930**	**5,652,881,714**

	2012					
	Land and Improvements	Buildings	Furniture and Equipment	Leasehold Improvements	Acquisitions in Process (a)	Total
Balances at January 1st, 2012	RD$ 1,075,546,460	3,352,851,311	4,348,436,348	86,989,312	495,382,293	9,359,205,724
Acquisitions	-	-	-	-	572,439,326	572,439,326
Reclassifications	21,588,281	3,958,768	-	-	-	25,547,049
Retirements	-	-	(18,832,216)	(46,958,249)	(223,725,582)	(289,516,047)
Transfers	-	58,635,018	302,156,392	11,646,040	(372,437,450)	-
Balances at December 31, 2012	1,097,134,741	3,415,445,097	4,631,760,524	51,677,103	471,658,587	9,667,676,052
Accumulated depreciation at January 1st, 2012	-	(816,315,608)	(2,649,563,960)	(44,689,439)	-	(3,510,569,007)
Depreciation expense	-	(163,704,823)	(383,677,528)	(38,919,109)	-	(586,301,460)
Retirements	-	-	14,347,925	46,958,249	-	61,306,174
Balances at December 31, 2012	-	(980,020,431)	(3,018,893,563)	(36,650,299)	-	(4,035,564,293)
Property, furniture and equipment, net at December 31st, 2012	**RD$ 1,097,134,741**	**2,435,424,666**	**1,612,866,961**	**15,026,804**	**471,658,587**	**5,632,111,759**

(a) Corresponds mainly to acquisition, remodeling and construction of branches.

13 Other assets

A summary of other assets is as follows:

		2013	2012
Deferred charges:			
Prepaid interest and commissions	RD$	23,692,710	32,395,234
Prepaid insurances		172,309,678	148,537,876
Prepaid expenses		185,199,905	155,415,047
Prepaid income taxes (note 21)		849,981,475	535,949,541
Prepaid taxes on financial assets		231,147,418	485,596,602
		1,462,331,186	1,357,894,300
Intangibles:		101,964,784	101,964,784
Other deffered charges (a)			
Accumulated Amortization		(77,392,847)	(42,485,327)
		24,571,937	59,479,457
Other assets:			
Stationery and other materials		102,108,176	104,672,962
Inventory - credit card		5,496,284	11,277,517
Library and artwork		23,098,873	22,893,923
Others		162,770,337	-
Items pending for allocation (b) (includes US$90,925 in 2013 and US$212,160 in 2012)		31,329,320	56,099,019
Balances among offices (include US$3,806 in 2013)		3,346,444	5,876,133
		328,149,434	200,819,554
	RD$	**1,815,052,557**	**1,618,193,311**

(a) Corresponds to the migration of the technological platform and other programs and software which have been authorized by the Superintendence of Banks of the Dominican Republic, through Circular Letter SB: ADM/0589/10 dated December 8, 2010.

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

(Continues)

14 Summary of allowances for risky assets

A summary of the changes in reserves for losses subject to risk, is as follows:

		2013					
		Loan Portfolio	Investments	Interest Receivable	Other Assets (a)	Contingent Operations (b)	Total
Balance at January 1st, 2013	RD$	4,849,779,437	182,481,301	399,408,422	3,624,695,066	147,165,154	9,203,529,380
Constitution of reserves		1,605,000,000	1,050,000	251,829,072	388,969,025	17,600,000	2,264,448,097
Write-off against reserves		(1,165,705,595)	-	-	-	-	(1,165,705,595)
Transfers Between reserves		(399,521,084)	(8,000,000)	156,865,885	340,358,467	(89,703,268)	-
Release of reserves		-	-	(343,795,757)	-	-	(343,795,757)
Effects of change in exchange rate and others		85,541,754	51,966	78,537	-	6,981,441	92,653,698
Balances at December 31, 2013		4,975,094,512	175,583,267	464,386,159	4,354,022,558	82,043,327	10,051,129,823
Minimum allowances required at December 31, 2013 (c)		4,489,970,482	175,583,267	464,386,159	4,354,022,558	70,737,875	9,554,700,341
Excess in the minimum allowance required at December 31, 2013 (d)	**RD$**	**485,124,030**	**-**	**-**	**-**	**11,305,452**	**496,429,482**

(Continues)

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				2012			
		Loan Portfolio	Investments	Interest Receivable	Other Assets (a)	Contingent Operations (b)	Total
Balances at January 1st, 2012	RD$	4,487,391,704	247,147,945	245,301,601	3,277,968,738	137,138,824	8,394,948,812
Constitution of reserves		870,225,000	-	415,316,137	331,070,000	64,000,000	1,680,611,137
Write-offs against reserves		(427,859,240)	-	(5,933,646)	(190,854,310)	-	(624,647,196)
Transfers betwen reserves		(82,210,638)	(64,700,000)	(3,700,000)	206,510,638	(55,900,000)	-
Release of reserves		-	-	(251,576,140)	-	-	(251,576,140)
Effects of change in exchange rate and others		2,232,611	33,356	470	-	1,926,330	4,192,767
Balances at December 31, 2012		4,849,779,437	182,481,301	399,408,422	3,624,695,066	147,165,154	9,203,529,380
Minimum reserves required at December 31, 2012 (c)		4,624,726,074	168,005,717	382,107,419	3,620,068,478	47,485,474	8,842,393,162
Excess in the minimum reserve required at December 31, 2012 (d)	**RD$**	**225,053,363**	**14,475,584**	**17,301,003**	**4,626,588**	**99,679,680**	**361,136,218**

(a) Corresponds to the allowance for assets received in loan settlements.

(b) This provision is included in the line item of other liabilities in note 19, and the expense for constitution is included in the operating expense item in the unconsolidated income statements.

(c) Represents the amounts of allowances determined by a self-assessment as of December 31, 2013 and December 31, 2012, and other adjustments.

(d) In case the required provisions are lower than the accumulated provisions, the Superintendence of Banks of the Dominican Republic will not allow the release of the reserves without prior authorization of the regulatory authorities.

The Superintendence of Banks through Letter No. 0981 dated December 14, 2012 informed the Bank its no objection for credits granted to the public sector classified in the “A” risk category to be treated similar as the issuance of debt securities from the Ministry of Finance and the Central Bank with a provision requirement of 0%.

(Continues)

As of December 31, 2013 and 2012, the Bank evaluated the portfolio of major commercial debtors of the public sector, whether the term public loan is understood as defined and established by Law 6-06 on Public Loans, or for the remaining of the loan portfolio included in the public sector following the guidelines of the Instructive for Loan Evaluation, Investments and Contingent Operations of the Public Sector and related documents. Loans from the Corporación Dominicana de Empresas Eléctricas Estatales and EDE'S were classified as risk rated "A" and were provisioned at 1%, as established through letter ADM/0089/12 issued by the Superintendence of Banks of the Dominican Republic, dated February 8th 2012. In the same manner, by means of circular ADM/0093/14 dated February 26, 2014, loans to the Dominican road sector, are classified as risk "A" with a provision requirement of 0%.

15 Customer deposits

Payable bonds are presented below:

a) By type

	December 31, 2013				
	Local Currency RD$	Annual Weighted Average Rate	Foreign Currency RD$	Annual Weighted Average Rate	Total RD$
Checking	48,637,028,188	0.59%	-	-	48,637,028,188
Saving	41,731,459,895	1.30%	26,098,766,369	1.05%	67,830,226,264
Time	2,816,166	6.15%	43,964,319,817	3.18%	43,967,135,983
Interest payable	116,024	-	14,092	-	130,116
	90,371,420,273	**0.92%**	**70,063,100,278**	**2.39%**	**160,434,520,551**

	December 31, 2012				
	Local Currency RD$	Annual Weighted Average Rate	Foreign Currency RD$	Annual Weighted Average Rate	Total RD$
Checking	34,040,168,008	0.33%	-	-	34,040,168,008
Saving	33,856,813,116	2.70%	20,979,934,135	1.08%	54,836,747,251
Time	2,820,417	6.52%	34,943,699,990	3.26%	34,946,520,407
	67,899,801,541	**1.51%**	**55,923,634,125**	**2.44%**	**123,823,435,666**

(Continues)

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b) By sector

	December 31, 2013				
	Local Currency RD$	Annual Weighted Average Rate	Foreign Currency RD$	Annual Weighted Average Rate	Total RD$
Non-financial public sector	29,433,904,067	0.59%	3,391,793,105	1.38%	32,825,697,172
Non-financial private sector	60,919,872,336	1.08%	66,649,933,736	2.44%	127,569,806,072
Non-resident	17,527,846	0.61%	21,359,345	1.38%	38,887,191
Interest payable	116,024	-	14,092	-	130,116
	90,371,420,273	**0.92%**	**70,063,100,278**	**2.39%**	**160,434,520,551**

	December 31, 2012				
	Local Currency RD$	Annual Weighted Average Rate	Foreign Currency RD$	Annual Weighted Average Rate	Total RD$
Non-financial public sector	20,603,396,052	0.35%	2,259,509,426	1.61%	22,862,905,478
Non-financial private sector	47,257,138,859	2.02%	53,655,575,058	2.48%	100,912,713,917
Non-resident	39,266,630	0.34%	8,549,641	1.08%	47,816,271
	67,899,801,541	**1.51%**	**55,923,634,125**	**2.44%**	**123,823,435,666**

c) By maturity

	December 31, 2013				
	Local Currency RD$	Annual Weighted Average Rate	Foreign Currency RD$	Annual Weighted Average Rate	Total RD$
0 to 15 days	90,368,717,808	0.92%	28,405,106,918	1.14%	118,773,824,726
16 to 30 days	146,155	6.59%	8,925,950,519	4.38%	8,926,096,674
31 to 60 days	609,182	6.82%	4,187,399,448	2.39%	4,188,008,630
61 to 90 days	629,941	5.22%	3,669,458,198	2.50%	3,670,088,139
91 to 180 days	295,098	6.80%	9,621,553,742	3.11%	9,621,848,840
181 to 360 days	-	0.00%	9,196,387,797	2.79%	9,196,387,797
More than one year	1,022,089	6.01%	6,057,243,656	3.44%	6,058,265,745
	90,371,420,273	**0.92%**	**70,063,100,278**	**2.39%**	**160,434,520,551**

(Continues)

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	December 31, 2012				
	Local Currency RD$	Annual Weighted Average Rate	Foreign Currency RD$	Annual Weighted Average Rate	Total RD$
0 to 15 days	67,897,121,485	1.51%	24,017,275,407	1.28%	91,914,396,892
16 to 30 days	164,044	6.52%	3,795,652,042	2.73%	3,795,816,086
31 to 60 days	558,765	6.86%	3,177,228,894	3.14%	3,177,787,659
61 to 90 days	532,948	6.80%	4,005,407,758	3.33%	4,005,940,706
91 to 180 days	402,208	6.71%	8,807,377,425	3.43%	8,807,779,633
181 to 360 days	-	-	7,307,343,699	3.24%	7,307,343,699
More than one year	1,022,091	6.01%	4,813,348,900	3.79%	4,814,370,991
	67,899,801,541	**1.51%**	**55,923,634,125**	**2.44%**	**123,823,435,666**

At December 31, 2013 and 2012, customer deposits include restricted amounts as follows:

	December 31, 2013				
	Inactive Accounts	Embargoed Funds	Deceased Customers	Security Deposits	Total RD$
Customer deposits:					
Checking	72,113,363	492,422,886	22,339,299	-	586,875,548
Saving	809,909,666	146,454,974	243,916,264	172,600,924	1,372,881,828
Time	-	1,654,929	75,743,880	3,381,328,284	3,458,727,093
	882,023,029	**640,532,789**	**341,999,443**	**3,553,929,208**	**5,418,484,469**

	December 31, 2012				
	Inactive Accounts	Embargoed Funds	Deceased Customers	Security Deposits	Total RD$
Customer deposits:					
Checking	32,142,135	442,615,767	15,588,029	-	490,345,931
Saving	920,347,665	121,523,405	188,730,066	122,007,478	1,352,608,614
Time	-	1,664,929	115,454,860	3,087,866,078	3,204,985,867
	952,489,800	**565,804,101**	**319,772,955**	**3,209,873,556**	**5,047,940,412**

(Continues)

A summary of customer deposits that include the amounts from inactive accounts at December 31, 2013 and 2012, is as follows:

		December 31, 2013		
		From 3 to 10 Years	More than 10 Years	Total
Customer deposits:				
Checking	RD$	69,504,874	2,608,489	72,113,363
Saving		794,315,192	15,594,474	809,909,666
	RD$	**863,820,066**	**18,202,963**	**882,023,029**

		December 31, 2012		
		From 3 to 10 Years	More than 10 Years	Total
Customer deposits:				
Checking	RD$	31,168,373	973,762	32,142,135
Saving		907,046,508	13,301,157	920,347,665
	RD$	**938,214,881**	**14,274,919**	**952,489,800**

16 Deposits from domestic and foreign international financial institutions

A summary of these deposits is as follows:

a) By type and currency

	December 31, 2013				
	Local Currency RD$	Annual Weighted Average Rate	Foreign Currency RD$	Annual Weighted Average Rate	Total RD$
Checking	3,412,952,328	0.59%	-	-	3,412,952,328
Saving	162,006,156	1.30%	1,985,103,194	1.05%	2,147,109,350
Time	82,400	4.78%	5,051,146,268	1.83%	5,051,228,668
	3,575,040,884	**0.62%**	**7,036,249,462**	**1.61%**	**10,611,290,346**

(Continues)

BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA,
BANCO DE SERVICIOS MÚLTIPLES
(Parent Company)

Notes to the Unconsolidated Financial Statements - Statutory Basis

	December 31, 2012				
	Local Currency RD$	Annual Weighted Average Rate	Foreign Currency RD$	Annual Weighted Average Rate	Total RD$
Checking	2,027,221,773	0.33%	-	-	2,027,221,773
Saving	105,323,772	2.70%	73,756,832	1.08%	179,080,604
Time	82,400	6.47%	8,012,885,148	2.25%	8,012,967,548
	2,132,627,945	**0.45%**	**8,086,641,980**	**3.23%**	**10,219,269,925**

b) By maturity date

	December 31, 2013				
	Local Currency RD$	Annual Weighted Average Rate	Foreign Currency RD$	Annual Weighted Average Rate	Total RD$
0 to 15 days	3,574,988,784	0.62%	2,198,574,142	1.07%	5,773,562,926
16 to 30 days	-	0.00%	3,560,763,764	1.70%	3,560,763,764
31 to 60 days	-	0.00%	37,231,027	2.12%	37,231,027
61 to 90 days	50,000	3.70%	14,469,316	2.14%	14,519,316
91 to 180 days	-	0.00%	1,169,446,920	2.25%	1,169,446,920
181 to a year	-	0.00%	43,378,164	2.93%	43,378,164
More than a year	2,100	5.50%	12,386,129	3.05%	12,388,229
	3,575,040,884	**0.62%**	**7,036,249,462**	**1.61%**	**10,611,290,346**

	December 31, 2012				
	Local Currency RD$	Annual Weighted Average Rate	Foreign Currency RD$	Annual Weighted Average Rate	Total RD$
0 to 15 days	2,132,545,545	0.45%	204,978,181	1.45%	2,337,523,726
16 to 30 days	30,000	6.50%	4,984,844,554	3.45%	4,984,874,554
31 to 60 days	-	0.00%	26,933,291	2.40%	26,933,291
61 to 90 days	50,000	6.50%	998,414,552	3.02%	998,464,552
91 to 180 days	-	-	1,420,268,798	3.00%	1,420,268,798
181 to a year	-	-	451,202,604	2.90%	451,202,604
More than a year	2,400	5.63%	-	-	2,400
	2,132,627,945	**0.45%**	**8,086,641,980**	**3.23%**	**10,219,269,925**

(Continues)

As of December 31, 2013 and 2012, the Bank held funds in escrow due to embargoes from third parties, inactive, dormant accounts and/or from deceased customers in financial institutions of the country for RD$45,472,523 y RD$38,150,861, respectively.

The status of the inactive and/or dormant accounts of the deposits in financial institutions in the country is as follows:

	2013	2012
Three (3) to 10 years	**RD$ 355,305**	**644,179**

17 Borrowed funds

Following is a summary of borrowed funds:

December 31, 2013					
Borrower	Type	Collateral	Rate	Maturity	Balance
a) From domestic financial institutions:					
Banco Nacional de Fomento de la Vivienda y la Producción	Loan	Unsecured	13.50%	2012	RD$ 7,981,791
b) From foreign financial Institutions:					
Bladex Panamá, corresponds to US$150,000,000	Line of credit	Unsecured	1.5% up to 1.8%	2014	6,400,845,000
Citibank, corresponds to US$109,834,268	Line of credit	Unsecured	1.2% up to 1.8%	2014	4,686,880,816
The Export Import Bank of Korea, corresponds to US$2,156,132	Loan	Unsecured	2.5%	2015 to 2016	92,007,112
Eximbank, Republic of China - Taiwán, corresponds to US$504,987	Loan	Unsecured	0.50% up to 1.17%	2014 to 2017	21,548,944
Agencia Francesa de Desarrollo, corresponds to US$20,000,000	Loan	Unsecured	4.3%	2018	853,446,000
Standard Chartered Bank, corresponds to US$31,550,000	Loan	Unsecured	1.34% up to 1.64%	2014	1,346,311,065
Wells Fargo Bank, N. A. corresponds to US$127,873,476	Loan	Unsecured	1.24% up to 2.70%	2014	5,456,655,334
Mercantil Commerce Bank, corresponds to US$21,000,000	Loan	Unsecured	1.46%	2014	896,118,300
Bank of America corresponds to US$9,000,000	Loan	Unsecured	1.34%	2014	384,050,700
U. S. Century Bank corresponds to US$5,000,000	Loan	Unsecured	1.84%	2014	213,361,500
Deutsche Bank corresponds to US$25,000,000	Loan	Unsecured	1.46%	2014	1,066,807,500

(Continues)

BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA,
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Borrower	Type	Collateral	Rate	Maturity	Balance
Banco del Comercio del Exterior corresponds to US$10,000,000	Loan	Unsecured	1.84%	2014	426,723,000
Nordea Bank Finland, PLC, corresponds to US$5,342,426	Loan	Unsecured	1.84%	2016	227,973,605
					22,072,728,876
(c) Interest payable, include US$1,793,634					76,540,507
					RD$ 22,157,251,174

December 31, 2012

Borrower	Type	Collateral	Rate	Maturity	Balance
a) From domestic financial institutions:					
Banco Nacional de Fomento de la Vivienda y la Producción	Loan	Unsecured	13.5%	2012	RD$ 10,577,082
b) From foreign financial institutions:					
Bladex Panamá, corresponds to US$65,000,000	Line of credit	Unsecured	3.10% and 3.13%	2013	2,616,978,000
Citibank, corresponds to US$116,000,000	Line of credit	Secured (*)	1.50% up to 5.05%	2013 and 2014	4,670,299,200
US Century Bank, corresponds to US$5,000,000	Line of credit	Unsecured	2.02%	2013	201,306,000
BPD Internacional Bank, corresponds toUS$5,000,000	Line of credit	Unsecured	2.00%	2013	201,306,000
Mercantil Commercebank, corresponds toUS$25,000,000	Line of credit	Unsecured	1.82%	2013	1,006,530,000
The Export Import Bank of Korea, corresponds toUS$3,064,085	Loan	Unsecured	3.26%	2013 and 2016	123,363,731
Eximbank, Republic Of China - Taiwán, corresponds to US$497,667	Loan	Unsecured	0.50% up to 1.28%	2013/ 2016	20,036,681
Eximbank, Republic Of China - Taiwán, corresponds to US$84,454	Loan	Unsecured	1.28%	2013	3,400,199
Wells Fargo Bank, corresponds to US$114,246,470	Loan	Unsecured	1.84% up to 2.27%	2013	4,599,699,983
Bancoldex, corresponds to US$2,500,000	Loan	Unsecured	2.28%	2013	100,653,000
Standard Chartered, corresponds to US$60,000,000	Loan	Unsecured	1.8% up to 1.9%	2013	2,415,672,000
					15,959,244,794
(c) Interest payable, include US$2,422,498					97,534,717
					RD$ 16,067,356,593

(*) This loan is secured with bonds issued by the Dominican Republic Government.

(Continues)

18 Outstanding Securities

A summary of the outstanding securities are presented below:

a) By type

	December 31, 2013	
	Local Currency RD$	Annual Weighted Average Rate
Financial certificates	75,035,439,606	6.85%

	December 31, 2012	
	Local Currency RD$	Annual Weighted Average Rate
Financial certificates	68,506,506,880	6.66%

b) By sector

	December 31, 2013	
	Local Currency RD$	Annual Weighted Average Rate
Non financial public sector	10,009,860,753	6.25%
Non financial private sector	39,852,934,356	5.84%
Financial	25,172,644,497	8.69%
	75,035,439,606	**6.85%**

	December 31, 2012	
	Local Currency RD$	Annual Weighted Average Rate
Non financial public sector	10,655,449,986	5.76%
Non financial private sector	40,288,191,359	6.76%
Financial	17,557,865,535	6.98%
Nonresident	5,000,000	2.25%
	68,506,506,880	**6.66%**

(Continues)

c) By maturity date

	December 31, 2013	
	Local Currency RD$	Annual Weighted Average Rate
0 to 15 days	10,023,500,965	7.27%
16 to 30 days	8,058,486,403	6.56%
31 to 60 days	12,027,601,141	7.00%
61 to 90 days	12,397,736,565	7.26%
91 to 180 days	13,726,084,531	6.72%
181 days to a year	10,797,408,024	5.96%
More than a year	8,004,621,977	7.18%
	75,035,439,606	**6.85%**

	December 31, 2012	
	Local Currency RD$	Weighted Average Rate Annual
0 to 15 days	9,025,972,559	6.91%
16 to 30 days	5,756,615,967	6.71%
31 to 60 days	9,617,552,792	6.08%
61 to 90 days	11,961,067,251	5.96%
91 to 180 days	10,827,051,907	6.63%
181 days to a year	12,180,598,595	6.57%
More than a year	9,137,647,809	8.07%
	68,506,506,880	**6.66%**

At December 31, 2013 and 2012, outstanding securities include restricted amounts, as follows:

		December 31, 2013		
		Deceased Customers	Affected by Warrantee	Total
Outstanding securities:				
Financial certificates	RD$	113,898,054	4,994,376,900	5,108,274,954

		December 31, 2012		
		Deceased Customers	Affected by Warrantee	Total
Outstanding securities:				
Financial certificates	RD$	122,809,840	4,937,905,036	5,060,714,876

(Continues)

19 Other liabilities

Following is a summary of other liabilities:

	2013	2012
Demand obligations (includes US$809,267 in 2013 and US$861,562 in 2012) (a)	RD$ 882,367,909	3,366,840,990
Term obligations (includes US$6,772,410 en 2013 and US$27,883,450 in 2012) (b)	384,449,724	1,122,621,141
Unclaimed third party balances (includes US$978,802 in 2013 and US$655,430 in 2012)	177,587,280	150,574,464
Sundry creditors:		
Commissions payable	48,195,758	36,028,211
Accounts payable to suppliers	4,770,300	8,757,610
Withheld tax payable	61,106,912	28,939,423
ATM and ACH Transactions	-	3,515,753
Other accounts payable	871,564,483	1,105,083,874
Reserves for contingent operations (include US$1,136,251 in 2013 and US$2,403,263 in 2012) (c)	82,043,327	147,165,154
Other provisions:		
1% tax on productive assests	-	118,694,494
Provision for litigation	104,433,217	105,393,845
Bonuses for officers and employees	1,971,237,761	1,021,817,291
Systemic Risk Prevention Program	104,607,807	96,782,200
Contingency fund	88,620,004	62,850,925
Accrued payable	79,481,427	139,094,276
Credit card and electronic transactions	82,965,486	34,024,000
Extraordinary contribution to pension plan	482,690,557	1,274,092,788
Other reserves, (includes US$5,920 in 2013 and 2012)	545,377,043	62,764,147
Items pending for allocation (includes US$336,883 in 2013 and US$640,347 in 2012) (d)	274,441,687	272,969,597
Administration Funds of the public sector	186,900,379	67,024,280
	RD$ 6,432,841,061	**9,225,034,463**

(a) Corresponds to financial obligations assumed by the Bank, which are payable on demand such as certified checks, administration checks, among others.

(Continues)

(b) In this category, the Bank recognizes special cash deposits in US$ received from the Dominican Republic Government.

(c) Corresponds to provisions for covering contingent operations as per requirement of The Superintendence of Banks of the Dominican Republic (See note 14).

(d) Corresponds to creditors' balances that due to internal operating reasons or characteristics of the operation was not possible to immediately allocate them on the final accounts.

20 Subordinated obligations

A summary of subordinated obligations is as follows:

	December 31, 2013			
Type	Amount in RD$	Current Interest Rate	Type of Currency	Term
Subordinated debts (corresponds to US$300,000,000 nominal value) (a)	12,801,690,000	7.12%	Dollars	10 years
Debt issuance costs (b)	(157,807,436)	-	-	-
Discount in the issuance of the debt (corresponds to US$2,443,333) (b)	(104,262,639)	-	-	-
	12,539,619,925	-	-	-
Interest payable (corresponds to US$8,750,000)	373,382,625	-	-	-
	12,913,002,550	-	-	-

(a) Corresponds to bonds issued by the Bank on February 1st, 2013, for an amount of US$300,000.00. This debt generates a nominal interest rate of 7% annually and has an original maturity of 10 years until February 1st 2023. This debt issuance was carried out in the United States of America "USA" to qualified institutional buyers as defined in Rule 144A under the *U.S. Securities Act of 1933* and in other countries outside the United States of America "USA" according to "*Regulation S*":

(Continues)

Additionally, the bonds have the following characteristics:

- Interest is payable semi-annually on the February and August 1st of each year.
- Bonds will not be redeemed prior to the maturity date thereof.
- 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.
- The subordinated debt may be used to compute as part of Tier II capital for the purpose of determining the regulatory capital of the Bank.

(b) Relates to costs incurred in issuing bonds, which are deferred and amortized using the straight-line method over the term of the bonds.

(c) Relates to discounts granted in the bond issue, which are amortized using the straight-line method over the term of the bonds.

21 Income tax

A reconciliation of reported income in the unconsolidated financial statements - statutory basis and for tax purposes for the years ended December 31, 2013 and 2012, is as follows:

		2013	2012
Profit before income tax	RD$	5,428,385,498	2,292,767,360
Plus (less) fiscal adjustments:			
Exempt income from investments in securities		(3,141,239,541)	(2,235,797,274)
Exempt income from investments in subsidiaries		(914,082,815)	(896,920,987)
Supplementary fees		100,728,308	81,921,968
Dividends received from investments in shares		(122,683,752)	(79,942,174)
Effect of depreciation of fixed assets		(92,508,807)	(80,151,577)
Other non-deductible items		4,254,595	912,849,686
Taxable net income (fiscal loss)	**RD$**	**1,262,853,486**	**(5,272,998)**

(Continues)

Law No. 253-12 dated November 8, 2012, established the effective income tax rate for legal persons on (29%) until 2013 and reductions to 28% in 2014 and 27% from 2015. Furthermore, a 10 % tax withholding on public deposits was introduced and the validity of the 1% tax on productive assets was extended until December 31, 2013, among others. Law 109-13 limited the application of the 1% tax over productive assets up to June 30, 2013.

A summary of the determined income tax, prepaid taxes and credit balance, as of December 31 of 2013 and 2012 is as follows:

		2013	2012
Taxable net income	RD$	1,262,853,486	-
Tax rate		29%	29%
Determined income tax		366,227,511	-
Prepaid taxes		(60,841,707)	(297,290,996)
Credit balance for extraordinary payment of 1% tax on net financial assets (iv)		(619,417,738)	-
Credit balance from previous years		(535,949,541)	(100,000,000)
Adjustments to credit balance from previous years (i)		-	(118,869,738)
Tax credit for withholding on dividends received (ii)		-	(19,788,807)
Credit balance at year end (iii) (note 13)	**RD$**	**(849,981,475)**	**(535,949,541)**

As of December 31 of 2013 and 2012, the income tax expense recognized in the unconsolidated statement of income, is as follows:

		2013	2012
Current	RD$	366,227,511	-
Taxes from previous years (i)		4,010,650	(81,753,044)
Withholdings on dividends received		11,458,045	-
	RD$	**381,696,206**	**(81,753,044)**

(i) As of December 31, 2012, income taxes from previous years and the adjustment of the credit balance from prior year correspond to the difference between the credit balance recognized and upon the filling of the Income Tax Return.

(ii) Corresponds to income tax withheld and paid to the Tax Authorities on dividends received in cash in accordance with the current tax regulations.

(iii) As of December 31, 2013 and 2012, the credit balance is included within the line item of deferred charges in the account of other assets in the accompanying unconsolidated balance sheets - statutory basis.

(Continues)

(iv) On February 8 of 2013, the financial entities represented by the Association of Commercial Banks of the Dominican Republic Inc., signed an agreement with the Ministry of Finance and the DGII, whereby the following was agreed:

- The Bank promised to make a tax payment in the amount of RD$619,417,738, which could be deducted from the commitments of future income tax of the Bank, for a period of 15 years beginning in fiscal year 2014. This deduction shall be in proportion of 6.67% per annum.
- The Ministry of Finance promised to submit to Congress a bill to invalid the extension until December 31, 2013 of the 1% tax on financial assets that had been approved by Law 253-12.

22 Equity

A summary of the Bank's equity, full ownership of the Dominican State, is presented below:

	Common Shares			
	Authorized		Issued	
	Quantity	Amount in RD$	Quantity	Amount in RD$
Balance as of December 31, 2013 and 2012	**3,500,000**	**3,500,000,000**	**3,500,000**	**3,500,000,000**

The Bank’s equity contributions are as follows:

a) Initial capital of RD$50,000,000 according to Law No. 6133 of December 17, 1962, which amended Article No. 4 of the Organic Law of the Bank.

b) RD$200,000,000 by delivering state-certified vouchers issued by the National Treasury in 1998.

c) In accordance to Law No. 99-01 of April 5, 2001, which modified Article 4 of Organic Law of the Bank, the Dominican Republic Government issued RD$1,750,000,000 certified bonds in favor of the Bank.

d) In accordance to Law No. 121-05 of April 7, 2005, the Dominican Republic Government issued RD$1,500,000 bonds in favor of the Bank.

The Bank’s net profit will be used in the following manner:

50% - For amortization of not less than 5% of Certified bonds issued by the National Treasurer on behalf of the Dominican Republic Government, plus interest. The resulting surplus will cover the debt of the Government and its dependencies towards the Bank, as well as other needs, as determined by the Board of Directors, upon prior notice to the Executive Branch.

(Continues)

35% - To be transferred to the Bank's account of equity reserves.

15% - For covering debts of the Dominican Republic Government and its agencies with the Bank.

The Board of Directors, by its Twenty-first Resolution of the Ordinary Session of June 13, 2013, approved the release to the Dominican Republic State of the amount of RD$3,178,033,362, corresponding to retained earnings of the profits obtained by the Bank during fiscal years 2010, 2011 and 2012. In addition, that same resolution approved the payment of dividends to the Dominican State through the transfer of a lot of 1,400,000 square meters that was part of the assets received in settlement of loan whose market value was RD$450,000,000.

As per the First Resolution of the Ordinary Session of January 13, 2012, the Board of Directors approved the distribution of dividends of year 2011 in the amount of RD$2,481,180,562, in the following manner:

i) RD$868,413,197 transferred to equity reserve.
ii) RD$75,000,000 for the amortization of National Treasury vouchers.
iii) RD$6,000,000 to offset interests of National Treasury vouchers.
iv) RD$372,177,084 to offset debts of the Dominican Republic State, of which as of December 31, 2012, RD$184,415,059 have been utilized.
v) RD$1,159,590,281 to be paid to the Dominican Republic State.

Additionally, according to the Twenty-second Resolution of the Ordinary Session of December 27, 2012, the Board of Directors approved the distribution of profits from the 15% of retained earnings for the year 2010, an amount of RD$223,501,134, of which RD$220,492,193 have been used.

According to the First Resolution of the Ordinary Session of January 10, 2013, the Board of Directors approved the distribution of dividends of 2012, in the amount of RD$2,221,574,254 in the following manner:

i) RD$777,550,989 transferred to equity reserve.
ii) RD$75,000,000 for the amortization of National Treasury vouchers.
iii) RD$5,250,000 to offset interests of the National Treasury vouchers.
iv) RD$333,236,138 to offset debts of the Dominican Republic State.
v) RD$1,030,537,127 to be paid to the Dominican Republic State.

(Continues)

Other equity reserves

The Bank, in accordance with its Organic Law segregates 35% of its annual net profit to equity reserves. As of December 31, 2013 and 2012, the Bank segregated to equity reserves a total of RD$1,766,341,254 and RD$777,550,989, respectively.

Circular SB/0682 dated December 31, 2010 of the Superintendence of Banks, established its no-objection to the enforcement within the fiscal year of the segregation of 35% of net profit as other equity reserves, as long as they are in compliance with the profit distribution guidelines set by the supervisory body.

Revaluation surplus

The Bank revalued its land and buildings required for the development of its operations to its estimated market value determined by independent appraisers, as allowed by Prudential Rules of Capital Adequacy. The value of net revaluation was RD$915,737,358. The Bank according to the rules introduced this amount considered as tier 2 Capital, with prior authorization of the Superintendence of Banks of the Dominican Republic.

23 Legal limits and technical relations

A summary of the limits and technical relations required by the Monetary and Financial Authority is presented below:

	At December 31, 2013	
Concept	According to Regulations	According to Bank
Minimum requirement of:		
Legal reserve in RD$	RD$ 20,630,713,629	20,698,031,158
Legal reserve in US$	333,613,375	427,624,457
Solvency ratio (a) (b)	10.00%	16.03%
Individual loans:		
Secured	4,195,508,149	3,411,863,598
Unsecured	2,097,754,074	1,755,752,253
Related parties	10,488,770,372	6,533,385,228
Investments in shares:		
Foreign institutions	2,797,005,432	36,634,596
Non-financial institutions (b)	1,398,502,716	33,987,636
Support entities and related services (b)	2,797,005,432	3,906,204,649
Property, furniture and equipment	20,977,540,743	5,652,881,714
Contingencies (b)	62,932,622,229	6,568,522,989
Borrowings in foreign currency (c)	4,195,508,149	1,496,907,852

(Continues)

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	At December 31, 2012	
Concept	According to Regulations	According to Bank
Minimum requirement of:		
Legal reserve in RD$	21,838,143,247	21,860,549,209
Legal reserve in US$	301,461,919	316,254,820
Solvency ratio (a) (b)	10.00%	17.11%
Individual loans:		
Secured	2,598,505,360	1,812,961,046
Unsecured	1,299,252,680	951,017,014
Related parties	6,496,263,399	5,458,665,119
Investments in shares:		
Foreign institutions	2,443,737,182	34,564,643
Non-financial institutions (b)	1,221,868,591	30,495,935
Support entities and related services (b)	2,443,737,182	4,107,215,335
Property, furniture and equipment	12,992,526,798	5,632,111,759
Contingencies (b)	38,977,580,394	7,512,353,580
Borrowings in foreign currency (c)	3,665,605,772	2,143,944,876

(a) Through Circular SB: ADM/0600/10 of December 10, 2010, the Superintendence of Bank authorized the Bank to consider in determining the solvency ratio, market risk for investments in stocks, bonds and other financial obligations issued by public, mixed or private companies that have the explicit guarantee of the Dominican State, as well as to assign zero weighted risk in contingent operations of the Dominican State.

(b) Through Circular SB: ADM/0089/12 of February 8, 2012, the Superintendence of Banks authorized that loans granted to Public Sector Organizations as described in Article No. 3 of the Public Credit Law, that have the explicit collateral of the Dominican State, are not to be taken into account for purposes of determining what exceeds the individual limits. Also, by means of circular ADM/0093/14 dated February 26, 2014, the Superintendence of Banks authorized that loans granted to a public institution of the Dominican road sector, are not to be taken into account for purposes of determining the individual limits.

(Continues)

The Bank has excess of investments in shares, which were excluded from the determination of the technical equity. Article No. 86 b) of the Monetary and Financial Law establishes a five (5) year term from the approval of the correspondent regulations for public financial entities to adapt the provision of the Law. The Executive Branch authorized the Bank five (5) years which ended in 2008 to transfer and/or allocate the excess investments. The Superintendence of Banks in Administrative Circular ADM 0301/09, extended the deadline to July 2012. Investments held by the Bank in the Insurance Company and the AFP was transferred to the Holding Company Tenedora Banreservas, S. A. Also, the Superintendence of Banks authorized the Bank that when determining the limit of investments to consider equity reserves as part of the principal. On December 5, 2012, the Superintendence of Banks through Communication No. 0970 issued its no-objection to maintain the treatment applied to investments in shares held by the Bank until the modification of the Monetary and Financial Law is approved.

(c) Excludes medium and long-term financings obtained abroad, with maturities of more than one year, which were authorized by the Central Bank to cover oil invoices of the Refinería Dominicana de Petróleo, S. A. (Dominican Oil Refinery), and the items that were originally foreign trade contingent operations and which subsequently became direct financing of the Bank, in accordance to Communication No. 036395 of the Central Bank of 12 September 2001, amending the sole paragraph of Ordinal 1 of the Second Resolution adopted by the Monetary Board on October 7, 1999.

24 Commitments and contingencies

a) Contingent operations

In the normal course of business, the Bank enters into different commitments and incurs in certain contingent liabilities. The most important balances of these commitments and contingent liabilities include:

		2013	2012
Collaterals granted:			
Endorsements	RD$	1,369,198,823	1,526,777,672
Other collaterals granted		196,638,077	185,880,592
Non-negotiable letters of credit issued		177,817,000	395,593,755
Credit lines of automatic use		4,824,869,089	5,404,101,561
	RD$	**6,568,522,989**	**7,512,353,580**

At December 31, 2013 and 2012, the Bank established reserves for possible losses on these operations for the amounts of RD$82,043,327 and RD$147,165,154, respectively.

(Continues)

(b) Leasing of offices, buildings and automatic teller machines (ATM)

The bank has lease contracts of for the premises in which it operates its administrative offices, branches, business centers and ATMs. For the years ended December 31, 2013 and 2012, expenses for this concept amounted to approximately RD$306,297,000 and RD$240,605,000, respectively, which are recognized in other operating expenses in the accompanying unconsolidated income statements-statutory basis.

(c) Bank Superintendence fees

The Monetary Board of the Dominican Republic requires that financial entities make contributions to cover the inspection services provided by the Superintendence of Banks of the Dominican Republic. The expense on this account for the years ended December 31, 2013 and 2012 was approximately RD$415,011,000 and RD$375,620,000, respectively, and has been recognized in other operating expenses in the accompanying unconsolidated income statements-statutory basis.

(d) Contingency 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 Monetary Board from November 06, 2003, authorizes the Central Bank of the Dominican Republic to charge financial entities a quarterly contribution towards this fund.

This contribution is 0.25% of total assets less the fee charged by the Superintendence of Banks of the Dominican Republic, and should not exceed 1% of total deposits from the public.

Expenses for the year ended December 31, 2013 and 2012, was approximately RD$292,037,000 and RD$221,352,000, respectively, and is recognized in other operating expenses in the accompanying unconsolidated income statements-statutory basis.

(e) Banking consolidation fund

For the implementation of the Exceptional Program for Risk Prevention of the Entities of Financial Intermediation according to Law 92-04, the Central Bank of the Dominican Republic created the Fund of Banking Consolidation (FBC) with the main purpose of protecting the depositors and avoiding systemic 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 customer deposits with a minimum annual rate of 0.17% to be paid quarterly.

Expenses for the year ended December 31, 2013 and 2012, was of approximately RD$383,552,000 and RD$351,519,000, respectively, and is recognized in the line item other operating expenses in the accompanying unconsolidated income statements-statutory basis.

(Continues)

(f) Credit card licenses

MasterCard Credit Card

The Bank has a contract with a foreign company for the non-exclusive use of MasterCard Brand for charge card 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 US$5,000 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 Card

The Bank has a contract with a foreign company for the non-exclusive use of Visa and Electron charge card 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 as set-forth in the contract.

(g) Lawsuits

As of December 31, 2013 and 2012, there are several lawsuits and demands originated in the normal course of the Banks operations. The Bank together with its legal advisors considers that the resolution of these claims will not result in an adverse material effect. As of December 31, 2013 and 2012, the amount reserved to face these demands is of RD$104,433,217 and RD$105,393,845 respectively, and is recognized in other liabilities in the accompanying unconsolidated balance sheets - statutory basis.

(h) Taxes on financial assets

Article 12 of Law No. 139-11 dated June 22, 2011, established for a period of two (2) years after the promulgation of the Law, an annual tax of 1% on the average productive financial assets net of some exempt amounts. It also exempts financial institutions from the obligation of liquidating and paying the tax to the total assets as established by Law 557-05. Article 40 of Law 253-12 dated November 9, 2012, extended until December 31, 2013 the current period of the Tax on the Net Productive Financial Assets. Law 109-13 revoked the extension of the term of the 1% tax on productive assets until June 30, 2013.

At December 31, 2013 and 2012, the expense recognized for this concept is approximately RD$752,042,000 and RD$730,200,437, respectively, which is included in the line item of other operational expenses in the accompanying unconsolidated income statements - statutory basis.

(Continues)

25 Memorandum accounts for funds under management

Memorandum accounts for funds under management, which are presented in the balance sheet non-consolidated - regulatory basis, consist of:

		2013	2012
Loan Fund PROMIPYME	RD$	1,032,843,087	568,278,164
Loan Fund Comunidad Digna PROMIDIGNA		-	98,172
PROMIPYME - PROCREA		356,054	186,438
Resources SEH - PETROCARIBE		208,559	208,559
PROMICENTRAL		847,233,481	809,137,159
PROMIPYME - Fonper Fund		347,343,255	737,859,215
Credits PROMIPYME - PRESAAC		2,437,446	19,153,378
Credits PROAPA		-	28,231,724
Credits MI PRIMER PROGRESO		17,463,039	20,366,419
Credits MI PRODEMICRO		52,322,754	12,475,776
Solidary bank		1,006,879,612	56,842,147
	RD$	**3,307,087,287**	**2,252,837,151**

26 Financial income and expenses

A summary of financial income and expenses are as follows:

		2013	2012
Financial Income:			
By loans portfolio:			
Commercial	RD$	14,072,185,383	12,572,443,957
Consumer		3,737,737,742	2,985,926,340
Mortgage		1,756,310,246	1,448,475,113
Subtotal		19,566,233,371	17,006,845,410
Investments:			
Other debt instruments		5,166,908,945	4,197,677,290
Gain from investments		1,953,637,975	291,846,556
Total	**RD$**	**26,686,780,291**	**21,496,369,256**

(Continues)

Financial Expenses:			
On deposits:			
Customer deposits	RD$	(2,332,491,137)	(2,392,947,042)
Securities held by customers		(4,607,490,760)	(5,557,063,062)
Subordinated liabilities		(913,140,872)	-
Subtotal		(7,853,122,769)	(7,950,010,104)
Investments:			
Amortization of premium on other investments in debt securities		(273,164,085)	(95,666,327)
Losses on sale of investments		(13,304,983)	(407,581)
		(286,469,068)	(96,073,908)
Financing:			
Borrowing fund obtained		(372,796,830)	(337,839,476)
Total	**RD$**	**(8,512,388,667)**	**(8,383,923,488)**

27 Income (expenses) for exchange differences

A summary of the main income (expenses) due to exchange differences were recognized during the years ended on December 31, 2013 and 2012, is as follows:

		2013	2012
Income due to foreign exchange:			
Loan portfolio	RD$	3,540,425,014	1,665,789,873
Investments		81,840,240	74,129,870
Available funds		1,310,061,062	519,010,216
Accounts receivable		617,178,193	268,349,425
Non-financial investments		5,529,132	1,709,443
Other assets		1,255,711	845,255
Customer deposits		586,448,865	20,170,612
Subordinated liabilities		125,507,759	-
Borrowed funds		186,133,712	661,161
Other exchange differences		6,462,676	1,953,020
Subtotal		6,460,842,364	2,552,618,875

(Continues)

Expenses due to foreign exchange:			
Customer deposits		(4,058,005,588)	(1,981,312,981)
Borrowing funds		(905,223,912)	(447,703,187)
Financial obligations		(72,796,631)	(52,433,885)
Subordinated liabilities		(310,377,913)	-
Loan portfolio		(819,709,278)	(174,232,407)
Investment		(12,360,514)	(1,741,527)
Available funds		(228,610,645)	(6,359,042)
Account receivable		(109,501,946)	(1,599,386)
Other assets		(120,107)	(464,857)
Non-financial investments		(365,811)	(4,722)
Other liabilities		(4,621,788)	(3,496,786)
Subtotal		(6,521,694,133)	(2,669,348,780)
	RD$	**(60,851,769)**	**(116,729,905)**

28 Other operating income (expenses)

A summary of other operational income (expenses) for the years ended December 31, 2013 and 2012, is as follows:

		2013	2012
Other operating income:			
Service fees:			
Bank draft and wire transfers	RD$	126,231,203	121,087,934
Certification of checks and sales of management checks		13,062,464	12,008,862
Collections		5,005,834	5,236,173
Credit cards		598,955,606	368,725,639
Other fees		1,784,049,209	1,712,238,704
Letters of credit		31,670,169	28,613,071
Collaterals granted		28,328,092	31,982,252
		2,587,302,577	2,279,892,635
Exchange commision:			
Gains on foreign exchange		696,129,365	746,898,387
Premium for future foreign exchange contracts		56,170,000	-
		752,299,365	746,898,387
Other operating income:			
Available funds		16,454,747	17,213,073
	RD$	**3,356,056,689**	**3,044,004,095**

(Continues)

Other operating expenses:			
Service fees:			
Correspondent services	RD$	(18,704,652)	(18,531,567)
Other services		(202,426,674)	(182,251,709)
		(221,131,326)	(200,783,276)
Sundry expenses:			
Commissions for exchange		(13,549,477)	(7,466,897)
Other operating expenses		(73,816,864)	(61,749,394)
		(87,366,341)	(69,216,291)
	RD$	**(308,497,667)**	**(269,999,567)**

29 Other income (expenses)

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

		2013	2012
Other income:			
Recovery of written off assets	RD$	199,392,383	114,073,818
Decrease of reserve for risky assets		343,795,757	251,576,140
Non-financial investments		1,036,766,567	982,444,465
Sale of assets		55,469,953	67,834,372
Leases		27,232,975	14,530,517
Others		355,846,464	199,087,090
		2,018,504,099	1,629,546,402
Other expenses:			
Losses in shares in other companies		(27,494,019)	(10,772,997)
Assets received on settlement of loans		(34,701,023)	(23,990,616)
Losses in sale of assets		(26,597,723)	(2,378,465)
Other expenses:			
Accounts receivable		-	(10,588,001)
Penalty for non-compliance		(296,132)	(122,978)
Donations		(131,511,578)	(8,113,076)
Losses from theft, assaults and frauds		(98,461,334)	(117,228,423)
Others		(288,226,825)	(185,067,281)
		(607,288,634)	(358,261,837)
	RD$	**1,411,215,465**	**1,271,284,565**

(Continues)

30 Compensation to personnel and other benefits

A summary of compensation to personnel and other benefits is as follows:

		2013	2012
Salaries, wages and benefits to employees	RD$	5,187,054,661	4,021,998,864
Social security		398,566,018	364,864,140
Pension Plan contributions		897,180,386	1,641,015,117
Other personnel expenses		2,445,268,490	1,638,645,323
	RD$	**8,928,069,555**	**7,666,523,444**

As of December 31, 2013 and 2012, compensations to personnel include approximately RD$631,133,000 and RD$535,131,000, respectively, which correspond to executive management which are defined as director and above.

As of December 31, 2013 and 2012, the Bank has 7,661 and 7,233 employees, respectively.

31 Risk assessment

A summary of interest bearing assets and liabilities at December 31, 2013 and 2012, is shown below:

Interest rate risk

		2013		2012	
		In Local Currency	In Foreign Currency	In Local Currency	In Foreign Currency
Assets sensitive to interests rates	RD$	136,722,434,966	2,142,721,187	116,896,988,122	1,170,849,233
Liabilities sensitive to interest rates		(167,440,558,290)	(2,610,947,703)	(139,570,460,427)	(2,004,671,908)
Net position	**RD$**	**(30,718,123,324)**	**(468,226,516)**	**(22,673,472,305)**	**(833,822,675)**
Interest exposure	**RD$**	**979,230,841**	**1,099,013,656**	**530,299,116**	**81,225,821**

The Bank's interest rates may be modified periodically as established in the contracts between the parties, except in some loans disbursed with specialized resources, whose rates are set by the sponsors and specific agreements.

(Continues)

Liquidity risk

A summary of the most significant assets and liabilities as of December 31, 2013 and 2012 according to their maturity date, is shown below:

		December 31, 2013					
		Up to 30 days	31 to 90 days	91 days to one year	One to 5 years	More than 5 years	Total
Assets:							
Available funds	RD$	59,705,750,545	-	-	-	-	59,705,750,545
Investments		4,455,838,137	2,499,429,426	2,196,598,443	20,366,034,377	12,820,846,898	42,338,747,281
Loan portfolio		52,621,094,390	9,911,239,510	41,456,564,653	54,272,595,462	37,687,877,846	195,949,371,861
Debtors by acceptances		1,593,448	-	-	-	-	1,593,448
Accounts receivable		581,837,687	-	-	-	35,291,067	617,128,754
Investments in shares		-	-	-	-	3,976,826,881	3,976,826,881
Other assets (i)		34,675,763	270,374,798	-	-	23,098,873	328,149,434
Total assets	**RD$**	**117,400,789,970**	**12,681,043,734**	**43,653,163,096**	**74,638,629,839**	**54,543,941,565**	**302,917,568,204**
Liabilities							
Customer deposits	RD$	127,699,921,400	7,858,096,769	18,818,236,637	6,058,265,745	-	160,434,520,551
Deposits from domestic and foreign financial institutions		9,334,328,790	51,750,343	1,212,825,084	12,386,129	-	10,611,290,346
Borrowed funds		1,506,464,157	11,534,430,684	7,807,249,485	1,309,106,848	-	22,157,251,174
Outstanding acceptances		1,593,448	-	-	-	-	1,593,448
Outstanding securities		18,081,987,368	24,425,337,706	24,523,492,555	8,004,621,977	-	75,035,439,606
Other liabilities (ii)		2,655,565,840	-	351,416,267	380,035,967	3,045,822,987	6,432,841,061
Subordinated debt		-	373,382,625	-	-	12,539,619,925	12,913,002,550
Total liabilities	**RD$**	**159,279,861,003**	**44,242,998,127**	**52,713,220,028**	**15,764,416,666**	**15,585,442,912**	**287,585,938,736**

(Continues)

BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA,
BANCO DE SERVICIOS MÚLTIPLES
(Parent Company)

Notes to the Unconsolidated Financial Statements - Statutory Basis

		December 31, 2012					
		Up to 30 days	31 to 90 days	91 days to one year	One to 5 years	More than 5 years	Total
Assets							
Available funds	RD$	42,755,245,486	-	-	-	-	42,755,245,486
Investments		3,925,919,412	940,533,818	586,733,709	11,730,920,257	17,313,071,146	34,497,178,342
Loan portfolio		48,968,377,380	9,810,960,866	23,926,517,543	47,769,029,897	24,101,617,543	154,576,503,229
Debtors by acceptances		190,244,368	3,329,847	-	-	-	193,574,215
Accounts receivable		117,954,016	6,123,977,244	-	-	27,403,291	6,269,334,551
Investments in shares		-	-	-	-	4,172,275,913	4,172,275,913
Other assets (i)		61,975,152	115,950,479	-	-	22,893,923	200,819,554
Total assets	**RD$**	**96,019,715,814**	**16,994,752,254**	**24,513,251,252**	**59,499,950,154**	**45,637,261,816**	**242,664,931,290**
Liabilities							
Customer deposits	RD$	95,710,212,978	7,183,728,365	16,115,123,332	2,971,416,445	1,842,954,546	123,823,435,666
Deposits from domestic and foreign financial institutions		7,322,398,280	1,025,397,843	1,871,471,402	2,400	-	10,219,269,925
Borrowed funds		1,292,313,297	4,290,744,578	9,470,779,970	1,013,518,748	-	16,067,356,593
Outstanding acceptances		190,244,368	3,329,847	-	-	-	193,574,215
Outstanding securities		14,782,588,526	21,578,620,043	23,007,650,502	9,137,647,809	-	68,506,506,880
Other liabilities (ii)		5,577,971,912	-	193,095,281	240,607,256	2,326,001,468	8,337,675,917
Total liabilities	**RD$**	**124,875,729,361**	**34,081,820,676**	**50,658,120,487**	**13,363,192,658**	**4,168,956,014**	**227,147,819,196**

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

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

The following table summarizes the liquidity ratios of the Bank as of December 31, 2013 and 2012:

	As of December 31, 2013		As of December 31, 2012	
	In Local Currency	In Foreign Currency	In Local Currency	In Foreign Currency
Liquidity ratios:				
15 days adjusted	121.52%	181.79%	90.03%	186.44%
30 days adjusted	101.98%	377.81%	171.90%	253.08%
60 days adjusted	84.09%	243.85%	157.55%	172.29%
90 days adjusted	81.37%	188.94%	134.69%	166.13%

(Continues)

Position:				
15 days adjusted	4,183,131,797	233,255,435	(1,243,412,547)	199,630,240
30 days adjusted	546,167,676	1,008,916,793	12,028,679,401	391,002,954
60 days adjusted	(6,304,776,121)	823,450,643	13,816,611,359	275,523,844
90 days adjusted	(8,864,917,275)	696,228,119	10,813,767,108	263,767,694
Overall (months)	(1.04)	(56.78)	(9.41)	(21.13)

The regulations on liquidity risk establishes that the maturities of liabilities for the period of 30 days should be covered by assets maturing in at least 80% of that amount for both currencies. At December 31, 2013 and 2012, the Bank had a coverage in local currency of 101.98 % and 171.90 %, respectively, and in foreign currency 377.81% and 253.08%, respectively, exceeding the minimum required. For a period of 90 days it is required 70% of maturity of the adjusted liabilities. At December 31, 2013 and 2012, this ratio showed in local currency 81.37 % and 134.69%, respectively, and in foreign currency 188.94% and 166.13%, respectively. The consolidated global position of assets and liabilities in local and foreign currency at December 31, 2013 and 2012, matures in 1.04 and 9.41 and 56.78 and 21.13 months, respectively, before the liabilities.

32 Fair value of financial instruments

A summary of the fair value of financial instruments at December 31, 2013 and 2012, is as follows:

		2013		2012	
		Book Value	Fair Value	Book Value	Fair Value
Financial assets					
Available funds	RD$	59,705,750,545	59,705,750,545	42,755,245,486	42,755,245,486
Investments, net (a)		42,319,846,321	N/D	34,481,877,382	N/D
Loan portfolio, net (a)		190,509,972,090	N/D	149,328,646,270	N/D
Investments in shares, net (b)		3,820,063,674	N/D	4,003,764,672	N/D
	RD$	**296,355,632,630**	**59,705,750,545**	**230,569,533,810**	
Liabilities					
Customer deposits	RD$	160,434,520,551	N/D	123,823,435,666	N/D
Deposits in domestic and foreign financial institutions		10,611,290,346	N/D	10,219,269,925	N/D
Borrowed funds (a)		22,157,251,174	N/D	16,067,356,593	N/D
Outstanding securities (a)		75,035,439,606	N/D	68,506,506,880	N/D
Subordinated debt		12,913,002,550	11,909,832,956	-	-
	RD$	**281,151,504,227**	**11,909,832,956**	**218,616,569,064**	

(N/A) Not available.

(Continues)

(a) The Bank has not made an analysis of the market values of its loan portfolio, customer deposits, debt securities and borrowed funds, whose market values might be affected by changes in interest rates.

(b) There is no active stock market in the Dominican Republic where market values of these investments may be obtained. Nevertheless, for investments in shares of entities that are listed in an active market, which had a book value of RD$36,634,596 and RD$34,564,643, repectively, the market value was RD$154,016,096 and RD$110,361,032 , repectively.

33 Transactions with related parties

The First Resolution of the Monetary Board dated March 18, 2004, approved regulations regarding Credit Limits to Related Parties, which established the criteria for determining who is a related party of financial entities.

Operations and significant balances with related parties in accordance with the criteria established by the Regulation regarding Credit Limits to Related Parties as of December 31, 2013 and 2012, are as follows:

	As of December 31, 2013			
	Current Loans	Past Due Loans	Total	Collateral
Related through ownership	87,203,099,389	-	87,203,099,389	Unsecured
Related through management	6,354,357,910	64,038,785	6,418,396,695	2,182,318,694

	As of December 31, 2012			
	Current Loans	Past Due Loans	Total	Collateral
Related through ownership	77,682,882,129	914	77,682,883,043	Unsecured
Related through management	5,391,587,251	19,369,888	5,410,957,139	3,710,659,533

The loans related to ownership correspond to loans to the Dominican Republic Government and its agencies, which are excluded when determining the technical relations of the loans portfolio.

As of December 31, 2013 and 2012, loans related to the management of the Bank includes RD$6,841 millions and RD$5,410 millions, respectively, which were granted to employees at a more favorable rate than those to unrelated parties in accordance with the policy for personnel incentives. Similarly, deposits with related parties maintain interest rates at different conditions from those unrelated parties.

(Continues)

BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA,
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(Parent Company)

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The most significant balances and transactions with related parties through ownership for the years ended at December 31, 2013 and 2012 include:

		2013		2012	
		Balance	Effects on Revenues (Expenses)	Balance	Effects on Revenues (Expenses)
Available funds	RD$	38,652,218,068	-	38,294,942,652	-
Loan portfolio		87,203,099,389	6,325,085,357	77,682,883,043	4,671,488,463
Customer deposits:					
Checking		30,749,624,631	(262,026,752)	21,924,272,170	(317,541,593)
Savings		2,203,429,162	-	1,356,991,894	-
Other investments in debt securities		17,156,820,947	2,320,145,807	18,047,940,419	2,147,884,394
Outstanding securities		11,353,156,507	(664,231,574)	11,723,548,845	(1,245,414,064)
Interests receivable		828,548,371	-	338,244,289	-
Accounts receivable		41,063,645	-	6,123,354,883	-
Other liabilities		264,767,695	-	232,061,354	-

Other transactions with identifiable related parties conducted during the periods ended December 31, 2013 and December 31, 2012 include:

		2013		2012	
		Balance	Effects on Revenues (Expenses)	Balance	Effects on Revenues (Expenses)
Loan porfolio	RD$	6,418,396,695	335,537,172	5,410,957,139	707,832,682
Customer deposits:					
Checking		593,275,944	(1,774,588)	291,419,416	(996,010)
Savings		3,724,356	(383,446)	23,203,175	(445,577)
Related companies deposits		1,439,518,929	(76,685,907)	1,259,881,987	(66,485,094)
Officers and employees' deposits		2,791,493,693	(12,612,444)	2,609,045,659	(323,851,507)
Accounts receivable		2,788,459	-	6,115,153	-
Other liabilities		6,241,732	-	22,406,876	-
Investments in shares		3,648,634,769	914,082,814	3,764,747,232	810,014,464
Leasing of real estate property		-	10,912,183	-	12,575,517
Prepaid expenses		172,309,679	-	148,119,693	-
Amortized insurance premiums		-	(162,010,800)	-	(169,196,036)
Income from parking fees		-	585,479	-	420,000
Expenses employer health plan		-	(239,056,280)	-	(188,995,475)

(Continues)

34 Pension fund

The Bank makes contributions to the following pension plans:

a) A pension plan with defined benefits and other pension plan for the employees that are not covered by Social Security Law No. 87-01 dated May 9, 2001, established by the Social Security System of the Dominican Republic. According to the regulations of the Pension Plan, approved by the Bank´s Board of Directors, the contributions of the Bank to this plan amounts to 12.5% of the monthly salaries paid to officers and employees, plus 2.5% of the Bank´s gross profits. Additionally, the Bank may make extraordinary contributions based on the results of actuarial studies. A summary of the financial information of the (unaudited) plan is as follows:

		2013	2012
Present value of obligations for past service	RD$	(7,748,214,946)	(11,688,220,629)
Net assets of the plan		7,191,516,168	5,463,018,058
Net position of the plan	**RD$**	**(556,698,778)**	**(6,225,202,571)**

The expenses recognized during the year 2013 and 2012 amounted to RD$482,690,557 and RD$1,641,015,117, respectively, including extraordinary contributions in the amounts of RD$30,000,000 and RD$242,326,747 in 2013 and 2012, respectively, and a liability of RD$904,613,632 recognized in 2012 with the purpose to cover the deficit until 2019, according to autorization of the Superintendence of Banks of The Dominican Republic.

The Superintendence of Banks through Circular Letter SB ADM/0681/10 of December 31, 2010, did not object that the Bank recognize from 2011, an extraordinary annual payment of RD$242,3 million for a period of nine (9) years, to cover the actuarial deficit determined in accordance to the actuarial study carried out in 2007. For such effect, the Bank was required to submit to the SIB the Minutes of the Board of Directors that approved the transaction, a study with its recommendations concerning the financial position and viability over the next nine years and the balance of the actuarial deficit inclued in the plan dated December 31, 2010.This information was provided to the Superintendence of Banks through letter ADM-1384-11 of March 14, 2011.

b) The Dominican Social Security System, created by Law No. 87-01 enacted on May 9, 2001, consist of a Contributive Regime that covers public and private employees and employers, funded by the latter, including the Dominican government as an employer. According to the Social Security System of the Dominican Republic all employees and employers must be affiliated to the Administradoras de Fondos de Pensiones (AFP) and Administradora de Riesgos de Salud (ARS). The officers and employees of the Bank are affiliated to several AFPs, being mainly affiliated to the Administradora de Fondos de Pensiones Reservas, S. A.

(Continues)

35 Non-monetary transactions

At December 31, 2013 and 2012, a summary of non-monetary transactions, is as follows:

		2013	2012
Write-off of loan portfolio and interests receivable	RD$	1,051,448,098	480,745,404
Write-off of assets received in loan settlements		114,257,497	190,854,310
Assets received in loan settlements		2,420,672,995	346,561,146
Transfer between allowance for doubtful assets:			
Loan portfolio		(460,938,366)	(82,210,638)
Investments		(8,000,000)	(64,700,000)
Interests receivable		104,025,670	(3,700,000)
Assets received in loan settlements		454,615,964	206,510,638
Contingencies		(89,703,268)	(55,900,000)
Sale of assets received in loan settlements with credit facilities		63,792,271	11,675,594
Interests on National Treasury bonds		5,250,000	6,000,000
Amortization of National Treasury bonds		75,000,000	75,000,000
Transfer of net income to other equity reserves		1,766,341,254	777,550,989
Transfer of invoice discounts to loan portfolio		10,744,881,322	11,939,136,865
Equity accounted investee		922,186,115	815,514,464
Losses resulting from equity in affiliated companies		8,103,299	5,500,000
Dividends paid with assets received in Loan settlements		450,000,000	-
Debt amortization of the Dominican Republic state		-	220,492,193

36 Other disclosures

36.1 Implementation of future standards

According to the Second Monetary Board Resolution dated March 21, 2013, minor debtors under loans granted prior to May 31, 2013, and its consolidated debts in the domestic financial system to be converted to major debtors, should be evaluated on their payment capacity rather than on arrears or payment history basis. The effect on the required provisions resulting from this situation must be recognized in the first assessment made by the Bank in 2014.

(Continues)

37 Footnote disclosures required by the Superintendence of Banks

Resolution No. 13-94 of the Superintendence of Banks of the Dominican Republic and its amendments, sets the minimum disclosures that financial institutions should include in their financial statements. As of December 31, 2013 and 2012, the following notes are not included because they are not applicable:

- Earnings per share.
- Significant discontinued operations.
- Changes in share ownership.
- Regular Reclassification of liabilities of relative significance.
- Gain or loss on sale of fixed assets or other assets in subsidiaries, branches or offices abroad.
- Losses caused by disasters.
- Effects of change in market value over the book value of investment in securities.
- Events after the reporting period.