

**BANCO DE RESERVAS DE LA
REPÚBLICA DOMINICANA -
BANCO MÚLTIPLE
AND SUBSIDIARIES**

Consolidated Financial Statements

December 31, 2024

(With Independent Auditors' Report)

(Free Translation from the Original Spanish-Language Version)



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Independent Auditors' Report

To the Board of Directors of
Banco de Reservas de la República Dominicana -
Banco Múltiple and Subsidiaries:

Opinion

We have audited the consolidated financial statements of Banco de Reservas de la República Dominicana - Banco Múltiple and its Subsidiaries (the Bank), which include the consolidated statement of financial position as at December 31, 2024, and the consolidated statements of income, cash flows and changes in equity for the year then ended, and notes to the consolidated financial statements comprising significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Banco de Reservas de la República Dominicana - Banco Múltiple and its Subsidiaries as at December 31, 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended, in accordance with accounting practices established by the Superintendence of Banks of the Dominican Republic, as described in note 2 to the accompanying consolidated financial statements.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Bank in accordance with the Code of Ethics for Accountants of the International Ethics Standards Boards of Accountants (IESBA), together with the ethics requirements issued by the Institute of Certified Public Accountants of the Dominican Republic, which are applicable to our audit of the consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

We draw attention to notes 1 and 39 to the consolidated financial statements. As at December 31, 2024 and for the year then ended, because of its condition of being the Bank of the Dominican Republic State, a significant proportion of assets and liabilities, as well as financial income and expenses, correspond to balances held and transactions performed with entities of the government sector. Our opinion is not modified in respect of this matter.

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Key audit matters

The key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters.

Estimation and accounting of allowance for the portfolio of major and medium-sized private commercial debtors and additional allowance

See notes 2.9.2, 2.9.3, 6, 15 and 37 to the accompanying consolidated financial statements.

The key audit matter

The estimation of allowance for the portfolio of major and medium-sized private commercial debtors and additional allowance is a key audit matter, due to the nature of the calculations, judgments and analysis of management, the allowance requirements that must be complied by the Bank's direction in accordance with the parameters established by the Monetary and Financial Authority and the importance of this estimate in relation to the credit portfolio and the results of the period.

The net loans portfolio represents approximately 45 % of the Bank's total assets. The allowance for the portfolio of major and medium-sized private commercial debtors and the additional allowance are determined following the criteria established by the Monetary and Financial Authority, mainly in the Asset Evaluation Regulations, as well as resolutions, circulars, methodology established by the Bank for the determination of the additional allowance and other related explanatory documents.

How the matter was addressed in the audit

Our most relevant audit procedures in relation to the estimation of allowance for the portfolio of major and medium-sized private commercial debtors and additional allowance, and their accounting, included the following:

- ♦ Obtaining an understanding and testing the design, implementation, and operational effectiveness of the relevant controls maintained by the Bank over the approval and disbursement of credits, as well as those related to the determination, accounting, and disclosure of allowance for the loan portfolio.
- ♦ Obtaining the reconciliation of the general ledger to the sub-ledger of the loan portfolio and observing the mathematical accuracy of the reconciliation.
- ♦ Selecting a representative sample of the portfolio of major and medium-sized private commercial debtors and testing the payment capacity risk classification based on parameters established by the current regulations.
- ♦ Using sampling techniques, selecting samples from the loan portfolio and evaluating the payment behavior, collateral admissibility and country risk factors as applicable.

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The key audit matter***How the matter was addressed in the audit***

- ◆ Recalculating the aging assigned by the Bank's system and reported to the Superintendence of Banks of the Dominican Republic.
- ◆ Recalculating the allowance for the loan portfolio based on its payment behavior, delinquency rate, payment capacity, country risk, and collateral admissibility, as stipulated in the Asset Evaluation Regulations, as well as in resolutions, circulars, and other related explanatory documents.

Comparing the results obtained with the allowance reported in the loans portfolio self-assessment carried out by the Bank, sent to the Superintendence of Banks of the Dominican Republic, and recognized in the consolidated financial statements, and clarifying and/or proposing adjustments for identified differences, if any.

- ◆ Analyzing the methodology used by the Bank for the constitution of additional allowance, endorsed by the authorization of the competent internal body and notified to the Superintendence of Banks of the Dominican Republic.
- ◆ Using sampling techniques, selecting a sample of written-off credits and observing those write-offs have been carried out following the Bank's policy and the Asset Evaluation Regulations.
- ◆ If applicable, verifying that the Bank obtained proper authorization from the Monetary and Financial Authority for special treatment regarding the recognition of allowances and the classification of certain credits provided to specific sectors of the Dominican Republic economy.

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Technical reserves

See notes 2.31, 2.32 and 20 to the accompanying consolidated financial statements.

The key audit matter

Technical reserves are estimates of the reserves for insurance contracts. This is a key audit matter because it involves significant judgments and estimates by management. These reserves are determined based on actuarial calculations, specific estimations of losses from reported claims, and guidelines established in Law No. 146-02 on Insurance and Bonds of the Dominican Republic.

The calculation of these reserves is based on the net premiums for individual life insurance and the survival probabilities for pension plans, according to the interest rate and the mortality tables used by the insurance company subsidiary. Specific reserves represent a significant liability in the Bank's consolidated statement of financial position. These reserves are determined based on the estimation of specific losses from reported claims and in accordance with the guidelines established in Law No. 146-02 on Insurance and Bonds of the Dominican Republic.

How the matter was addressed in the audit

Our most relevant audit procedures in relation to the estimation of mathematical and specific reserves, included the following:

- ◆ Evaluating relevant controls related to the opening, recognition, and payment of insurance claims.
- ◆ Using our specialists in actuarial calculations to evaluate the significant assumptions used by management to estimate disability and survivorship reserves.
- ◆ Using a sampling tool, selecting a representative sample of paid and unpaid claims paid during the period, and observing the basis used to create the reserve and the corresponding review and approval from management.
- ◆ Observing subsequent payments made on the unpaid reserves at the end of the year to identify significant deviations between the liability created and its settlement.
- ◆ Recalculating unearned premium reserves using the terms and percentages established by applicable regulations. Comparing the results obtained with the reserve amounts recognized in the consolidated financial statements. Additionally, observing that the releases and constitutions of reserves have been performed appropriately.

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Other matter

The accompanying consolidated financial statements are not intended to present the financial position, results of operations and cash flows of the Bank in accordance with the accounting principles of jurisdictions other than the Dominican Republic. Therefore, the consolidated statement of financial position and the consolidated statements of profit or loss, cash flows and changes in equity and their use are not designed for those who are not informed about the accounting practices and procedures established by the Superintendence of Banks of the Dominican Republic.

Responsibilities of management and those charged with governance of the Bank for the consolidated financial statements

The Bank's management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the accounting standards of the Superintendence of Banks of the Dominican Republic, as described in note 2, which is an integral basis of accounting different from the International Financial Reporting Standards (IFRS) promulgated by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Bank's financial reporting process.

Auditors' responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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- ◆ Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ◆ Obtain an understanding of internal control relevant to the audit 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 Bank's internal control.
- ◆ We evaluate the adequacy of the accounting policies used and the reasonableness of the accounting estimates and related disclosures made by management.
- ◆ Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- ◆ Evaluate the overall presentation, structure, and content of the consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- ◆ Obtained sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charge with the Bank's governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charge with the governance of the Bank with a statement that we have complied with relevant ethical requirements regarding independence, and we communicate all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, related safeguards.

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From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



Registration under SB No. A-006-0101



CPA Luis De León
Partner in charge of the audit
Registration under ICPARD No. 14938

March 28, 2025

Santo Domingo,
Dominican Republic

BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA - BANCO MÚLTIPLE AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Free Translation from the Original Spanish-Language Version)

Amounts in thousands of Dominican pesos (DOP)

	<u>At December 31,</u>	
	<u>2024</u>	<u>2023</u>
ASSETS		
Cash and cash equivalents (notes 3, 25, 29, 37 and 39)	<u>188,114,458</u>	<u>257,209,403</u>
Investments (notes 5, 15, 25, 29, 37, 39 and 40)		
Available for sale	396,677,191	312,181,094
Held-to-maturity	21,237,221	19,914,966
Allowance for investments	<u>(272,819)</u>	<u>(265,093)</u>
Subtotal	<u>417,641,593</u>	<u>331,830,967</u>
Loans portfolio (notes 6, 15, 25, 29, 37, 39 and 40)		
Current	550,916,585	495,515,996
Restructured	16,608,830	11,650,005
Overdue (31 to 90 days)	273,490	246,435
Past due (more than 90 days)	3,530,795	2,383,804
In legal collection	300,306	29,592
Interests receivable	4,770,187	4,319,742
Allowance for loans	<u>(18,700,549)</u>	<u>(17,853,719)</u>
Subtotal	<u>557,699,644</u>	<u>496,291,855</u>
Debtors by acceptances (notes 7 and 37)	<u>213,717</u>	<u>184,906</u>
Trust rights (notes 8 and 37)	<u>-</u>	<u>230,000</u>
Accounts receivable (notes 9, 37 and 39)	<u>11,729,011</u>	<u>8,816,760</u>
Assets received in lieu of foreclosure of loans, net (notes 10, 15 and 40)	<u>332,259</u>	<u>138,043</u>
Equity-accounted investees (notes 11, 15, 35, 37 and 40)		
Associates	2,632,496	1,898,219
Allowance	<u>(124,205)</u>	<u>(22,583)</u>
Subtotal	<u>2,508,291</u>	<u>1,875,636</u>
Property, furniture and equipment, net (notes 12, 25, 34, and 40)	<u>24,515,791</u>	<u>15,717,806</u>
Properties under development intended for sale and lease (note 13)	<u>6,314,454</u>	<u>5,927,901</u>
Other assets (notes 14, 36 and 37)		
Deferred charges	31,974,245	28,501,066
Intangibles	371,739	663,169
Other assets	<u>1,134,441</u>	<u>991,018</u>
Subtotal	<u>33,480,425</u>	<u>30,155,253</u>
TOTAL ASSETS	<u>1,242,549,643</u>	<u>1,148,378,530</u>

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BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA - BANCO MÚLTIPLE AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Free Translation from the Original Spanish-Language Version)

Amounts in thousands of Dominican pesos (DOP)

	At December 31,	
	<u>2024</u>	<u>2023</u>
LIABILITIES AND EQUITY		
LIABILITIES		
Customers' deposits (notes 16, 29, 37 and 39)		
Checking	171,885,879	161,595,419
Savings	370,616,205	364,375,243
Time deposits	296,908,379	278,820,534
Interests payable	858,679	781,161
Subtotal	<u>840,269,142</u>	<u>805,572,357</u>
Deposits from domestic and foreign financial entities (notes 17, 29 and 37)		
Domestic financial entities	83,205,538	57,604,998
Foreign financial entities	24,100	-
Interests payable	392,193	269,723
Subtotal	<u>83,621,831</u>	<u>57,874,721</u>
Borrowed funds (notes 18, 25, 29, 37 and 39)		
Central Bank	58,409,355	51,274,682
Domestic financial entities	713,017	935,122
Foreign financial entities	68,854,081	73,540,851
Others	7,643,168	6,151,426
Interests payable	1,944,957	2,685,634
Subtotal	<u>137,564,578</u>	<u>134,587,715</u>
Outstanding acceptances (notes 7 and 37)	<u>213,717</u>	<u>184,906</u>
Creditors for insurance and bonds (note 22)	<u>3,620,029</u>	<u>2,875,264</u>
Insurance premium deposits	<u>695,581</u>	<u>751,775</u>
Other liabilities (notes 15, 19, 24, 33, 36, 37 and 40)	<u>33,794,447</u>	<u>28,990,508</u>
Technical reserves (notes 20 and 37)		
Mathematical and technical life insurance reserves	380,507	320,635
Outstanding loss reserves	11,063,185	9,247,009
Subtotal	<u>11,443,692</u>	<u>9,567,644</u>
Subordinated debts (notes 23, 25 and 37)		
Subordinated obligations	20,564,790	20,374,113
TOTAL LIABILITIES	<u>1,131,787,807</u>	<u>1,060,779,003</u>
NET EQUITY ATTRIBUTABLE TO OWNERS OF THE BANK (notes 12, 24, 25 and 40)		
Share capital	76,000,000	39,000,000
Other equity reserves	17,358,858	37,819,093
Revaluation surplus	6,179,084	643,474
Equity instruments adjustments	111	-
Retained earnings	55,700	55,700
Net income for the year	11,026,510	9,800,006
	110,620,263	87,318,273
Non-controlling interest	141,573	281,254
TOTAL EQUITY	<u>110,761,836</u>	<u>87,599,527</u>
TOTAL LIABILITIES AND EQUITY	<u>1,242,549,643</u>	<u>1,148,378,530</u>
Contingent accounts (notes 25 and 26)	<u>2,191,802,307</u>	<u>1,894,655,378</u>
Memorandum accounts (note 28)	<u>2,304,320,454</u>	<u>2,108,760,864</u>

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

Samuel Pereyra Rojas
Chief Executive Officer

Henry V. Polanco Portes
Chief Accounting Officer

BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA - BANCO MÚLTIPLE AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(Free Translation from the Original Spanish-Language Version)

Amounts in thousands of Dominican pesos (DOP)

	Years ended on December 31,	
	2024	2023
Financial income (notes 3, 4, 5, 29 and 39)		
Interest on cash and cash equivalents	4,226,325	6,176,709
Interest on interbank funds	-	5,937
Interest on loans	73,458,184	60,515,967
Interest on investments	25,552,421	24,818,427
Gains on sale of investments	12,148,841	6,230,151
Insurance premiums, net of returns and cancellations	<u>24,675,082</u>	<u>20,178,747</u>
Subtotal	<u>140,060,853</u>	<u>117,925,938</u>
Financial expenses (notes 16, 17, 18, 23, 29 and 39)		
Interest on customers' deposits	(32,423,420)	(27,852,630)
Interest on borrowed funds	(8,984,725)	(7,969,144)
Loss on sale of investments	(137,017)	(4,664)
Insurance claims and related contractual obligations	(17,079,361)	(14,187,898)
Expenses related to technical adjustment to reserves	(900,075)	(807,773)
Expenses related to acquisition, conservation and collection of insurance premiums	<u>(2,736,431)</u>	<u>(2,172,176)</u>
Subtotal	<u>(62,261,029)</u>	<u>(52,994,285)</u>
Gross financial margin	<u>77,799,824</u>	<u>64,931,653</u>
Allowance for loans (notes 15 and 40)	<u>(7,199,681)</u>	<u>(550,251)</u>
Net financial margin	<u>70,600,143</u>	<u>64,381,402</u>
Foreign exchange gain (loss) (note 30)	<u>(640,514)</u>	<u>(554,031)</u>
Other operating income (note 31)		
Commissions for services	22,834,413	18,917,011
Foreign exchange commissions	5,873,649	7,031,540
Miscellaneous income	<u>5,621,279</u>	<u>5,388,600</u>
Subtotal	<u>34,329,341</u>	<u>31,337,151</u>
Other operating expenses (note 31)		
Commissions for services	(3,370,236)	(2,736,378)
Foreign exchange commissions	(240,820)	(183,972)
Miscellaneous expenses	<u>(6,034,164)</u>	<u>(5,054,420)</u>
Subtotal	<u>(9,645,220)</u>	<u>(7,974,770)</u>
Gross operating profit	<u>94,643,750</u>	<u>87,189,752</u>
Operating expenses (notes 12, 14, 15, 26, 32 and 33)		
Salaries and personnel compensation	(34,588,555)	(31,685,911)
Professional fees	(7,484,536)	(6,301,700)
Depreciation and amortization	(2,728,230)	(2,385,029)
Other provisions	(273,885)	(353,872)
Other expenses	<u>(21,420,647)</u>	<u>(19,632,127)</u>
Subtotal	<u>(66,495,853)</u>	<u>(60,358,639)</u>
Net operating profit	<u>28,147,897</u>	<u>26,831,113</u>
Other income (expenses) (note 34)		
Other income	3,836,724	3,778,974
Other expenses	<u>(3,188,715)</u>	<u>(3,340,477)</u>
Subtotal	<u>648,009</u>	<u>438,497</u>
Profit before income tax	28,795,906	27,269,610
Income tax (note 36)	<u>(1,209,457)</u>	<u>(2,729,598)</u>
Net income for the period	<u>27,586,449</u>	<u>24,540,012</u>
ATTRIBUTABLE TO:		
Owners of the Bank (Parent Company)	27,566,275	24,500,014
Non-controlling interests	20,174	39,998

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

Samuel Pereyra Rojas
Chief Executive Officer

Henry V. Polanco Portes
Chief Accounting Officer

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BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA - BANCO MÚLTIPLE AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Free Translation from the Original Spanish-Language Version)

Amounts in thousands of Dominican pesos (DOP)

	Years ended on December 31,	
	<u>2024</u>	<u>2023</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest collected from loans	72,284,848	58,940,140
Other financial income collected	43,734,598	43,269,934
Other operating income collected	33,974,768	30,907,293
Insurance premium collected	24,618,888	20,437,966
Increase in insurance and bonds	(1,015,693)	(537,332)
Interest paid on customers' deposits	(23,430,998)	(20,664,848)
Interest and commissions paid on borrowed funds	(9,537,627)	(7,124,442)
General and administrative expenses paid	(63,475,889)	(57,602,701)
Other operating expenses paid	(9,628,815)	(7,964,233)
Income taxes paid	(2,873,158)	(11,976,944)
Insurance claims and contractual obligation payments	(17,079,361)	(14,187,898)
Miscellaneous payments from operating activities	<u>(2,639,350)</u>	<u>(1,075,633)</u>
Net cash provided by operating activities	<u>44,932,211</u>	<u>32,421,302</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Decrease (increase) in investments	(87,532,380)	46,907,773
Loans granted	(262,832,967)	(280,241,639)
Loans collected	194,383,730	185,410,593
Interbank funds granted	-	(635,000)
Interbank funds collected	-	635,000
Acquisition of property for sale and lease considered as an investment	(93,295)	(205,540)
Acquisition of property, furniture and equipment	(3,823,195)	(4,290,291)
Proceeds from sale of property, furniture and equipment	73,166	84,769
Proceeds from sale of assets received in lieu of foreclosure of loans	613,631	769,060
Acquisition of equity instruments	(487,300)	-
Dividends received	<u>519,788</u>	<u>443,558</u>
Net cash used in investing activities	<u>(159,178,822)</u>	<u>(51,121,717)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Deposits received from customers	15,444,832,642	10,312,042,509
Repayment of deposits to customers	(15,393,381,169)	(10,257,493,928)
Proceeds from borrowed funds	59,031,085	86,190,398
Repayment of borrowed funds	(55,371,031)	(43,284,579)
Proceeds from issue of subordinated obligations	10,000,000	-
Repayment of subordinated obligations	(10,000,000)	(16,794,582)
Dividends paid and other payments to shareholders	<u>(9,959,861)</u>	<u>(8,911,880)</u>
Net cash provided by financing activities	<u>45,151,666</u>	<u>71,747,938</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(69,094,945)	53,047,523
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>257,209,403</u>	<u>204,161,880</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>188,114,458</u>	<u>257,209,403</u>

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BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA - BANCO MÚLTIPLE AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Free Translation from the Original Spanish-Language Version)

Amounts in thousands of Dominican pesos (DOP)

	<u>Years ended on December 31,</u>	
	<u>2024</u>	<u>2023</u>
Reconciliation between the net profit for the period and net cash provided by operating activities		
Net income for the period	27,586,449	24,540,012
Adjustments to reconcile net profit for the period to net cash provided by operating activities:		
Allowance for risky assets and contingencies	7,473,566	904,123
Reversal of allowance for interests receivable	(26)	-
Increase in mathematical and technical reserves	900,075	807,773
Depreciation and amortization	2,746,079	2,402,066
Assets discharged and recognized in expenses	360,707	113,408
Deferred income tax	(5,205,941)	258,142
Gain on sale of property, furniture and equipment	(9,844)	(1,197)
Gain on sale of assets received in lieu of foreclosure of loans	(110,990)	(162,846)
Income from recovery of credits written off with assets received	(104,257)	(166,325)
Impairment of property, furniture and equipment	1,554	296,938
Share profit arising from investments in associates	(766,606)	(653,982)
Impairment of assets received in lieu of foreclosure of loans	36,799	-
Amortization of investment premiums and discounts, net	4,702,292	5,338,950
Amortization of loan discounts	(2,552)	(26,707)
Foreign exchange rate fluctuations, net	285,941	124,173
Amortization of debt issuance cost and discount on subordinated obligations	16,405	10,537
Reinvested interest from deposits	8,792,434	6,833,145
Expenses for uncollectibility of accounts receivable	420,663	699,448
Net change in assets and liabilities:		
Interests receivable	(3,929,048)	(844,696)
Debtors by acceptances	(28,811)	(133,366)
Accounts receivable	(3,332,914)	(2,027,536)
Properties under development intended for sale and lease	(302,341)	(446,792)
Deferred charges	(397,183)	(12,242,014)
Intangibles	(79,172)	(88,742)
Other assets	(122,510)	(333,099)
Interests payable	(540,689)	1,689,501
Outstanding acceptances	28,811	133,366
Creditors of insurance and bonds	744,765	412,935
Insurance premium deposits	(56,194)	259,219
Other liabilities	4,848,776	3,502,959
Technical reserves	975,973	1,221,909
Total adjustments	17,345,762	7,881,290
Net cash provided by operating activities	44,932,211	32,421,302

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

Samuel Pereyra Rojas
 Chief Executive Officer

Henry V. Polanco Portes
 Chief Accounting Officer

BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA - BANCO MÚLTIPLE AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Years ended on December 31, 2024 and 2023

(Free Translation from the Original Spanish-Language Version)

Amounts in thousands of Dominican pesos (DOP)

	Paid-in <u>capital</u>	Other equity <u>reserves</u>	Revaluation <u>surplus</u>	Equity instruments <u>adjustments</u>	Retained earnings from	Net income for the <u>year</u>	<u>Total</u>	Non- controlling <u>interest</u>	Total <u>equity</u>
Balances at January 1st, 2023	39,000,000	23,119,085	646,078	-	55,700	8,810,332	71,631,195	342,804	71,973,999
Transfer to retained earnings	-	-	-	-	8,810,332	(8,810,332)	-	-	-
Dividends paid in cash to non-controlling interest	-	-	-	-	-	-	-	(57,184)	(57,184)
Decrease in minority ownership	-	-	-	-	-	-	-	(44,364)	(44,364)
Dividends declared (note 24) - cash paid to the Dominican Republic Government	-	-	-	-	(8,810,332)	-	(8,810,332)	-	(8,810,332)
Impairment on revaluated assets (note 24)	-	-	(2,604)	-	-	-	(2,604)	-	(2,604)
Net income for the year	-	-	-	-	-	24,500,014	24,500,014	39,998	24,540,012
Transfer to other reserves (notes 24 and 40)	-	14,700,008	-	-	-	(14,700,008)	-	-	-
Balances at December 31, 2023	39,000,000	37,819,093	643,474	-	55,700	9,800,006	87,318,273	281,254	87,599,527
Transfer to retained earnings	-	-	-	-	9,800,006	(9,800,006)	-	-	-
Dividends paid in cash to non-controlling interest	-	-	-	-	-	-	-	(126,928)	(126,928)
Decrease in minority ownership	-	-	-	-	-	-	-	(32,927)	(32,927)
Revaluation surplus (notes 12, 24, 36, and 40)	-	-	7,821,025	-	-	-	7,821,025	-	7,821,025
Deferred tax on revaluation (note 36)	-	-	(2,285,415)	-	-	-	(2,285,415)	-	(2,285,415)
Dividends declared (notes 24 and 40): Cash paid to the Dominican Republic Government	-	-	-	-	(9,800,006)	-	(9,800,006)	-	(9,800,006)
Reinvestment of dividends, Law No. 13-24	37,000,000	(37,000,000)	-	-	-	-	-	-	-
Equity instruments adjustments	-	-	-	111	-	-	111	-	111
Net income for the year	-	-	-	-	-	27,566,275	27,566,275	20,174	27,586,449
Transfer to other reserves (notes 24 and 40)	-	16,539,765	-	-	-	(16,539,765)	-	-	-
Balances at December 31, 2024	76,000,000	17,358,858	6,179,084	111	55,700	11,026,510	110,620,263	141,573	110,761,836

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

Samuel Pereyra Rojas
Chief Executive Officer

Henry V. Polanco Portes
Chief Accounting Officer

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA -
BANCO MÚLTIPLE AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements

December 31, 2024 and 2023

Amounts in thousands of Dominican pesos (DOP)

1 Entity

Banco de Reservas de la República Dominicana - Banco Múltiple (previously Banco de Reservas de la República Dominicana, Banco de Servicios Múltiples) (hereinafter Parent Company), is owned by the Dominican Republic State and was incorporated on October 24, 1941 under Law No. 581, and its amendments, which was repealed and replaced by Law No. 13-24 issued on April 23, 2024.

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

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

The key officers of the Bank are as follows:

<u>Name</u>	<u>Position</u>
José Manuel Vicente Dubocq	Minister of Finance - Ex-Officio Chairman
Samuel Antonio Pereyra Rojas	Chief Executive Officer
José Manuel Almonte	Chief Administrative Officer
Ysidro García	Chief Business Officer
Francisco Elías Rodríguez	Senior Executive Vice President of Corporate Subsidiaries
Fraysis Moronta	Senior Executive Vice President of Human Capital, Technology, and Operations
Fernando Arturo Mir Zuleta	Executive Vice President of Strategy, Finance, and Business Intelligence
José Obregón	Executive Vice President of International Business and Corporate Governance
Henry Vladimir Polanco Portes	Chief Accounting Officer
Daniel Alejandro Otero	Executive Vice President of Risk Management
Ramón Pimentel	Executive Vice President of Treasury
Nancy Elizabeth Ferreras Díaz	General Auditor
Lorenzo Guzmán	Chief Legal Officer

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA -
BANCO MÚLTIPLE AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements (continued)

Amounts in thousands of Dominican pesos (DOP)

1 Entity (continued)

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

As of December 31, 2024 and 2023, a detail of the Bank's offices, automatic teller machines (ATMs) and post offices is as follows:

<u>Location</u>	<u>2024</u>			<u>2023</u>		
	<u>Offices (*)</u>	<u>ATMs</u>	<u>Post offices</u>	<u>Offices (*)</u>	<u>ATMs</u>	<u>Post offices</u>
Metropolitan area	119	401	6	118	377	6
Provinces	<u>198</u>	<u>512</u>	<u>-</u>	<u>198</u>	<u>485</u>	<u>-</u>
	<u>317</u>	<u>913</u>	<u>6</u>	<u>316</u>	<u>862</u>	<u>6</u>

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

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

As of December 31, 2024 and 2023, the network of subagents was 1,247 (405 in the metropolitan area and 842 in the interior of the country) and 1,056 (385 in the metropolitan area and 671 in the interior of the country) authorized merchants, respectively.

As of December 31, 2024, and 2023, the Bank maintains three representative offices located in Madrid, Spain, as well as Miami and New York, United States.

The consolidated financial statements were approved for issuance by the Board of Directors on March 24, 2025.

2 Summary of significant accounting policies

2.1 Accounting basis of the consolidated financial statements

The financial information and accounting policies of the Bank are in accordance with the accounting practices established by the Superintendence of Banks as stipulated in its Accounting Manual for Supervised Entities, regulations, circulars, resolutions, instructions, and specific provisions issued by this agency and the Monetary Board of the Dominican Republic, as well as those provided in the Monetary and Financial Law. Accounting practices for financial institutions differ in certain aspects, both in form and content, from the IFRS Accounting Standards (International Financial Reporting Standards) issued by the International Accounting Standards Board (hereinafter 'IFRS Accounting Standards') applicable to banks and financial institutions.

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA -
BANCO MÚLTIPLE AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements (continued)

Amounts in thousands of Dominican pesos (DOP)

2 Summary of significant accounting policies (continued)

2.1 Accounting basis of the consolidated financial statements (continued)

Consequently, the accompanying consolidated financial statements are not intended to present the financial position, results of operations and cash flows in accordance with IFRS Accounting Standards.

The accompanying consolidated financial statements are prepared on the basis of historical cost, except for the land and buildings at the Parent Company as of December 31, 2024, and 2023. These assets include revaluations carried out in 2023 and 2004, respectively, to bring them to their market value (see note 12). The consolidated financial statements are prepared on a going concern basis.

These consolidated financial statements have been prepared following the conceptual framework of the Superintendence of Banks. Subsidiaries include insurance companies, administrators of pension plans and funds, administrator of health plans, and securities brokers, which financial information have been prepared in accordance with the accounting practices established by the Superintendence of Insurance, the Superintendence of Pensions, the Superintendence of Health and Labor Risks and Superintendence of Stock Market in Dominican Republic, respectively. Furthermore, the unregulated subsidiaries adopt IFRS Accounting Standards and the International Financial Reporting Standard for Small and Medium-sized Entities (IFRS for SMEs) as their accounting frameworks. The financial figures of these subsidiaries that are incorporated in the consolidated financial statements have been prepared following those accounting bases (note 2.3).

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

2.2 Use of estimates

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

The estimates are used primarily to account for the allowance for risky assets, depreciation, amortization, impairment of long-term assets, income tax, technical reserves for insurance contingencies and pension and retirement obligations. Actual results may differ from those estimates.

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA -
BANCO MÚLTIPLE AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements (continued)

Amounts in thousands of Dominican pesos (DOP)

2 Summary of significant accounting policies (continued)

2.3 Consolidation

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

The entities included in the consolidated financial statements of Parent Company and the following subsidiaries, located mainly in Dominican Republic:

<u>Subsidiaries</u>	<u>Percentage of ownership (%)</u>
<i>Direct subsidiaries:</i>	
Tenedora Reservas, S. A. and Subsidiaries (a)	97.74
Administradora de Riesgos de Salud Reservas, Inc.	100.00
Banreservas Representative Offices, Inc.	<u>100.00</u>
<i>Indirectly subsidiaries (a):</i>	
Administradora de Fondos de de Pensiones Reservas, S. A.	96.27
Seguros Reservas, S. A.	97.74
Inmobiliaria Reservas, S. A.	87.97
Operadora de Zonas Francas Villa Esperanza, S. A.	97.97
Inversiones & Reservas, S. A.	97.74
Reservas Asistencia, S. A. S.	97.74
Fiduciaria Reservas, S. A.	97.74
Seguridad y Protección Institucional, S. A. (SEPROI)	97.74
Inversiones Finanprimas SB, S. A. S.	97.74
Sociedad Administradora de Fondos de Inversión Reservas, S. A.	97.74
Advanced Auto Technology, S. A. S.	97.74
Fideicomiso de Administración Factoring Gubernamental Reservas	97.74

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA -
BANCO MÚLTIPLE AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements (continued)

Amounts in thousands of Dominican pesos (DOP)

2 Summary of significant accounting policies (continued)

2.3 Consolidation (continued)

<u>Subsidiaries</u>	<u>Percentage of ownership (%)</u>
<i>Indirectly subsidiaries (a): (continued)</i>	
Seguros Reservas International Holdings, Ltd. (previously Reservas Holdings, Ltd.)	97.74
Fideicomiso Inmobiliario de Viviendas de Bajo Costo Brisas del Hato	97.97
Fideicomiso para el Desarrollo Económico y Social de la Zona de Punta Bergantín, Puerto Plata	97.74
Seguros Reservas International Ltd.	97.74
Soluciones de Capital Exprés SCE, S. A. S.	<u>97.74</u>

Except for Seguros Reservas International Holdings, Ltd., and Seguros Reservas International Ltd. located in the Cayman Islands and Banreservas Representative Offices, Inc., located in the United States, all entities are located in the Dominican Republic and incorporated in accordance with the laws of this country. There are differences among some of the accounting policies of the subsidiaries, which prepare their financial statements in accordance with the accounting practices issued by the Superintendence of Insurance, Pensions, Health and Labor Risk and Stock Market of the Dominican Republic.

The Superintendence of Banks approved the incorporation of the financial statements of these subsidiaries in the consolidated financial statements, without adjusting their accounting practices to prepare the consolidated financial statements in conformity with the Bank's accounting policies.

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

Banco de Reservas de la República Dominicana - Banco Múltiple - Regulated by the Superintendence of Banks.

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

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA -
BANCO MÚLTIPLE AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements (continued)

Amounts in thousands of Dominican pesos (DOP)

2 Summary of significant accounting policies (continued)

2.3 Consolidation (continued)

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

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

Banreservas Representative Offices, Inc.

Incorporated under the laws of the United States, its main objective is to assist the Parent Company in complying with the operational and administrative requirements of the representative offices located in that country.

Tenedora Reservas, S. A. and Subsidiaries

Is the parent company of the following subsidiaries:

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

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

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

Entity engaged in the administration of pension funds of third parties or plans and pension funds of companies or associations that are entrusted for administration based on specific contracts in accordance with Law No. 87-01 that created the Dominican system of the Social Security and the complementary regulations to this law.

Currently, AFP Reservas manages Pension Fund T-1 AFP Reservas (Contributive), Pension Fund T-4 AFP Reservas (Distributive) and Pension Funds T-5 AFP Reservas (Social Solidarity), as provided by Law No. 87-01. The AFP is regulated by the Superintendence of Pensions of the Dominican Republic.

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA -
BANCO MÚLTIPLE AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements (continued)

Amounts in thousands of Dominican pesos (DOP)

2 Summary of significant accounting policies (continued)

2.3 Consolidation (continued)

(c) Inmobiliaria Reservas, S. A. and Subsidiaries

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

The subsidiaries of Inmobiliaria Reservas, S. A. are Operadora de Zonas Francas Villa Esperanza, S. A., which own a free zone park and it is engaged on leasing property under the free zone regime as certified by the National Council of Export Free Zones and the Fideicomiso Inmobiliario de Viviendas de Bajo Costo Brisas del Hato, established in accordance with the laws of the Dominican Republic for the construction and repair of residential buildings (including construction, renovation and repair of single-family and multi-family homes).

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

This subsidiary was incorporated under the laws of the Dominican Republic.

Its main purposes consist in buying and selling securities, exchange of securities, underwriting issuance of securities in part or as a whole, for subsequent trade to the public, promote the release of securities in public offerings and facilitate their placement and all those operations authorized by the Superintendence of Stock Market of the Dominican Republic.

(e) Fiduciaria Reservas, S. A.

Incorporated under the laws of the Dominican Republic, its main objective is to manage all types of business in accordance with Law No. 189-11, Mortgage Market Development and Trust in the Dominican Republic and all operations authorized by the Superintendence of Stock Market of the Dominican Republic.

(f) Seguridad y Protección Institucional, S. A. (SEPROI, per its Spanish acronyms)

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

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA -
BANCO MÚLTIPLE AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements (continued)

Amounts in thousands of Dominican pesos (DOP)

2 Summary of significant accounting policies (continued)

2.3 Consolidation (continued)

(g) Reservas Asistencia, S. A. S.

Incorporated under the laws of the Dominican Republic, its main purpose is to offer all types of road assistance services within the national territory, especially to vehicle drivers and their companions due to accidents and any other eventuality that occurs during the trip, both to the person and the property.

(h) Inversiones Finanprimas SB, S. A. S.

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

(i) Sociedad Administradora de Fondos de Inversión Reservas, S. A. - Regulated by the Superintendence of Stock Market of the Dominican Republic

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

(j) Advanced Auto Technology, S. A. S.

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

(k) Fideicomiso de Administración Factoring Gubernamental Reservas

Incorporated according to the laws of the Dominican Republic, its main purpose is to perform invoices factoring from entities classified as micro, small and medium-sized companies (MIPYMEs).

(l) Seguros Reservas International Holdings, Ltd.

Incorporated under the laws of the Cayman Islands, its main purpose is to be a captive insurer and coinsurer.

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA -
BANCO MÚLTIPLE AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements (continued)

Amounts in thousands of Dominican pesos (DOP)

2 Summary of significant accounting policies (continued)

2.3 Consolidation (continued)

(m) Fideicomiso para el Desarrollo Económico y Social de la Zona de Punta Bergantín, Puerto Plata

Incorporated in accordance with the laws of the Dominican Republic and it is engaged on real estate operations.

(n) Seguros Reservas International, Ltd.

Incorporated under the laws of the Cayman Islands and it is engaged in insurance and reinsurance operations.

(o) Soluciones de Capital Exprés SCE, S. A. S.

Incorporated under the laws of the Dominican Republic. Its primary objective is to provide funding services for short-term liquidity or capital needs and any other lawful commercial activities.

2.4 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and in vaults, deposits in the Central Bank of the Dominican Republic (Central Bank) and in domestic and international financial entities, investments easily convertible to cash with a maturity of less than three (3) months from the acquisition date, the interest's receivable from cash and cash equivalents and other collectible bills.

2.5 Transactions with repurchase or resale agreements (repurchase agreements)

Securities that are purchased under resale agreements and securities that are sold under repurchase agreements are generally treated as secured financial transactions. Therefore, the securities received or transferred are not derecognized in the consolidated statements of financial position if control of the contractual rights embodied in those securities are not transferred.

In purchases with a resale agreement, the cash paid, and the accrued interest are recognized as an asset on the balance sheet as guaranteed credit. In sales under repurchase agreements, cash received and accrued interest are recognized under liabilities as borrowed funds.

2.6 Financial instruments

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

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA -
BANCO MÚLTIPLE AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements (continued)

Amounts in thousands of Dominican pesos (DOP)

2 Summary of significant accounting policies (continued)

2.6 Financial instruments (continued)

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

Short-term financial instruments

The carrying amounts of short-term financial instruments, for both assets and liabilities, are like its book value as reflected in the Bank's consolidated statement of financial position, because of the relatively short-term period between the origination of the instruments and their subsequent realization. This category includes cash and cash equivalents, bank acceptances, customer's liability acceptances, interests receivable, customers deposits, rights in trust, accounts receivable, deposits from domestic financial entities, borrowed funds, interests payable and other liabilities.

Loans portfolio

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

Interest in financial assets and liabilities

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

Long-term financial liabilities

Includes customers' deposits, deposits from domestic financial entities, long-term borrowed funds, and subordinated debt. It was not possible to estimate their fair value because there is no active market for these financial instruments in the Dominican Republic.

2.7 Investments

It comprises investments which, by virtue of their legal form and legal transfer regime, can be traded on a financial or stock market, securities issued by financial intermediaries not traded on a secondary market, and ownership interest in other companies which do not give significant influence on the Bank.

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA -
BANCO MÚLTIPLE AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements (continued)

Amounts in thousands of Dominican pesos (DOP)

2 Summary of significant accounting policies (continued)

2.7 Investments (continued)

The Instructions for the Classification, Valuation, and Measurement of Investments in Debt Instruments establish the classification of investments into three categories: to be negotiated, available-for-sale, and held to maturity, which are indicated below:

- To be negotiated: these are those investments that the Bank acquires with the intention of obtaining profits derived from fluctuations in their prices and are part of a portfolio of debt instruments identified and managed jointly, which are listed on a stock exchange or other organized market. These securities cannot remain in this category for more than 180 days from their acquisition date, during which they must be sold. Investments in trading securities are originally recognized at their fair value net of the premium or discount with which they were acquired.

Changes in fair value must be recognized in the consolidated statement of profit or loss as a gain or loss on financial assets at fair value.

- Available-for-sale: these are those securities held by the Bank to obtain an adequate return due to their temporary excess liquidity, or those investments that the Bank is willing to sell at any time and that are listed in an active or organized market.

Investments available for sale are originally recognized at their fair value and the premium or discount with which they have been acquired is amortized during the term of the instrument, using the effective interest rate. Its value is updated daily to the closing market value of that day.

Changes in market value must be recognized in equity as an unrealized gain or loss.

Due to circulars issued by the Superintendence of Banks in 2022 and 2023, the use of fair value in the investment portfolio was postponed. As a result, all investments were measured at their amortized cost as of December 31, 2024 and 2023. However, the Fourth Resolution of the Monetary Board, dated February 20, 2025, approved the use of fair value for measuring investments classified as available for sale and for trading, starting January 1, 2026. Circular No. CSB-REG-202500002, dated March 12, 2025, outlines that the implementation of fair value will occur in two phases (see note 41).

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

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA -
BANCO MÚLTIPLE AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements (continued)

Amounts in thousands of Dominican pesos (DOP)

2 Summary of significant accounting policies (continued)

2.7 Investments (continued)

In accordance with the provisions of the Superintendence of Banks, ownership interest in other companies that do not give significant influence on the Bank must be included as part of available-for-sale investments in the consolidated financial statements. Initial recognition and subsequent measurement for these instruments are similar as described in note 2.8. The allowance recognition accounting policy is described in note 2.7.1.

The type of security or financial instrument and its amount is presented in note 5.

2.7.1 Allowance for investments

For domestic investments in debt securities, the expected losses for impairment are calculated using the same criteria applied to major commercial debtors, as outlined by the REA. For international market investments in debt securities, the expected losses for impairment are determined based on risk ratings assigned by internationally recognized rating firms, including those acknowledged by the Superintendence of Stock Market of the Dominican Republic. The corresponding provision percentages are then applied according to the risk categories established by the REA.

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

Excess on allowance for investments can be reversed when the investment is canceled or the issuer's risk classification improves, provided certain conditions are met, and the Superintendence of Banks must be notified; or they can be transferred to other allowances for risky assets in which the Bank presents provision needs.

2.8 Equity-accounted investees and allowance

Investments in subsidiaries and associates are measured under the equity method. In accordance with this method, the investment is initially recognized at cost and the carrying amount will increase or decrease, to recognize the investor's participation in the profit or loss of the period of the investee, after of the acquisition date. The investor's share of the investee's profit or loss for the period will be recognized in the investor's own profit or loss for that period.

Allowances for equity-accounted investees are determined using the same criteria as for major commercial debtor loans (see note 2.9.2). Details such as the characteristics, restrictions, nominal value, market value, and quantity of shares in other companies are provided in note 11.

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA -
BANCO MÚLTIPLE AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements (continued)

Amounts in thousands of Dominican pesos (DOP)

2 Summary of significant accounting policies (continued)

2.8 Equity-accounted investees and allowance (continued)

Exchange differences arising from updates to the closing quotation of balances in foreign currency for investments in associates will be recognized in equity as adjustments for equity in other companies.

Possible losses from ownership interest in other companies without significant influence, due to the insolvency or significant credit risk impairment of the issuers, are recognized directly in the consolidated statement of profit or loss for the period.

2.9 Loans portfolio and allowance for loans

2.9.1 Loans

Loans are recorded at their outstanding principal balance, minus the necessary allowance for loan losses.

According to Circular SB CSB-REG-202400003, dated February 23, 2024, when payment agreements are made for credit balances arising from credit cards, whether corporate or personal, they must be reclassified as commercial or consumer loans, respectively. This reclassification should consider the status and risk category of the debtor at the debt renegotiation date.

The Bank suspends the accrual of interest on loans when are past due for more than 90 days (see note 2.9.3).

2.9.2 Allowance for loans portfolio

The determination of allowance to cover bad debts risk on the loans portfolio is based on the criteria established in the REA issued by the Monetary Board and other circulars and rulings issued by the Superintendence of Banks.

According to these regulations, the estimation of loan losses depends on the type of loan, which can be classified into major commercial debtors, minor commercial debtors, microcredits, consumer loans, and mortgage loans.

For major commercial debtors, the allowance for loan losses is estimated through a detailed quarterly review of each debtor's solvency, payment behavior, and country risk. This review is conducted by the Bank for 100% of its major commercial debtors and is subject to review by the Superintendence of Banks. Specific percentages based on debtor classification are used, except for loans to the Dominican Republic Central Government and other public institutions, which are classified as "A" according to the REA and are not subject to allowance requirements.

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA -
BANCO MÚLTIPLE AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements (continued)

Amounts in thousands of Dominican pesos (DOP)

2 Summary of significant accounting policies (continued)

2.9 Loans portfolio and allowance for loans (continued)

2.9.2 Allowance for loans portfolio (continued)

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

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

Major commercial debtors are those whose total credit operations owed in the financial system are equal to or greater than DOP40,000, both at the individual and consolidated levels in the system.

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

For recognizing provisions on medium-sized commercial debtors, a simplified evaluation is required. This evaluation considers operational losses, the relationship to adjusted assets, payment behavior, and guarantee levels. Adjusted equity is determined by considering the amounts of paid-in capital, reserves, retained earnings, premium on shares, contributions for future capitalizations, and subordinated debt. Contributions for future capitalization are included if they are authorized in writing by the contributors for these purposes and the funds contributed are not subject to refund.

Medium-sized commercial debtors are those whose total credit operations owed to the financial system are equal to or greater than DOP25,000 and less than DOP40,000 both individually and consolidated in the financial system.

According to Circular Letter CCI-REG-202400005, dated April 30, 2024, for commercial loans, payment behavior will not be considered as a mitigating factor in the final risk classification for the following cases:

- ◆ When the settlement of the entire principal and interest is contracted at the maturity of the debt, and
- ◆ When the settlement of the principal exceeds a term of twenty-four (24) months and recurring interest payments are not required, at least quarterly, observable within a period of twelve (12) months.

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA -
BANCO MÚLTIPLE AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements (continued)

Amounts in thousands of Dominican pesos (DOP)

2 Summary of significant accounting policies (continued)

2.9 Loans portfolio and allowance for loans (continued)

2.9.2 Allowance for loans portfolio (continued)

For minor credits, including commercial, microcredits, consumer, and mortgage loans, the risk classification is determined based on the delinquency status at the time of classification for each of the debtor's commercial operations. Each loan is assigned a unique classification based on its payment behavior. However, mortgage loans granted with resources freed from the legal reserve are an exception. These loans are classified in risk category "A" with a zero allowance requirement and are weighted at 0% for the calculation of the solvency index, in accordance with article 9 of the ninth resolution of the Monetary Board, dated May 30, 2019.

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

The Bank assigns the risk classification to the restructured loans, considering the one that was in force at the time of restructuring the debt or the one that arises from the days past due on the loan at the time of restructuring, or the worst of both, in accordance with the REA.

The risk classification of the restructured credit will be the classification assigned to all the debtor's credits within the same type of portfolio. An initial classification of no less than "B" is assigned, which may be modified to a lower risk category, depending on the evolution of your payments up to classification "A" to the extent that the conditions agreed in the contract are met.

For major commercial debtors, the Bank evaluates not only their payment capacity but also their payment behavior and country risk to improve their risk classification. Additionally, the Bank employs a carryover mechanism for loans overdue by more than 90 days. Under this mechanism, the entire principal amount is considered overdue if any installment of the total credit falls into this condition. Similarly, advances on checking accounts that are more than three days overdue are included in the past due portfolio of more than 90 days.

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

Write-offs of loans consist of operations by which the uncollectible loans are removed from the balance sheet and are recognized only in memorandum accounts. If the Bank has not constituted 100% of the provision for a loan, it must first recognize the outstanding amount before proceeding with the write-off, ensuring that the required level of provisions for remaining loans is not affected.

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA -
BANCO MÚLTIPLE AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements (continued)

Amounts in thousands of Dominican pesos (DOP)

2 Summary of significant accounting policies (continued)

2.9 Loans portfolio and allowance for loans (continued)

2.9.2 Allowance for loans portfolio (continued)

A loan may be written off, with or without collateral, from the day it enters the non-performing loan category. However, related parties' loans with collateral can only be written off when the Bank can prove that all legal recovery procedures have been exhausted, and the officers or managers directly involved have been released from their duties. Written-off loans remain in memorandum accounts until they are settled through payment by the debtor.

The Bank has recognized the REA's minimum required allowances and additional allowances based on internal policies and methodology which consider the credit risk of debtors. Additional allowance was recognized in compliance with the regulations of the Superintendence of Banks in the REA on Circular SB: CSBREG-202300005 dated August 10, 2023 and other related explanatory documents.

Banks may consider additional allowances as secondary capital, subject to authorization by the Superintendence of Banks, which has a cap of 1% of risk-weighted assets and contingents.

According to Circular SB: CSB-REG-202300005, the Bank may maintain excess allowances as part of the generic and specific allowance accounts established in the Accounting Manual for Supervised Entities, provided this excess is associated with the risk of the loans portfolio and is supported by a risk methodology designed by the Bank and duly notified the Superintendence of Banks. The circular also states that additional allowances defined by the Bank's internal policies may be maintained. However, anticyclical allowances, additional allowances for secondary capital computation, and other additional allowances may not be considered as portfolio hedges and shall not be deducted in the computation of the solvency index. Anticyclical allowances may not be used to compensate for allowance deficits, and additional allowances for secondary capital computation may not be used to cover additional risks or allowance deficits.

Collateral

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

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA -
BANCO MÚLTIPLE AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements (continued)

Amounts in thousands of Dominican pesos (DOP)

2 Summary of significant accounting policies (continued)

2.9 Loans portfolio and allowance for loans (continued)

2.9.2 Allowance for loans portfolio (continued)

These are classified in:

Multi-use collateral (multipurpose collateral)

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

Specific use collateral (non-multipurpose collateral)

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

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

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

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

Other considerations

As of December 31, 2024 and 2023, the Bank has received waivers and no objections from the Central Bank of the Dominican Republic and the Superintendence of Banks to specifically recognize for and report on certain loans granted to specific sectors of the Dominican Republic economy, such as: development of road network sector and other infrastructure as of December 31, 2024 and 2023.

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA -
BANCO MÚLTIPLE AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements (continued)

Amounts in thousands of Dominican pesos (DOP)

2 Summary of significant accounting policies (continued)

2.9 Loans portfolio and allowance for loans (continued)

2.9.3 Allowance for interests receivable

The allowance for current interests receivable, commercial and microenterprises is determined using specific percentages according to classification provided and considering the collateral for the related loans portfolio.

The allowance for interests receivable from consumer and mortgage loans is based on specific percentages of each type based on the aging of balances established in the REA. These allowances also consider other circulars and related documents issued by the Superintendence of Banks.

Interests receivable for loans with 90 days past due are provided for at 100%. Such accounts are then maintained on a non-accrual basis, recognized as memorandum accounts and its interest are recognized as income only when collected.

2.10 Trusts rights

Investment value generated for the Bank as a trustee when an asset or pool of assets is transferred to the constitution of a trustee, after the non-objection of the Superintendence of Banks to deliver the assets in trust. The transfer of one or more assets by the trustor is made at book value. The delivery does not generate the realization of profits and these only have an impact on profit or loss accounts when the asset or assets subject to the trust are disposed of to third parties.

2.11 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 an expense account for losses resulting from doubtful accounts. These receivables are charged to earnings when management determines that collectability is doubtful based on installments made, client's payment behavior and evaluation of collaterals, if they exist.

2.12 Valuation of properties, furniture and equipment and depreciation method used

2.12.1 Basis of recognition

Properties, furniture, and equipment, except for land and buildings revalued as of December 31, 2024, and 2023, are measured at cost less accumulated depreciation and impairment losses. Land and buildings existing as of that date are recorded at their fair value, determined by independent appraisers. Land and buildings acquired after revaluation date are measured at the acquisition cost.

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA -
BANCO MÚLTIPLE AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements (continued)

Amounts in thousands of Dominican pesos (DOP)

2 Summary of significant accounting policies (continued)

2.12 Properties, furniture and equipment and depreciation method used (continued)

2.12.1 Basis of recognition (continued)

Maintenance and repair costs that do not improve or extend the asset's useful life are recorded as expenses when incurred. In contrast, the cost of renovations and improvements is capitalized. When assets are retired, their costs and the corresponding accumulated depreciation are removed from the accounts, and any gain or loss is included in the period's results.

2.12.2 Depreciation

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

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

Improvements to leased properties are amortized over the shorter of the estimated useful life or the lease term.

2.13 Assets received in lieu of foreclosure of loans

2.13.1 Basis of recognition

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

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

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA -
BANCO MÚLTIPLE AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements (continued)

Amounts in thousands of Dominican pesos (DOP)

2 Summary of significant accounting policies (continued)

2.13 Assets received in lieu of foreclosure of loans (continued)

2.13.1 Basis of recognition (continued)

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

Movable goods:	100%	Over two years, recognized on a straight-line basis starting on the seventh month.
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Real estate:	100%	Over three years, recognized on a straight-line basis starting on the thirteenth month.
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2.13.2 Allowance assets received in lieu of foreclosure of loans

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

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

The allowance excess for assets received in lieu of foreclosure of loans can be reversed when the sale of assets received in credit recovery occurs, or they can be transferred to other risky asset allowances in which the Bank presents provision needs.

2.14 Deferred charges

Include prepaid income taxes, deferred income taxes, and other prepaid expenses. These are recognized as expenses as they are incurred.

2.15 Intangible

Intangible assets correspond to disbursements not recognized as expenses in the period in which they are incurred, but their recognition is distributed in future periods because the benefits that will be received from them extend beyond the period in which they were made. This category includes computer programs for which prior authorization from the Superintendence of Banks is required for recording items in the accounts that make up intangible assets.

Intangible assets are recognized at cost, net of their accumulated amortization, using the straight-line method over an estimated useful life of five years.

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA -
BANCO MÚLTIPLE AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements (continued)

Amounts in thousands of Dominican pesos (DOP)

2 Summary of significant accounting policies (continued)

2.16 Assets and liabilities in foreign currency

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

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

2.17 Employee benefit cost

2.17.1 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.

2.17.2 Defined benefits plan

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

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

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

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

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

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA -
BANCO MÚLTIPLE AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements (continued)

Amounts in thousands of Dominican pesos (DOP)

2 Summary of significant accounting policies (continued)

2.17 Employee benefit cost (continued)

2.17.3 Defined contribution plan (continued)

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

2.17.4 Severance indemnities

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

2.18 Customers' deposits

Include obligations arising from the collection of public resources and from financial entities both domestically and internationally, facilitated by the Bank through various deposit arrangements. This category also encompasses restricted deposits, inactive and abandoned deposits, as well as any outstanding charges related to these obligations. Initially, these obligations are recognized at fair value, net of transaction costs, which are amortized using the effective interest rate method. The interest in these instruments is recorded in the financial profit or loss during the period it is incurred. The method for recognizing such interest is detailed in note 2.20.

2.19 Subordinated debts

The Bank has subordinated debts bonds in Dominican pesos (DOP), issued in the Dominican Republic's market. The subordinated debts are initially recognized at fair value, net of transaction costs incurred, which are amortized on the effective interest method over the term of the debt. Financial expenses resulting from interest, commissions, exchange differences and other financial charges arising from the aforementioned obligations are recognized and charged to profit or loss in the period in which they are incurred.

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA -
BANCO MÚLTIPLE AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements (continued)

Amounts in thousands of Dominican pesos (DOP)

2 Summary of significant accounting policies (continued)

2.20 Revenue recognition and expenditures

2.20.1 Banks' revenue recognition and expenditures

Financial income and expenses

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

For calculating credit card financing yields, the Bank uses the daily average outstanding balance of the principal balance.

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

Earned returns on investments are recognized based on the balance of the instrument. The premium or discounts in the acquisition of these instruments are amortized over the life of the instrument and recognized as part of the investment gain or loss, as applicable.

Commission income originating from transactions or services that extend over time, such as: credit card renewal fees, letter of credit operations, and acceptances in circulation, among others, are recognized over the life of such transactions or services and thus fulfill a performance obligation (see note 2.36).

Commission income, along with other operating and non-operating income from transactions or services where the performance obligation is satisfied at a specific point in time, is recognized in accounting when the goods are delivered or the service is provided.

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

Income from disposal of investments in debt instruments

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

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

Amounts in thousands of Dominican pesos (DOP)

2 Summary of significant accounting policies (continued)

2.20 Revenue recognition and expenditures (continued)

2.20.1 Banks' revenue recognition and expenditures (continued)

Other income and other operating expenses

Other operating income are recognized when earned and other operating expenses when incurred. Commission income and other services resulting from managing accounts, money orders and transfers, guarantees and endorsements, purchase and sale of foreign currencies, credit cards, use of ATMs and POS, third party collections and others, are recognized on an accrual basis when the services have been provided to the clients. Penalty charges for late loan payments (arrears) by debtors are recorded upon collection.

Effective January 1, 2024, in accordance with the provisions of the regulatory body, commission income charged as compensation for transaction costs directly attributable to the granting of loans will be recorded in profit or loss over the life of the loan (see note 2.36).

Other income and expenses

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

Other income from the recovery of written-off assets and the reduction of provisions for interest receivable is recognized upon collection.

2.20.2 Revenue recognition of insurance companies

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

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

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

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

Amounts in thousands of Dominican pesos (DOP)

2 Summary of significant accounting policies (continued)

2.20 Revenue recognition and expenditures (continued)

2.20.3 Revenues from the Administrator of Pension Funds

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

The monthly administrative commission received from Fund T-1 (Contributory) and Fund T-4 (Distribution) is recognized when dispersion of resources in the accounts of the Administrator is made based on 0.5% of contributory salary.

The commission income for managed balance corresponds to 1.20% of the net equity of the Pension Funds up to 0.75% in the next 10 years. Monthly collections of the supplementary annual commission are made based on 100% of the previous month's figures, in accordance with the guidelines of Resolution No. 419-20.

2.20.4 Revenues for services to the Health Insurance Administrator (ARS, per its Spanish acronym)

AFP bills and recognizes its income from the services of the Basic Health Plan and the National Fund for Medical Attention for Traffic Accidents (FONOMAT) when UNIPAGO sends the dispersion of affiliates. The income from special private medical plans and voluntary plans is recorded at the start of the policy's term.

2.20.5 Revenues from real estate

Revenues from sales of apartments, houses and land are recognized when payments are received, including the downpayment and subsequent payments, provide sufficient evidence of commitment by the buyer to pay in full the outstanding balance, which usually occurs when the client has paid a substantial part of the agreed price and the risks and benefits associated with the properties sold have been transferred to the buyer.

Cash received from sales of lots that do not meet the conditions of revenue recognition described above are recognized as deposits received from customers under other liabilities in the accompanying consolidated statement of financial position until such conditions are met.

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

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA -
BANCO MÚLTIPLE AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements (continued)

Amounts in thousands of Dominican pesos (DOP)

2 Summary of significant accounting policies (continued)

2.20 Revenue recognition and expenditures (continued)

2.20.6 Revenues from brokerage services

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

2.21 Leases

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

At inception of a contract, the subsidiaries that prepare their statements under IFRS Accounting Standards, Fiduciaria Reservas, S. A., Administradora de Riesgos de Salud Reservas, Inc., Inversiones & Reservas, S. A., Sociedad Administradora de Fondos de Inversión Reservas, S. A. and Soluciones de Capital Exprés SCE, S. A. S. (the subsidiaries) assess whether a contract is, or contains, a lease. A contract is, or contains a lease, if the contract conveys the right to control the use of an identified asset for a period in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the subsidiaries use the definition of a lease in IFRS Accounting Standard 16.

At commencement or on modification of a contract that contains a lease component, the subsidiaries allocate the consideration in the contract to each lease component based on its relative stand-alone prices. The subsidiaries recognize a right-of-use asset and a lease liability at the lease commencement date.

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

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the subsidiaries by the end of the lease term or the cost of the right-of-use asset reflects that they will exercise a purchase option.

In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the subsidiaries' incremental borrowing interest rate. Generally, this incremental borrowing rate is used as the discount rate.

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA -
BANCO MÚLTIPLE AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements (continued)

Amounts in thousands of Dominican pesos (DOP)

2 Summary of significant accounting policies (continued)

2.21 Leases (continued)

The subsidiaries determine their incremental interest rate by obtaining interest rates from various external financing sources and make certain adjustments to reflect the terms of the lease and type of the leased asset.

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

- ◆ Variable lease payments, which are dependent on an index or rate, initially measured using the index or rate as the commencement date.
- ◆ The amount expected to be paid under a residual value guarantee.
- ◆ The exercise price under a purchase option that the subsidiaries are reasonably certain to exercise.
- ◆ The lease payments in an optional renewal period if they are reasonably certain to exercise an extension option.
- ◆ The penalties for early termination of a lease unless they are reasonably certain not to terminate early.

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

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

The subsidiaries present right-of-use assets that do not meet the definition of investment property in property, plant and equipment and lease liabilities in other liabilities in the consolidated statement of financial position.

Short-term leases and leases of low-value assets

The subsidiaries Fiduciaria Reservas, S. A., Administradora de Riesgos de Salud Reservas, Inc., Inversiones & Reservas, S. A., Sociedad Administradora de Fondos de Inversión Reservas, S. A. and Soluciones de Capital Exprés SCE, S. A. S. have elected not to recognize right-of-use assets and lease liabilities for leases of low-value assets and short-term leases.

They recognize the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA -
BANCO MÚLTIPLE AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements (continued)

Amounts in thousands of Dominican pesos (DOP)

2 Summary of significant accounting policies (continued)

2.21 Leases (continued)

Short-term leases and leases of low-value assets (continued)

The assets held in leases by the subsidiaries were classified as operating leases and were not recognized in the consolidated statement of financial position.

Payments made under operating leases were recognized in the consolidated statements of profit or loss on a straight-line basis over the term of the lease.

Lease incentives received were recognized as an integral part of the total lease expense over the term of the lease.

2.22 Allowance for contingencies

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

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

The nature and amounts of contingencies are described in notes 2.28 and 26 to the consolidated financial statements.

2.23 Provisions

Except as indicated in the note 2.22, the Bank recognizes a provision if, as a result of a past event, it has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

2.24 Income tax

The income tax determined based on the income of the year includes current tax and deferred tax. The total expense arising from the income tax is recognized in the consolidated statements of profit or loss.

Current income tax is estimated based on the provisions established by the Tax Code of the Dominican Republic and its amendments.

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA -
BANCO MÚLTIPLE AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements (continued)

Amounts in thousands of Dominican pesos (DOP)

2 Summary of significant accounting policies (continued)

2.24 Income tax (continued)

Deferred tax is recognized due to temporary differences between the amounts of assets and liabilities used for financial statement purposes and those used for tax purposes. The amount of deferred tax is determined based on the expected realization of the recorded assets and liabilities, using the tax rate anticipated to apply when the originating items reverse.

Deferred tax assets are recognized only if it is probable that taxable net income will be sufficient to offset the reversal of the originating items. If it is not probable that the related benefit will be realized, deferred tax is reduced to zero.

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

2.25 Segment reporting

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

2.26 Derecognition of financial assets

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

2.27 Impairment of assets

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

The recoverable amount of assets maintained and used in operations is measured by comparing the carrying amount of the assets with the higher of the market value and the net discounted expected cash flows to be generated by that asset in the future.

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA -
BANCO MÚLTIPLE AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements (continued)

Amounts in thousands of Dominican pesos (DOP)

2 Summary of significant accounting policies (continued)

2.27 Impairment of assets (continued)

If, after making such comparison, it is determined that the assets' values have been negatively affected, the amount to be recognized as a loss will be the excess of the carrying amount over the fair value of the asset and such loss is recognized in net profit of the year when determined.

2.28 Contingencies

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

2.29 Distribution of dividends

The Bank pays dividends based on the results of their operations, following the decisions made at the Board of Directors' meetings. According to Resolution No. 12-2001, dated December 5, 2001, issued by the Superintendence of Banks, the maximum amount of dividends that can be distributed among shareholders should not exceed the retained earnings calculated on a cash basis. This is in accordance with the provisions of the Bank's Organic Law No. 13-24 and its amendments (see note 24).

2.30 Revaluation surplus

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

2.31 Mathematical and technical reserves - life insurance and collective insurance

Mathematical reserves in individual life insurance consist of the equivalent of the difference between the present value of the Bank's obligations towards the insured, and the present value of the obligations of the insured persons towards the Bank. Its calculation is made based on net premiums for individual life insurance and based on survival probabilities for pension plans in accordance with the interest rate and mortality tables used by the Bank.

Mathematical reserves are calculated based on net premiums; however, modified reserves may be calculated, prior approval of the calculation elements by the Superintendence of Insurance.

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA -
BANCO MÚLTIPLE AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements (continued)

Amounts in thousands of Dominican pesos (DOP)

2 Summary of significant accounting policies (continued)

2.31 Mathematical and technical reserves - life insurance and collective insurance (continued)

The technical reserves for group and personal accident insurance are calculated according to the minimum percentages established in Article 141 of Law No. 146-02 on Insurance and Bonds of the Dominican Republic, which are: group life insurance, personal accident, and health, provided that the premium is charged at 5% in monthly installments, and when the premium is charged at 40% in installments that are not monthly.

Commissions on unearned premiums and unearned commissions on ceded reinsurance premiums are determined based on fixed percentages established by the Superintendence of Insurance, which are presented as follows:

	Law No. 146-02
Personal insurance with monthly billing	5%
Transportation and freight insurance	15%
Surety bonds	40%
For other insurances	<u>40%</u>

2.32 Specific reserves

The amounts claimed (determined by an adjuster or internally) that are pending settlement or payment at the closing date of the fiscal year are recognized as specific reserves, as well as a provision for incurred claims reported after the closing of the fiscal year.

2.33 Amortization of non-proportional contracts - catastrophic premiums

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

2.34 Incurred but not reported claims (IBNR)

The reserves of claims incurred, but not reported, are constituted at the end of each month by the percentages established by SISALRIL on the number of claims incurred in the month. The claims incurred in the month will be determined by the sum of the claims paid, plus claims settled and pending payment, plus claims pending validation and settlement corresponding to the month of the current year, minus the claims settled and pending payment and the claims pending validation and settlement corresponding to the same month of the previous year.

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA -
BANCO MÚLTIPLE AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements (continued)

Amounts in thousands of Dominican pesos (DOP)

2 Summary of significant accounting policies (continued)

2.35 Significant differences with IFRS Accounting Standards

2.35.1 Differences between banking regulations and IFRS Accounting Standards

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

- i) The Accounting Manual for Supervised Entities requires financial intermediation entities to present a summary of the main accounting policies that have been applied for the recognition and accounting for the entity's operations, as well as the main methods and criteria used in the preparation of the consolidated financial statements. IFRS Accounting Standards require a summary of material accounting policies.
- ii) Allowance for loans portfolio corresponds to the amount determined based on a risk assessment carried out by the Bank and the levels of allowances required for the classification assigned to each loan. The evaluation for the major commercial debtors through the payment capacity, includes the documentation of the credit files considering the financial information of the borrower's financial statements, as well as the opinion of the auditor, quality of the administrative management and corporate structure, economic environment, evaluation of financial reasons, payment behavior and collateral levels; for medium commercial debtors, it includes a simplified assessment based on operating losses and adjusted equity, payment behavior record and collateral levels and for other debtors (consumption, mortgages and minor debtors based on days of delay).

Collaterals are only considered for the determination of the allowance according to the guidelines established in the REA. In addition, the allowances include additional and/or anti-cyclical allowances determined according to an internal methodology, and other Bank's policies.

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

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA -
BANCO MÚLTIPLE AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements (continued)

Amounts in thousands of Dominican pesos (DOP)

2 Summary of significant accounting policies (continued)

2.35 Significant differences with IFRS Accounting Standards (continued)

2.35.1 Differences between banking regulations and IFRS Accounting Standards (continued)

- iii) Banking regulations require financial institutions to establish an allowance for assets received in lieu of foreclosure of loans, according to the following criteria: moveable goods are reserved over a two year period, on a straight-line basis, starting six months following the foreclosure; real estate is reserved over a three year period, on a straight-line basis counted as of the first anniversary of its recognition on the Bank's accounting books and debt securities follow the same basis of allowance for investments. Both criteria, counting from 120 days after the date of the foreclosure of the property or of the payment contract duly legalized. IFRS Accounting Standards require that these assets are reserved only in the event of impairment.
- iv) Interests receivable past due for less than 90 days, are reserved according to the classification granted to the corresponding principal. Past due interests' receivable with more than 90 days are fully reserved. Subsequently, accrued interests are not recognized in the consolidated financial statements and are recognized in memorandum accounts. In accordance with IFRS Accounting Standards, the same criteria apply as for the allowance for credit portfolio, considering that the receivables continue to be accrued based on their book value, net of impairment.
- v) Financial entities translate all foreign currency balances at the official exchange rate as established by the Central Bank of the Dominican Republic at the reporting date. IFRS Accounting Standards require that all foreign currency balances be translated at the exchange rate at which the Bank had access at the reporting date.
- vi) According to local banking practices, deferred fees arising from credit operations and credit cards are included as part of the other liabilities section in the consolidated statements of financial position. IFRS Accounting Standards establish that these fees are an integral part of the effective interest rate of the related financial instrument and, as such, are treated as an adjustment to that effective interest rate.
- vii) The Superintendence of Banks requires that allowance held on loans portfolio at the time of executing their collateral, be transferred to assets received in lieu of foreclosure of loans settlements. IFRS Accounting Standards only require reserves when the fair value of the asset is lower than its carrying value or when impairment exists.
- viii) The Superintendence of Banks requires leasehold improvements and computer software to be authorized by the Superintendence of Banks before recognizing it as property, furniture and equipment and intangible assets and classify them as other assets until such approval is obtained.

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA -
BANCO MÚLTIPLE AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements (continued)

Amounts in thousands of Dominican pesos (DOP)

2 Summary of significant accounting policies (continued)

2.35 Significant differences with IFRS Accounting Standards (continued)

2.35.1 Differences between banking regulations and IFRS Accounting Standards (continued)

The Superintendence of Banks indicates the amount that could be capitalized and the maximum amortization period during which the deferral is allowed.

According to the Accounting Manual for Supervised Entities, financial intermediation entities have a period of six (6) months to submit the request for authorization to the Superintendence of Banks for the deferral of computer programs, counted from their putting into operation. If the entity does not make the request within the established term, it must expense all the disbursements made. IFRS Accounting Standards require that these items be recognized as property, furniture and equipment and intangible assets if they generate future economic benefits.

- ix) The Bank determines the useful life of property, furniture and equipment at the time of acquisition, and recognizes in the memorandum accounts those fixed assets that are fully depreciated. IFRS Accounting Standards require that the residual value and the useful life of an asset be reviewed at least at each financial year end, and if expectations differ from previous estimates, the changes are accounted for as a change in accounting estimates.
- x) The Superintendence of Banks classifies investments into three categories: held for trading, available for sale, and held to maturity. Circulars issued by the Superintendence of Banks during 2022 and 2023 postponed the use of fair value in the investment portfolio. Consequently, as of December 31, 2024, and 2023, all investments are measured at amortized cost. However, the Fourth Resolution of the Monetary Board, dated February 20, 2025, approved the implementation of fair value for investments classified as available for sale and held for trading, effective January 1, 2026. Circular No. CSB-REG-202500002, dated March 12, 2025, outlines that the implementation of fair value will occur in two phases (see note 41). IFRS Accounting Standards classify and recognize investments into three categories: amortized cost, fair value through other comprehensive income (equity), and fair value through profit or loss. Depending on their category, investments are measured at either amortized cost or fair value. This classification is based on the business model determined by management for its financial assets and the characteristics of contractual cash flows.
- xi) The investment portfolio is quantified according to the risk categories determined by the Superintendence of Banks that requires specific provisions, following the instructions in the REA.

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA -
BANCO MÚLTIPLE AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements (continued)

Amounts in thousands of Dominican pesos (DOP)

2 Summary of significant accounting policies (continued)

2.35 Significant differences with IFRS Accounting Standards (continued)

2.35.1 Differences between banking regulations and IFRS Accounting Standards (continued)

IFRS Accounting Standards require that impairment for investments recognized at amortized cost be determined following the same considerations indicated for loans portfolio as described in ii) above.

- xii) The Superintendence of Banks requires that cash flows from the loans portfolio be classified as investment activities, as well as dividends received from other companies, and cash flows from customer deposits as financing activities. IFRS Accounting Standards require that cash flows from these transactions be recognized as part of operating activities, except for dividends received for which it only allows but does not require it.
- xiii) For the recognition of the surplus due to revaluations of fixed assets, prior authorization from the Superintendence of Banks is required. The IFRS Accounting Standards establish that these updates must be made whenever there are significant changes in the value of these assets. On the other hand, the Accounting Manual for Supervised Entities establishes that the revaluation surplus included in equity may be transferred directly to retained earnings when the asset is derecognized and when the net realizable value is less than the carrying value and does not allow the alternative option of IFRS Accounting Standards.
- xiv) The Superintendence of Banks requires banks to recognize a provision for contingent operations, which includes, among others, granted collateral, non-negotiable letters of credit issued, and unused amounts of credit lines for automatic use, based on a classification of risk category following the REA. IFRS Accounting Standards require the recognition of estimated expected losses on loan commitments in a consistent manner, with their expectations of provisions of that loan commitment.
- xv) The Accounting Manual for Supervised Entities requires for derivative instruments: i) sensitivity analysis for each type of market risk to which it is exposed at year-end, indicating how the results or equity would have been affected by possible changes in the relevant risk variable; ii) methods and assumptions used for the sensitivity analysis; and iii) changes made to the method used in the previous year, if any, and the reasons for the change. IFRS Accounting Standards require it for all financial instruments and not only for derivative instruments.
- xvi) The Superintendence of Banks authorizes financial intermediation institutions to write off a loan with or without collateral when it becomes past due and is 100% provisioned, excluding related-party loans that should be written off when all legal collection processes have been exhausted, and the involved officers and/or directors have been removed from their duties.

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA -
BANCO MÚLTIPLE AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements (continued)

Amounts in thousands of Dominican pesos (DOP)

2 Summary of significant accounting policies (continued)

2.35 Significant differences with IFRS Accounting Standards (continued)

2.35.1 Differences between banking regulations and IFRS Accounting Standards (continued)

In accordance with IFRS Accounting Standards, an entity will directly reduce the carrying amount of a financial asset when it has no reasonable expectation of recovering all or a part of this.

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

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA -
BANCO MÚLTIPLE AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements (continued)

Amounts in thousands of Dominican pesos (DOP)

2 Summary of significant accounting policies (continued)

2.35 Significant differences with IFRS Accounting Standards (continued)

2.35.1 Differences between banking regulations and IFRS Accounting Standards (continued)

xxi) IFRS Accounting Standards require that, when an entity applies an accounting policy retroactively or performs a retroactive restatement of items in its financial statements, or when it reclassifies items in its financial statements, it will present at least three statements of financial position to: January 1 and December 31 of the comparative year, and December 31 of the current year. The Superintendence of Banks does not require the comparative presentation of a third year.

xxii) There are differences between the presentation and certain disclosures for the financial statements according to IFRS Accounting Standards and those required or authorized by the Superintendence of Bank, such as those related to the defined benefit plan and the Rights in trust, among others.

2.35.2 Differences between the accounting practices issued and allowed by the Superintendence of Insurance and the Superintendence of Health and Labor Risk (SISALRIL, per its Spanish acronyms) and the Superintendence of Pensions of the Dominican Republic (SIPEN, per its Spanish acronyms) and IFRS Accounting Standards

i) In accordance with the accounting practices established by the Superintendence of Insurance, insurance contracts are accounted for as follows:

Short-term insurance contracts are recognized as revenue when billed; as a result, unearned premium reserves are computed based on specific percentages according to the line of business and not according to a uniform distribution for the time consumed. Article 141 of Law No. 146-02 states minimum percentages, as follows:

- ◆ 15% Transportation and freight.
- ◆ 5% Collective life insurance, accidents and health, provided premiums are collected on a monthly basis.
- ◆ 40% Insurance bonds.
- ◆ 40% Other insurances.
- Reinstallation and settlement effects of reinsurance contracts are in accordance with the final settlement date of the contract with the reinsurer, without considering the period in which this effect was generated.
- Reserves arising from insurance contracts are established on the basis of specific percentages in the case of reserves for current risks and catastrophic risks and on the value claimed or determined by the adjusters in the case of specific reserves.

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA -
BANCO MÚLTIPLE AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements (continued)

Amounts in thousands of Dominican pesos (DOP)

2 Summary of significant accounting policies (continued)

2.35 Significant differences with IFRS Accounting Standards (continued)

2.35.2 Differences between the accounting practices issued and allowed by the Superintendence of Insurance and the Superintendence of Health and Labor Risk (SISALRIL, per its Spanish acronyms) and the Superintendence of Pensions of the Dominican Republic (SIPEN, per its Spanish acronyms) and IFRS Accounting Standards (continued)

- Incremental costs incurred in the process of acquiring and issuing insurance contracts are recognized as expenses at the time they are generated, except for commissions to intermediaries, which are amortized in proportion to the level of recognition of the premium that originated them, following the percentages established by the Superintendence of Insurance.
- The service components that are part of the insurance contract are recognized as income together with the premium income underwritten and are not separated.

IFRS Accounting Standards set out the following accounting rules for the measurement and recognition of insurance contracts:

- The Bank must assess whether a set or series of contracts should be treated as a single contract and whether the embedded derivatives, investment components and goods and services components should be separated and accounted for in a different manner.
- Insurance contracts and investment contracts with discretionary participation features are aggregated into groups for measurement purposes. The groups of contracts are identified by first identifying the portfolios of contracts, each of which comprises contracts that are subject to similar risks and managed as a whole.
- The level of aggregation requirements in IFRS Accounting Standards limits the offsetting of gains on groups of profitable contracts, which are generally deferred as a contractual service margin (CSM), with losses on groups of onerous contracts, which are recognized immediately.
- Under IFRS Accounting Standards, the measurement of a group of contracts includes all future cash flows within the limits of each of the Bank's contracts.
- For insurance contracts, cash flows are within contract limits if they arise from substantial rights and obligations that exist during the reporting period in which the Bank can obligate the policyholder to pay premiums or has a substantial obligation to provide services (including insurance coverage and investment services).
- IFRS Accounting Standards introduces a measurement model based on estimates of the present value of future cash flows expected to arise as the Bank fulfills contracts, an explicit risk adjustment for non-financial risk and an CMS.

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

Amounts in thousands of Dominican pesos (DOP)

2 Summary of significant accounting policies (continued)

2.35 Significant differences with IFRS Accounting Standards (continued)

2.35.2 Differences between the accounting practices issued and allowed by the Superintendence of Insurance and the Superintendence of Health and Labor Risk (SISALRIL, per its Spanish acronyms) and the Superintendence of Pensions of the Dominican Republic (SIPEN, per its Spanish acronyms) and IFRS Accounting Standards (continued)

- Contracts are subject to different requirements depending on whether they are classified as direct participation contracts or contracts without direct participation features. Direct participation contracts are service contracts substantially related to investments on which the Bank promises a return on investment based on underlying elements. These are contracts for which, at the outset:
 - ◆ The contractual terms specify that the policyholder participates in a portion of a clearly identified set of underlying elements.
 - ◆ The Bank expects to pay the policyholder an amount equal to a substantial portion of the fair value yields of the underlying items.
 - ◆ The Bank expects that a substantial proportion of any change in the amounts payable to the policyholder will vary with the change in the fair value of the underlying items.
- On initial recognition, an entity shall measure a group of insurance contracts at the total of:
 - ◆ Cash flows from compliance, comprising:
 - (a) Estimates of future cash flows.
 - (b) An adjustment to reflect the time value of money and financial risks related to future cash flows, to the extent that financial risks have not been included in the estimates of future cash flows.
 - (c) An adjustment of risk to non-financial risk.
 - ◆ The contractual service margin, which is a component of insurance contract assets or liabilities, represents the non-cumulative (accrued) gain that the entity will recognize as it provides insurance contract services in the future.
- The carrying amount of a group of insurance contracts at the end of each reporting period is the sum of:
 - ◆ The liability for the remaining coverage, comprising:
 - (a) Cash flows from compliance relating to future services assigned to the group at that date.
 - (b) The Bank's contractual service margin on that date.

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA -
BANCO MÚLTIPLE AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements (continued)

Amounts in thousands of Dominican pesos (DOP)

2 Summary of significant accounting policies (continued)

2.35 Significant differences with IFRS Accounting Standards (continued)

2.35.2 Differences between the accounting practices issued and allowed by the Superintendence of Insurance and the Superintendence of Health and Labor Risk (SISALRIL, per its Spanish acronyms) and the Superintendence of Pensions of the Dominican Republic (SIPEN, per its Spanish acronyms) and IFRS Accounting Standards (continued)

- ♦ The liability for claims incurred, comprising cash flows from compliance relating to future services assigned to the group at that date.
- An entity shall recognize income and expense for the following changes in the carrying amount of the remaining hedge liability:
 - ♦ Income from ordinary insurance activities for the reduction in the liability for the remaining coverage due to the service rendered in the period.
 - ♦ Insurance service expenses for losses in onerous contract groups, and reversals of these losses.
 - ♦ Financial expenses and income from insurance due to the effect of the time value of money and the effect of financial risk.
- An entity shall recognize income and expense for the following changes in the carrying amount of the liability for claims incurred:
 - ♦ Insurance service expenses for the increase in liabilities due to claims and expenses incurred in the period, excluding investment components.
 - ♦ Insurance service expenses for subsequent changes in cash flows from claims-related compliance and expenses incurred.
 - ♦ Financial expenses and income from insurance due to the effect of the time value of money and the effect of financial risk.

Premium allocation approach

The premium allocation approach is a simplified measurement model, optional in IFRS Accounting Standards, which is available for insurance and reinsurance contracts that meet the following criteria:

- The entity reasonably expects that this simplification will produce a measurement of the remaining hedge liability for the Bank that is not significantly different from that which would be produced by applying the requirements of the general approach.

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA -
BANCO MÚLTIPLE AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements (continued)

Amounts in thousands of Dominican pesos (DOP)

2 Summary of significant accounting policies (continued)

2.35 Significant differences with IFRS Accounting Standards (continued)

2.35.2 Differences between the accounting practices issued and allowed by the Superintendence of Insurance and the Superintendence of Health and Labor Risk (SISALRIL, per its Spanish acronyms) and the Superintendence of Pensions of the Dominican Republic (SIPEN, per its Spanish acronyms) and IFRS Accounting Standards (continued)

Premium allocation approach (continued)

- The period of coverage of each contract at the Bank, including insurance contract services, arising from all premiums within the contract limits determined at the date of application, is one year or less.

Premium allocation approach - measurement

Using the premium allocation approach, an entity measures the liability for the remaining hedge as follows:

- At initial recognition, the carrying amount of the liability is:
 - ◆ Premiums, if any, received on initial recognition.
 - ◆ Less, any cash flows from the acquisition of the insurance at that date unless the entity elects to recognize the payments as an expense.
 - ◆ Plus, or minus any amount arising from derecognition on the date of:
 - (a) Any asset for cash flows arising from the acquisition of insurance.
 - (b) Any other asset or liability previously recognized for the cash flows related to the contract.
- At the end of each reporting period, the subsequent carrying amount of the liability is the carrying amount at beginning of reporting period:
 - ◆ Plus, premiums received during the period.
 - ◆ Less, cash flows from the acquisition of insurance.
 - ◆ Plus, any amounts related to the amortization of cash flows from the acquisition of the insurance recognized as an expense in the reporting period.
 - ◆ Plus, any adjustment to a funding component.

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA -
BANCO MÚLTIPLE AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements (continued)

Amounts in thousands of Dominican pesos (DOP)

2 Summary of significant accounting policies (continued)

2.35 Significant differences with IFRS Accounting Standards (continued)

2.35.2 Differences between the accounting practices issued and allowed by the Superintendence of Insurance and the Superintendence of Health and Labor Risk (SISALRIL, per its Spanish acronyms) and the Superintendence of Pensions of the Dominican Republic (SIPEN, per its Spanish acronyms) and IFRS Accounting Standards (continued)

Premium allocation approach - measurement (continued)

- ◆ Less, the amount recognized as insurance revenue from ordinary activities for services provided in that period.
- ◆ Less, any investment component paid or transferred to the liability for claims incurred.

Reinsurance contracts

In accordance with IFRS Accounting Standards, an entity shall recognize a group of reinsurance contracts held when it occurs:

- The beginning of coverage period of the group of reinsurance contracts.
- The date on which the entity recognizes a pecuniary group of underlying insurance contracts, if the entity entered into the related reinsurance contract held in the group of reinsurance contracts held at or before that date.

For reinsurance contracts maintained, the measurement requirements of the underlying insurance contracts apply. For such contracts, an entity shall use consistent assumptions to measure the present value estimates of future cash flows for the group of reinsurance contracts held and the estimates of the present value of future cash flows for the group (or groups) of underlying insurance contracts. In addition, the entity shall include, in the present value estimates of future cash flows for the group of reinsurance contracts held, the effect of any default risk by the issuer of the reinsurance contract, including the effects of collateral and litigation losses.

- i) In accordance with the accounting practices of the Superintendence of Insurance, investments are recognized at amortized cost or at fair value and are classified in two groups: a) reserve investments and b) guarantee funds and other investments. A detail of nature of the investments allowed in each group, which must be invested up to the limits allowed by Law No. 146-02 and its amendments, and Resolution No. 5-2018, is as follows:

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA -
BANCO MÚLTIPLE AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements (continued)

Amounts in thousands of Dominican pesos (DOP)

2 Summary of significant accounting policies (continued)

2.35 Significant differences with IFRS Accounting Standards (continued)

2.35.2 Differences between the accounting practices issued and allowed by the Superintendence of Insurance and the Superintendence of Health and Labor Risk (SISALRIL, per its Spanish acronyms) and the Superintendence of Pensions of the Dominican Republic (SIPEN, per its Spanish acronyms) and IFRS Accounting Standards (continued)

Investments of reserves:

- ◆ Securities issued or guaranteed by the State.
- ◆ Actions and obligations of national companies engaged in the promotion of health, social security, and industrial and national tourism development centers.
- ◆ Real estate located in the country.
- ◆ Loans on individual life insurance policies.
- ◆ Time deposits in banks located in the country.
- ◆ Easily liquid financial instruments.
- ◆ Investments in negotiable instruments and securities of companies placed through the Dominican Republic Stock Exchange.
- ◆ Investments in foreign currency.
- ◆ Investment funds opened and closed and operated by investment fund management companies authorized by the regulatory body.
- ◆ Shares of publicly offered trusts authorized by the regulatory body.
- ◆ Transactions of purchases of securities with repurchase agreements (repurchase agreements or repos) traded through stock exchanges authorized by the Superintendence of Stock Market of the Dominican Republic.

Guarantee funds and other investments:

- ◆ Guarantee funds.
- ◆ Real estate awarded.
- ◆ Direct or indirect investments in insurance and reinsurance companies.
- ◆ Investments in affiliated or subsidiary holding companies.
- ◆ Other free investments.

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA -
BANCO MÚLTIPLE AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements (continued)

Amounts in thousands of Dominican pesos (DOP)

2 Summary of significant accounting policies (continued)

2.35 Significant differences with IFRS Accounting Standards (continued)

2.35.2 Differences between the accounting practices issued and allowed by the Superintendence of Insurance and the Superintendence of Health and Labor Risk (SISALRIL, per its Spanish acronyms) and the Superintendence of Pensions of the Dominican Republic (SIPEN, per its Spanish acronyms) and IFRS Accounting Standards (continued)

Pursuant to the provisions of Law No. 146-02, the total mathematical reserves and reserves for current risks - personal and general insurance and bonds, catastrophic, specific and provident, must be invested in any of these lines, and the amounts of investments in excess of the investments allowed in some lines must be classified as other investments.

IFRS Accounting Standards establishes three categories of debt instruments: amortized cost, fair value through other comprehensive income (equity) and fair value through profit or loss. This classification depends on the business model for the management of financial assets and on the characteristics of contractual cash flows. IFRS Accounting Standards do not allow for the classification as investments of real estate located in the country, loans in individual life insurance policies, guarantee funds and purchased real estate.

- ii) The Superintendence of Insurance does not mandate the recognition of specific reserves for claims incurred but not reported as of the reporting date. In contrast, IFRS Accounting Standards require the creation of an allowance for probable and quantifiable losses, which must be recognized through a charge to profit or loss in the year the damage occurred.
- iii) The Superintendence of Insurance and the Superintendence of Health and Labor Risk and the Superintendence of Pensions require that short-term investments, highly liquid investments and investments easily convertible to cash to be classified as investments. However, IFRS Accounting Standards require such investments to be classified as cash equivalents.
- iv) The Superintendence of Insurance and the Superintendence of Health and Labor Risk allow that significant income and expenses that affect the consolidated financial statements of previous years to be recognized in retained earnings without restating the previously reported amounts of the consolidated financial statements. IFRS Accounting Standards require these transactions to be recognized retroactively, correcting previously reported financial statements, including the presentation of the statements of financial position for the most recent three years.

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA -
BANCO MÚLTIPLE AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements (continued)

Amounts in thousands of Dominican pesos (DOP)

2 Summary of significant accounting policies (continued)

2.35 Significant differences with IFRS Accounting Standards (continued)

2.35.2 Differences between the accounting practices issued and allowed by the Superintendence of Insurance and the Superintendence of Health and Labor Risk (SISALRIL, per its Spanish acronyms) and the Superintendence of Pensions of the Dominican Republic (SIPEN, per its Spanish acronyms) and IFRS Accounting Standards (continued)

- v) Locally, it is not required to prepare a statement of changes in stockholders' equity, showing the composition and changes in the accounts that compose it. A comprehensive statement of performance showing the nature and amount of items for other comprehensive income is not required. IFRS Accounting Standards require the presentation of a statement of changes in equity and the statement of comprehensive income as part of the basic financial statements.
- vi) IFRS Accounting Standards require that, if the Bank maintains other comprehensive income, a statement of profit or loss and other comprehensive income, or a statement of comprehensive income showing the nature and amount of items corresponding to other comprehensive income during the reporting period, be presented. Similarly, IFRS Accounting Standards require, as part of the basic financial statements, a statement of changes in equity. The Superintendence of Insurance does not include these requirements in its financial statement preparation models.
- vii) IFRS Accounting Standards require the following disclosures that enable users of financial statements to assess: (a) the importance of financial instruments in relation to their financial position and performance; and (b) the nature and extent of the risks arising from financial instruments to which the entity is exposed during the period and at the reporting date, and how the entity manages those risks. The accounting practices of the Superintendence of Insurance do not require these disclosures.
- viii) The effects of reinstatement and settlement of reinsurance contracts are adjusted to the final settlement date of the contract with the reinsurer, without considering the period in which said effect was generated. IFRS Accounting Standards require that variations in insurance contracts be estimated and recorded as they occur.
- ix) Premiums receivable that the Bank considers uncollectible, according to the parameters indicated in Law No. 146-02 of Insurance and Bonds of the Dominican Republic, are reversed from the income recognized in the year, affecting all other related accounts such as reinsurance and issuance costs.

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA -
BANCO MÚLTIPLE AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements (continued)

Amounts in thousands of Dominican pesos (DOP)

2 Summary of significant accounting policies (continued)

2.35 Significant differences with IFRS Accounting Standards (continued)

2.35.2 Differences between the accounting practices issued and allowed by the Superintendence of Insurance and the Superintendence of Health and Labor Risk (SISALRIL, per its Spanish acronyms) and the Superintendence of Pensions of the Dominican Republic (SIPEN, per its Spanish acronyms) and IFRS Accounting Standards (continued)

According to this law, for the policies to be valid, the premiums must be received, in full, by the insurer and the general or local agents within the first 10 days of validity, except for a payment agreement signed between the parties, except for contracts of bail. In order for the parties to formalize the payment agreement, the insured must pay at least 25% of the total premium (the premium is allowed to remain in force even after this term, provided that the entity demonstrates its collectability). The terms that may be agreed upon by the parties may not exceed 120 days from the start of the policy's term (exceeding this term is permitted provided that the entity demonstrates its collectability). Additionally, the Superintendence of Insurance does not allow the creation of reserves for uncollectible accounts.

Under IFRS Accounting Standards a financial asset is considered impaired if there is objective evidence indicating that one or more events had a negative effect on the estimated future cash flows of the asset.

An impairment loss in relation to a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. An impairment loss is reversed if such a reversal can objectively relate to an event occurring after the impairment loss was recognized. For financial assets measured at amortized cost, the reversal is recognized in income.

IFRS Accounting Standards require to perform a liability adequacy test arising from insurance operations. This test is basically a calculation based on a statistical methodology that determines if provisions recognized by the Bank are enough to cover possible commitments arising from current insurance contracts. The accounting practices of the Superintendence of Insurance establish the creation of reserves on the basis of specific percentages in the case of reserves for current risks and for catastrophic risks and on the value claimed or determined by the adjusters in the case of specific reserves.

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA -
BANCO MÚLTIPLE AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements (continued)

Amounts in thousands of Dominican pesos (DOP)

2 Summary of significant accounting policies (continued)

2.35 Significant differences with IFRS Accounting Standards (continued)

2.35.2 Differences between the accounting practices issued and allowed by the Superintendence of Insurance and the Superintendence of Health and Labor Risk (SISALRIL, per its Spanish acronyms) and the Superintendence of Pensions of the Dominican Republic (SIPEN, per its Spanish acronyms) and IFRS Accounting Standards (continued)

- x) In accordance with accounting practices of the Superintendence of Insurance, savings components included in life insurance contracts are not accounted separately. As per IFRS Accounting Standards, when an insurance policy has a saving component this saving component should be separated from the premium paid in a life insurance policy and recognize it as a separate financial liability.
- xi) IFRS Accounting Standards require that, if an entity maintains derivate financial instruments, to separate embedded derivative from the host contract and accounted for as a derivative if economic characteristic and risks of the embedded derivative are not closely related to the economic characteristic and risks of the host contract. Accounting practices established by the Superintendence of Insurance and the SISALRIL and the Superintendence of Pensions do not provide guidance on accounting of derivatives financial instruments.
- xii) SIPEN requires that the administrators recognize their balances in foreign currency at the average cash purchase rate of commercial banks, published by the Central Bank of the Dominican Republic. IFRS Accounting Standards require that the balances in foreign currency be converted to the last access rate that the Bank.
- xiii) SIPEN requires the Administrator to disclose its investments in securities by sector and by type of instrument. IFRS Accounting Standards require additional disclosures that allow users of the consolidated financial statements to evaluate a) the importance of financial instruments in relation to the consolidated financial position and consolidated statements of the Bank and b) the nature and extent of the risks resulting from the financial instruments to which the Bank is exposed during the year and the reporting date and how the Bank handles those risks.
- xiv) There are differences between the presentation and certain disclosures in the financial statements under IFRS Accounting Standards to those required by the Superintendence of Insurance, SISALRIL and SIPEN.

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

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA -
BANCO MÚLTIPLE AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements (continued)

Amounts in thousands of Dominican pesos (DOP)

2 Summary of significant accounting policies (continued)

2.36 Change in accounting policy and reclassification

Effective at January 1, 2024, came into effect the Circular SB No. 019/22 dated December 26, 2022, requiring the deferral of commissions arising from credit operations and credit cards earned from January 1, 2024, as explained in note 2.20. This circular does not require the retrospective application of such deferral and consequently, the Bank only recognized the impact of this circular in the year 2024, as follows:

	Increase (decrease) DOP
Other liabilities	984,362
Other operating income	<u>(984,362)</u>

3 Cash and cash equivalents

Available funds are summarized as follows:

	<u>2024</u>	<u>2023</u>
Cash on hand (a)	15,949,591	15,361,969
Central Bank of the Dominican Republic (b)	140,272,076	195,343,728
Local banks (c)	641,524	3,397,213
Foreign banks (d)	27,956,866	39,833,758
Cash equivalents (e)	3,278,546	3,201,011
Interests receivable (f)	<u>15,855</u>	<u>71,724</u>
	<u>188,114,458</u>	<u>257,209,403</u>

(a) Includes USD73,184 in 2024 and USD53,966 in 2023.

(b) Includes USD1,154,876 in 2024 and USD1,627,275 in 2023.

(c) Includes USD5,484 in 2024 and USD13,131 in 2023.

(d) Includes USD459,119 in 2024 and USD688,850 in 2023.

(e) Includes USD21,269 in 2024 and USD1,843 in 2023. Corresponds to those investments easily convertible to cash with a maturity of less than three (3) month from the acquisition date, interests receivable from such investments and other collectible bills.

(f) Includes to USD254 in 2024 and USD542 in 2023.

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA -
BANCO MÚLTIPLE AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements (continued)

Amounts in thousands of Dominican pesos (DOP)

3 Cash and cash equivalents (continued)

The required legal reserve to the Bank (Parent Company) amounts to DOP84,495,300 and USD764,406 for 2024 and DOP77,654,300 and USD795,738 for 2023. For hedging purposes, the Bank maintains cash in the BCRD for DOP85,352,208 and USD1,144,845 for 2024 and DOP78,467,114 and USD1,651,634 for 2023. The loans portfolio in productive sectors that is considered for Bank legal reserve purposes is DOP22,038,515 for 2024 and DOP29,527,702 and USD10,108 for 2023.

As of December 31, 2024 and 2023, the Bank maintains restricted funds for DOP134,238 and DOP373,908, respectively.

4 Interbank funds

The movements of interbank funds received and granted during the years ended December 31, 2024 and 2023, is as follows:

<u>Entity</u>	<u>Active Interbank funds</u>			<u>Average rate weighted (%)</u>
	<u>Quantity</u>	<u>Amount DOP</u>	<u>No. days</u>	
2023				
Banco Múltiple				
Lafise, S. A.	13	390,000	7	12.50
Banesco Banco				
Múltiple, S. A.	<u>1</u>	<u>245,000</u>	3	<u>11.00</u>
	<u>14</u>	<u>635,000</u>		

During 2023, the Bank negotiated interbank funds with different financial institutions; however, there are no pending balances in interbank funds.

During the year 2024, the Bank did not negotiate interbank funds.

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA -
BANCO MÚLTIPLE AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements (continued)

Amounts in thousands of Dominican pesos (DOP)

5 Investments

As of December 31, 2024 and 2023, the Bank's investments are as follows:

<u>Type of investment</u>	<u>Issuer</u>	<u>Amount in DOP</u>	<u>Average rate weighted annual</u>	<u>Maturity</u>
2024				
a) Available for sale:				
Bonds Law No. 1-23, 687-16, 439-19, 152-14, 248-17 331-15, 348-21, 58-13, 64-18, 512-19, 548-14, 7-24, 64-18, 243-20	Ministry of Finance of the Dominican Republic (includes USD1,580,581)	283,821,238	9.87%	2025 until 2060
Notes (a)	Central Bank of the Dominican Republic	80,199,858	10.48%	2025 until 2028
Letters (a)	Central Bank of the Dominican Republic	5,262,451	9.15%	2025
Investment certificates (a)	Central Bank of the Dominican Republic	16,937,540	10.50%	2025
Trust values	Fideicomiso de Oferta Pública Larimar (corresponds to USD2,342)	142,589	7.48%	2036
Corporate bonds	Empresa Generadora de Electricidad ITABO, S. A. (corresponds to USD2,406)	146,485	5.15%	2032
Corporate bonds	Asociación Popular de Ahorros y Préstamos	53,166	10.00%	2026
Corporate bonds	Banco Múltiple Promérica de la República Dominicana	67,761	12.00%	2034
Corporate bonds	Acero Estrella, S. R. L.	53,885	12.00%	2030
Corporate bonds	Ingeniería Estrella, S. R. L.	85,284	8.00%	2031
Corporate bonds	Banco Múltiple Lafise, S. A	66,961	13.50%	2029
Corporate bonds	Dominican Power Partners (corresponds to USD6)	344	6.00%	2027
Shares (b)	Banco Latinoamericano de Exportación (corresponds to USD858))	52,277		
Shares	Aseguradora Agropecuaria Dominicana, AGRODOS, S. A.	100		
Shares	Editora Nuevo Diario, S. A.	150		
Shares	Unipago	36,451		
Shares	Bolsa de Valores de la República Dominicana	60,155		

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA -
BANCO MÚLTIPLE AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements (continued)

Amounts in thousands of Dominican pesos (DOP)

5 Investments (continued)

<u>Type of investment</u>	<u>Issuer</u>	<u>Amount in DOP</u>	<u>Average rate weighted annual</u>	<u>Maturity</u>
2024 (continued):				
a) Available for sale (continued):				
Shares	Centro de Asistencia al Automovilista, S. A.	45,061		
Quote of participation (c)	Fideicomiso Paraíso Oriental	<u>15,836</u>		
		387,047,592		
Interests receivable includes USD21,106)		<u>9,629,599</u>		
		<u>396,677,191</u>		
b) Held to maturity:				
Bonds Law No. 1-23, 687-16 439-19, 152-14, 248-17, 331-15, 348-21, 58-13, 64-18, 512-19, 548-14, 7-24, 64-18, 243-20	Ministry of Finance of the Dominican Republic includes USD26,364)	11,736,505	7.23%	2025 until 2049
Notes (a)	Central Bank of the Dominican Republic	2,522,919	9.70%	2025 until 2027
Trust values	Fideicomiso de Valores Rica	325,990	5.34%	2049
Corporate bonds	Parallax Valores	50,082	10.00%	2027
Corporate bonds	Consorcio Energético Punta Cana-Macao, S. A. (corresponds to USD364)	22,145	5.50%	2027
Corporate bonds	Dominican Power Partners, (corresponds to USD249)	15,156	5.94%	2027
Corporate bonds	Asociación Popular de Ahorros y Préstamos	200,000	10.01%	2026
Corporate bonds	Energía Natural Dominicana - Enadom (corresponds to USD4)	217	7.90%	2034
Corporate bonds	Acero Estrella, S. R. L.	130,065	11.35%	2030
Time deposits	Asociación Popular de Ahorros y Préstamos	105,250	11.14%	2025
Time deposits	Asociación Peravia Ahorros y Préstamos	42,400	9.93%	2025
Time deposits	Asociación La Vega Real de Ahorros y Préstamos	45,000	11.00%	2025
Time deposits	Asociación La Nacional de Ahorros y Préstamos	153,840	14.00%	2025
Time deposits	Asociación Maguana de Ahorros y Préstamos	14,236	10.50%	2025
Time deposits	Asociación Romana de Ahorros y Préstamos	41,790	10.55%	2025

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA -
BANCO MÚLTIPLE AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements (continued)

Amounts in thousands of Dominican pesos (DOP)

5 Investments (continued)

<u>Type of investment</u>	<u>Issuer</u>	<u>Amount in DOP</u>	<u>Average rate weighted annual</u>	<u>Maturity</u>
2024 (continued):				
b) Held to maturity (continued):				
Time deposits	Asociación Bonao de Ahorros y Préstamos	27,500	10.50%	2025
Time deposits	Banco Múltiple Caribe Internacional, S. A.	61,800	12.81%	2025
Time deposits	Banco Múltiple Promérica de la República Dominicana	44,531	13.00%	2025
Time deposits	Banco Popular Dominicano, S. A Banco Múltiple	115,755	14.00%	2025
Time deposits	Banco Atlántico de Ahorro y Crédito, S. A	30,000	13.00%	2025
Time deposits	Motor Crédito, S. A., Banco de Ahorro y Crédito	18,996	12.00%	2025
Time deposits	Banco Nacional de las Exportaciones	15,752	9.00%	2025
Time deposits	Banco Múltiple Vimenca, S. A.	77,076	13.00%	2025
Time deposits	Scotiabank República Dominicana, S. A. Banco Múltiple	3,514	11.15%	2025
Quote of participation	Fondo de Inversión Market Universal Liquidez	84	10.33%	Undefined
Quote of participation	Fondo Market de Inversión - Depósito Financiero Flexible	111	10.84%	undefined
Quote of participation	Fondo de Inversión Market Liquidez Excel	38,605	9.03%	undefined
Quote of participation	Fondo de Inversión Market Liquidez Excel Dólares (corresponds to USD27)	1,652	4.70%	undefined
Quote of participation	Fondo Inmobiliario Excel (corresponds to USD591)	36,015	3.84%	undefined
Quote of participation	Fondo Mutuo Renta Fija - BHD Fondos Plazo 30 Days Dólares (corresponds to a USD13)	774	3.39%	Undefined
Quote of participation	Fondo Mutuo Renta Fija - BHD Plazo 30 Days	12	11.42%	Undefined
Quote of participation	Fondo Mutuo Renta Fija - BHD Liquidez	165,138	11.42%	Undefined
Quote of participation	Fondo de Inversión Cerrado Inmobiliario Reservas I	163,472	6.71%	Undefined

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA -
BANCO MÚLTIPLE AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements (continued)

Amounts in thousands of Dominican pesos (DOP)

5 Investments (continued)

<u>Type of investment</u>	<u>Issuer</u>	<u>Amount in DOP</u>	<u>Average rate weighted annual</u>	<u>Maturity</u>
2024 (continued):				
b) Held to maturity (continued):				
Quote of participation	Fondo de Inversión Cerrado Inmobiliario Reservas II	22,946	Variable	Undefined
Quote of participation	Fondo Mutuo Largo Plazo Reservas Caoba (corresponds to USD1,181)	71,948	4.91%	Undefined
Quote of participation	Fondo Mutuo Short term Reservas Quisqueya	809,995	8.29%	Undefined
Quote of participation	Fondo Cerrado de Desarrollo de Sociedades Advanced I	82,240	5.43%	Undefined
Quote of participation	Fondo Inmobiliario Pionner	77,180	8.70%	Undefined
Quote of participation	Fondo de Inversión Cerrado de Desarrollo Reservas I	41,581	Variable	Undefined
Quote of participation	Fondo Inmobiliario Advanced I (corresponds to USD1,338)	81,474	7.53%	Undefined
Quote of participation	Fondo Cerrado de Desarrollo de Sociedades Advanced II	46,267	17.59%	Undefined
Quote of participation	Fondo de Inversión Cerrado de Desarrollo en Dólares Reservas II (corresponds to USD527)	32,082	Variable	Undefined
Repurchase agreements	Alpha Sociedad de Valores, S. A.	458,164	13.29%	2025
Mortgage certificates	Banco Múltiple BHD, S. A.	201	10.50%	2025
Profitability guarantee	Profitability guarantee of La Administradora de Fondos de Pensiones, invested in different institutions	<u>2,993,526</u>		
		20,923,986		
	Interests receivable, (includes USD454)	<u>313,235</u>		
		<u>21,237,221</u>		
Allowance for investment (includes USD33)		<u>(272,819)</u>		
		<u>417,641,593</u>		

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA -
BANCO MÚLTIPLE AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements (continued)

Amounts in thousands of Dominican pesos (DOP)

5 Investments (continued)

<u>Type of investment</u>	<u>Issuer</u>	<u>Amount in DOP</u>	<u>Average rate weighted annual</u>	<u>Maturity</u>
2023				
a) Available for sale:				
Bonds Law No. 687-16 493-19, 152-14, 331-15 512-19, 548-14, 143-13 57-13, 64-18	Ministry of Finance of the Dominican Republic (includes USD1,481,867)	96,802,534	7.18%	2024 until 2049
Notes (a)	Central Bank of the Dominican Republic	151,332,641	10.04%	2024 until 2028
Letters (a)	Central Bank of the Dominican Republic	24,423,780	9.30%	2024
Investment certificates (a)	Central Bank of the Dominican Republic	32,073,500	10.85%	2024 until 2025
Trust values	Fideicomiso de Oferta Pública Larimar (corresponds to USD2,779)	160,673	7.53%	2036
Corporate bonds	Empresa Generadora de Electricidad ITABO, S. A. (corresponds to USD2,006)	115,972	5.15%	2032
Corporate bonds	Asociación Popular de Ahorros y Préstamos	52,181	10.00%	2026
Corporate bonds	Acero Estrella, S. R. L.	65,030	11.25%	2030
Corporate bonds	Ingeniería Estrella, S. R. L.	47,417	8.00%	2031
Corporate bonds	Consortio Minero Dominicano, S. A.	5,306	11.45%	2029
Corporate bonds	Banco Múltiple Lafise, S. A.	62,496	13.50%	2029
Corporate bonds	Dominican Power Partners (corresponds to USD6)	337	6.00%	2029
Corporate bonds	Haina Investment Co. LTD.	31	8.45%	2033
Shares (b)	Banco Latinoamericano de Exportación (corresponds to USD858)	49,645		
Shares	Aseguradora Agropecuaria Dominicana, AGRODOS, S. A.	100		
Shares	Editora Nuevo Diario, S. A.	150		
Shares	Unipago	29,215		
Shares	Bolsa de Valores de la República Dominicana	60,155		
Shares	Centro de Asistencia al Automovilista, S. A.	45,061		

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA -
BANCO MÚLTIPLE AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements (continued)

Amounts in thousands of Dominican pesos (DOP)

5 Investments (continued)

<u>Type of investment</u>	<u>Issuer</u>	<u>Amount in DOP</u>	<u>Average rate weighted annual</u>	<u>Maturity</u>
2023 (continued):				
a) Available for sale (continued):				
Quote of participation	Fondo Inmobiliario Cerrado JMMB (corresponds to USD112)	6,499	Variable	Undefined
Quote of participation (c)	Fideicomiso Paraíso Oriental	<u>21,340</u>		
		305,354,063		
Interests receivable (includes USD17,960)		<u>6,827,031</u>		
		<u>312,181,094</u>		
b) Held to maturity:				
Bonds Law No. 05-06, 687-16 493-19, 151-14, 248-17, 152-14 243-2, 331-15, 494-06, 512-19, 548-14, 57-13, 64-18, 348-21, 693-16	Ministry of Finance of the Dominican Republic includes USD24,332)	11,452,885	7.95%	2024 until 2060
Notes (a)	Central Bank of the Dominican Republic	1,838,963	8.98%	2024 until 2028
Trust values	Fideicomiso de Valores Rica	310,287	30.00%	2023 until 2025
Trust values	Fideicomiso para la Operación Mantenimiento y Expansión de la Red Vial Principal de la República Dominicana	3,539	3.50%	2029
Corporate bonds	Parallax Valores	50,082	10.00%	2027
Corporate bonds	Consortio Energético Punta Cana-Macao, S. A. (corresponds to USD364)	21,038	5.50%	2027
Corporate bonds	Dominican Power Partners, (corresponds to USD249)	14,398	5.94%	2027
Corporate bonds	Asociación Popular de Ahorros y Préstamos	200,000	10.00%	2026
Corporate bonds	Asociación La Nacional de Ahorros y Préstamos	14,230	10.75%	2024
Corporate bonds	Acero Estrella, S. R. L.	130,096	11.35%	2030
Time deposits	Asociación Popular de Ahorros y Préstamos	53,688	10.96%	2024
Time deposits	Asociación Peravia Ahorros y Préstamos	42,400	9.80%	2024
Time deposits	Asociación La Vega Real de Ahorros y Préstamos	60,000	10.00%	2024

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA -
BANCO MÚLTIPLE AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements (continued)

Amounts in thousands of Dominican pesos (DOP)

5 Investments (continued)

<u>Type of investment</u>	<u>Issuer</u>	<u>Amount in DOP</u>	<u>Average rate weighted annual</u>	<u>Maturity</u>
2023 (continued)				
b) Held to maturity (continued):				
Time deposits	Asociación La Nacional de Ahorros y Préstamos	52,770	10.00%	2024
Time deposits	Asociación Maguana de Ahorros y Préstamos	5,000	9.50%	2024
Time deposits	Asociación Romana de Ahorros y Préstamos	45,479	10.00%	2024
Time deposits	Asociación Bonao de Ahorros y Préstamos	27,500	9.50%	2024
Time deposits	Banco Múltiple Internacional, S. A.	61,800	11.83%	2024
Time deposits	Banco Múltiple Promérica de la República Dominicana	307,790	12.00%	2024
Time deposits	Banco Atlántico de Ahorro y Crédito, S. A.	81,682	12.05%	2024
Time deposits	Banco Popular Dominicano, S. A.	51,640	12.00%	2024
Time deposits	Motor Crédito, S. A., Banco de Ahorro y Crédito	16,916	11.25%	2024
Time deposits	Banco Nacional de las Exportaciones	14,487	9.00%	2024
Time deposits	Banco Múltiple Vimenca, S. A.	43,394	10.50%	2024
Quote of participation	Fondo de Inversión Market Universal Liquidez	76	8.42%	Undefined
Quote of participation	Fondo Market de inversion - Depósito Financiero Flexible	100	9.14%	undefined
Quote of participation	Fondo de Inversión Market Liquidez Excel	35,230	9.01%	undefined
Quote of participation	Fondo de Inversión Market Liquidez Excel Dólares (corresponds to USD10)	562	3.95%	undefined
Quote of participation	Fondo Inmobiliario Excel (corresponds to USD569)	32,931	7.34%	undefined
Quote of participation	Fondo Mutuo Renta Fija - BHD Fondos Plazo 30 Days Dólares (corresponds to a USD3,527)	203,942	3.59%	Undefined
Quote of participation	Fondo Mutuo Renta Fija - BHD Plazo 30 Days	634	10.41%	Undefined
Quote of participation	Fondo Mutuo Renta Fija - BHD Liquidez	352,915	11.07%	Undefined

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA -
BANCO MÚLTIPLE AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements (continued)

Amounts in thousands of Dominican pesos (DOP)

5 Investments (continued)

<u>Type of investment</u>	<u>Issuer</u>	<u>Amount in DOP</u>	<u>Average rate weighted annual</u>	<u>Maturity</u>
2023 (continued)				
b) Held to maturity (continued)				
Quote of participation	Fondo de Inversión Cerrado Inmobiliario Reservas I	160,909	7.70%	Undefined
Quote of participation	Fondo de Inversión Cerrado Inmobiliario Reservas II	862	Variable	Undefined
Quote of participation	Fondo Mutuo Largo Plazo Reservas Caoba (corresponds to USD8,458)	489,073	5.02%	Undefined
Quote of participation	Fondo Mutuo Matrimonial Mediano Plazo Reservas El Bohío	171,601	3.88%	Undefined
Quote of participation	Fondo Mutuo Short term Reservas Quisqueya	217,466	10.21%	Undefined
Quote of participation	Fondo Cerrado de Desarrollo de Sociedades Advanced	77,952	7.62%	Undefined
Quote of participation	Fondo Mutuo Open de Dinero	50,634	7.46%	Undefined
Quote of participation	Fondo Inmobiliario Pionner	71,066	11.24 %	Undefined
Quote of participation	Fondo Inmobiliario Advanced I (corresponds to USD1,243)	71,913	2.74%	Undefined
Repurchase agreements	Primma Valores Puesto de Bolsa	105,137	11.90%	Undefined
Repurchase agreements	Excel Puesto de Bolsa	52,257	11.75%	Undefined
Mortgage certificates	Banco Múltiple BHD, S. A.	201	9.10%	2024
Profitability guarantee	Profitability guarantee of La Administradora de Fondos de Pensiones, invested in different institutions	<u>2,561,595</u>		
		19,557,120		
Interests receivable (includes USD325)		<u>357,846</u>		
		<u>19,914,966</u>		
Allowance for investment (includes USD237)		<u>(265,093)</u>		
		<u><u>331,830,967</u></u>		

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA -
BANCO MÚLTIPLE AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements (continued)

Amounts in thousands of Dominican pesos (DOP)

5 Investments (continued)

- a) As of December 31, 2024 and 2023, it includes a retained amount of DOP88,599,695 and DOP96,828,535, respectively, as collateral in repurchase agreements in the Central Bank.
- b) As of December 31, 2024 and 2023, the Bank received cash dividends amounting to DOP15,375 and DOP7,178, respectively.
- c) As of December 31, 2024 and 2023, the Bank received cash dividends amounting to DOP3,132 and DOP17,519, respectively.

6 Loans portfolio

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

	2024			2023		
	Public sector	Private sector	Total	Public sector	Private sector	Total
Commercial loans:						
Advances on checking accounts	-	37,519	37,519	2	215,676	215,678
Loans (includes USD1,821,987 in 2024 and USD1,532,524 in 2023)	34,550,170	296,674,184	331,224,354	35,610,706	262,586,913	298,197,619
Invoice discounting (includes USD7,745 in 2024 and USD3,149 in 2023)	-	471,595	471,595	-	182,118	182,118
Financial leases (includes to USD47 in 2023)	1,268,749	-	1,268,749	1,315,485	2,734	1,318,219
Sales of goods received in loan recovery	-	173,425	173,425	-	34,821	34,821
	<u>35,818,919</u>	<u>297,356,723</u>	<u>333,175,642</u>	<u>36,926,193</u>	<u>263,022,262</u>	<u>299,948,455</u>
Consumer loans:						
Credit cards (includes USD50,606 in 2024 and USD40,553 in 2023)	-	22,652,018	22,652,018	-	17,671,431	17,671,431
Consumer loans (includes USD10,463 in 2024 and USD5,962 in 2023)	-	130,297,134	130,297,134	-	118,940,630	118,940,630
	<u>-</u>	<u>152,949,152</u>	<u>152,949,152</u>	<u>-</u>	<u>136,612,061</u>	<u>136,612,061</u>
Mortgage loans:						
Residential purchases (includes USD4,448 in 2024 and USD4,130 in 2023)	-	84,761,208	84,761,208	-	72,323,379	72,323,379
Construction, improvements, repairs, expansion and others	-	744,004	744,004	-	941,937	941,937
	<u>-</u>	<u>85,505,212</u>	<u>85,505,212</u>	<u>-</u>	<u>73,265,316</u>	<u>73,265,316</u>
	<u>35,818,919</u>	<u>535,811,087</u>	<u>571,630,006</u>	<u>36,926,193</u>	<u>472,899,639</u>	<u>509,825,832</u>

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA -
BANCO MÚLTIPLE AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements (continued)

Amounts in thousands of Dominican pesos (DOP)

6 Loans portfolio (continued)

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

	2024			2023		
	Public sector	Private sector	Total	Public sector	Private sector	Total
Interests receivable (includes USD15,792 in 2024 and USD13,037 in 2023)	35,770	4,734,417	4,770,187	26,631	4,293,111	4,319,742
Allowance for loan losses and interests receivable (includes USD92,205 in 2024 and USD82,917 in 2023)	-	(18,700,549)	(18,700,549)	-	(17,853,719)	(17,853,719)
	<u>35,854,689</u>	<u>521,844,955</u>	<u>557,699,644</u>	<u>36,952,824</u>	<u>459,339,031</u>	<u>496,291,855</u>

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

	2024			2023		
	Public sector	Private sector	Total	Public sector	Private sector	Total
Commercial loans:						
Current (i) (includes USD1,789,615 in 2024 and USD1,500,294 in 2023)	35,818,782	278,676,727	314,495,509	36,926,055	243,763,756	280,689,811
Overdue (31 to 90 days) (includes USD32 in 2024 and USD33 in 2023)	17	75,286	75,303	52	100,777	100,829
Past due (more than 90 days) (includes USD501 in 2024 and USD306 in 2023)	120	947,274	947,394	86	553,276	553,362
Restructured (ii)						
Current (i) (includes USD39,294 in 2024 and USD34,621 in 2023)	-	10,243,094	10,243,094	-	8,379,019	8,379,019
Overdue (31 to 90 days) (includes USD13 in 2024 and USD2 in 2023)	-	18,079	18,079	-	13,493	13,493
Past due (more than 90 days) (includes USD59 in 2024 and USD161 in 2023)	-	436,077	436,077	-	155,635	155,635
Legal collections (iii)						
Past due (more than 90 days)	-	145,872	145,872	-	3,394	3,394
	<u>35,818,919</u>	<u>290,542,409</u>	<u>326,361,328</u>	<u>36,926,193</u>	<u>252,969,350</u>	<u>289,895,543</u>
Microenterprises loans:						
Current (i) (includes USD15 in 2024 and USD48 in 2023)	-	6,243,493	6,243,493	-	9,655,489	9,655,489
Overdue (31 to 90 days) (includes USD1 in 2023)	-	6,493	6,493	-	3,786	3,786
Past due (more than 90 days) (includes USD2 in 2023)	-	22,078	22,078	-	20,783	20,783
Restructured (ii)						
Current (i) (includes USD201 in 2024 and USD224 in 2023)	-	517,032	517,032	-	359,399	359,399

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA -
BANCO MÚLTIPLE AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements (continued)

Amounts in thousands of Dominican pesos (DOP)

6 Loans portfolio (continued)

b) The status of the loans portfolio is as follows (continued):

	2024			2023		
	Public sector	Private sector	Total	Public sector	Private sector	Total
<u>Microenterprises loans (continued):</u>						
Overdue (31 to 90 days) (includes USD2 in 2024 and USD2 in 2023)	-	8,463	8,463	-	814	814
Past due (more than 90 days) (includes USD27 in 2023)	-	16,755	16,755	-	12,641	12,641
	-	6,814,314	6,814,314	-	10,052,912	10,052,912
<u>Consumer loans:</u>						
Current (i) (includes USD60,021 in 2024 and USD45,706 in 2023)	-	146,427,833	146,427,833	-	133,224,990	133,224,990
Overdue (31 to 90 days) (includes USD80 in 2024 and USD59 in 2023)	-	185,264	185,264	-	136,133	136,133
Past due (more than 90 days) (includes USD957 in 2024 and USD728 in 2023)	-	2,210,868	2,210,868	-	1,547,883	1,547,883
Restructured (ii)						
Current (i)	-	3,520,480	3,520,480	-	1,508,432	1,508,432
Overdue (31 to 90 days)	-	15,770	15,770	-	7,212	7,212
Past due (more than 90 days) (includes USD11 in 2024 and USD22 in 2023)	-	515,323	515,323	-	187,321	187,321
Legal collections (iii)						
Current (i)	-	2,089	2,089	-	-	-
Overdue (31 to 90 days)	-	52	52	-	-	-
Past due (more than 90 days)	-	71,473	71,473	-	90	90
	-	152,949,152	152,949,152	-	136,612,061	136,612,061
<u>Mortgage loans</u>						
Current (i) (includes USD4,445 in 2024 and USD4,130 in 2023)	-	83,749,750	83,749,750	-	71,945,706	71,945,706
Overdue (31 to 90 days)	-	6,430	6,430	-	5,687	5,687
Past due (more than 90 days) (includes USD3 in 2024)	-	350,455	350,455	-	261,776	261,776
Restructured (ii)						
Current (i)	-	1,223,315	1,223,315	-	997,388	997,388
Overdue (31 to 90 days)	-	1,348	1,348	-	834	834
Past due (more than 90 days)	-	93,094	93,094	-	27,817	27,817
Legal collections (iii)						
Current (i)	-	19,410	19,410	-	2,403	2,403
Overdue (31 to 90 days)	-	5	5	-	46	46
Past due (more than 90 days)	-	61,405	61,405	-	23,659	23,659
	-	85,505,212	85,505,212	-	73,265,316	73,265,316

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA -
BANCO MÚLTIPLE AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements (continued)

Amounts in thousands of Dominican pesos (DOP)

6 Loans portfolio (continued)

b) The status of the loans portfolio is as follows (continued):

	2024			2023		
	Public sector	Private sector	Total	Public sector	Private sector	Total
<u>Interests receivable:</u>						
Current (i) (includes USD14,869 in 2024 and USD12,207 in 2023)	35,746	3,735,304	3,771,050	26,602	3,420,432	3,447,034
Overdue (31 to 90 days) (includes SD143 in 2024 and USD107 in 2023)	14	160,965	160,979	26	129,232	129,258
Past due (more than 90 days) (includes USD143 in 2024 and USD123 in 2023)	10	235,516	235,526	3	162,570	162,573
<u>Restructured (ii)</u>						
Current (i) (includes USD630 in 2024 and USD590 in 2023)	-	482,346	482,346	-	532,153	532,153
Overdue (31 to 90 days) (include USD5 in 2024 and USD2 in 2023)	-	42,101	42,101	-	28,204	28,204
Past due (more than 90 days) (include USD2 in 2024 USD7 in 2023)	-	67,641	67,641	-	19,110	19,110
<u>Legal collections (iii)</u>						
Current (i)	-	2,612	2,612	-	-	-
Overdue (31 to 90 days)	-	40	40	-	27	27
Past due (more than 90 days)	-	7,892	7,892	-	1,383	1,383
	<u>35,770</u>	<u>4,734,417</u>	<u>4,770,187</u>	<u>26,631</u>	<u>4,293,111</u>	<u>4,319,742</u>
<u>Allowance for loans and interests receivable (includes USD92,205 in 2024 and USD82,917 in 2023)</u>	<u>-</u>	<u>(18,700,549)</u>	<u>(18,700,549)</u>	<u>-</u>	<u>(17,853,719)</u>	<u>(17,853,719)</u>
	<u>35,854,689</u>	<u>521,844,955</u>	<u>557,699,644</u>	<u>36,952,824</u>	<u>459,339,031</u>	<u>496,291,855</u>

- (i) They represent capital and returns that are up to date in compliance with the agreed payment plan or that do not show arrears of more than 30 days, counted from the date on which their payments have become due.
- (ii) Corresponds to principal and interest receivable on loans that present an impairment in the payment capacity of the debtor, or the payment behavior and their conditions and payment terms have changed, resulting in a change of the interest rate and maturity of the original loan contract, as well as loans resulting from capitalization of interest, default commissions and other charges of a previous loan.
- (iii) Corresponds to principal and interest receivable of loans that are in legal collection process.

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA -
BANCO MÚLTIPLE AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements (continued)

Amounts in thousands of Dominican pesos (DOP)

6 Loans portfolio (continued)

c) By type of collateral:

	2024			2023		
	Public sector	Private sector	Total	Public sector	Private sector	Total
Multi-use collateral (i)	-	176,923,241	176,923,241	-	147,937,113	147,937,113
Specific use collateral (ii)	-	64,073,833	64,073,833	-	54,043,886	54,043,886
Without collateral (iii)	<u>35,818,919</u>	<u>294,814,013</u>	<u>330,632,932</u>	<u>36,926,193</u>	<u>270,918,640</u>	<u>307,844,833</u>
	<u>35,818,919</u>	<u>535,811,087</u>	<u>571,630,006</u>	<u>36,926,193</u>	<u>472,899,639</u>	<u>509,825,832</u>
Interests receivable	35,770	4,734,417	4,770,187	26,631	4,293,111	4,319,742
Allowance for loan losses and interests receivable	<u>-</u>	<u>(18,700,549)</u>	<u>(18,700,549)</u>	<u>-</u>	<u>(17,853,719)</u>	<u>(17,853,719)</u>
	<u>35,854,689</u>	<u>521,844,955</u>	<u>557,699,644</u>	<u>36,952,824</u>	<u>459,339,031</u>	<u>496,291,855</u>

- (i) Multi-use collaterals are goods that are not specific to an activity, but can be multipurpose, realizable, valuable, easy to execute, transferable without excessive costs and stable in value. These guarantees are considered between 50% and 100% of their value for the purposes of the coverage of the risks, depending on the guarantee. As of December 31, 2024 and 2023, these collaterals are considered as follows:

<u>Type of collateral</u>	<u>Percentage of admittance (%)</u>
Debt securities issued or guaranteed by the Dominican State (Central Bank, Ministry of Finance) (a)	100
Debt securities issued by the financial Intermediary entities (a)	95
Time deposits in domestic or foreign currency owned by the financial intermediary (a)	100
Time deposits in domestic or foreign currency of other financial intermediaries (a)	95
Sureties or guarantees, irrevocable letters of credit and letters of credit stand-by	95
Mutual guarantee certificates	80
Shares of listed companies	50
Investment fund participation fees (b)	-
Plots or land	80
Plots or exclusive land for agricultural purposes	80
Residential buildings, property and apartments	80
Buildings and commercial space	80
Operating hotels	80
Hotel projects under construction	70
Industrial warehouses	80

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA -
BANCO MÚLTIPLE AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements (continued)

Amounts in thousands of Dominican pesos (DOP)

6 Loans portfolio (continued)

c) By type of collateral (continued):

<u>Type of collateral</u>	<u>Percentage of admittance (%)</u>
Aircraft	80
Motor vehicles with an aging of less than five years	50
Renewable energy equipment (c)	80
Multi-use machinery and equipment	70
Inventory warrants	90
Certificate of fiduciary guarantee (c)	-
Trust accounts for payment sources	<u>50</u>

- (a) For cash deposits and financial instruments whose denomination of currency (local or foreign) is different than the currency of the credit that is being guaranteed, the percentage of eligibility must be reduced by 10%.
- (b) The percentage of admissibility of the shares in investment funds, as well as their classification in multi-purpose or polyvalent or non-multipurpose, are established according to the assets that make up the equity.
- (c) The percentage of admissibility of fiduciary guarantees, as well as its classification on multi-use or specific use collateral are set according to the trust property.
- (ii) Specific-use collaterals are real guarantees that, due to their nature, are considered of unique use, and therefore present characteristics that are difficult to realize due to their specialized origin. These collaterals will apply according to the following percentages:

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

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

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA -
BANCO MÚLTIPLE AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements (continued)

Amounts in thousands of Dominican pesos (DOP)

6 Loans portfolio (continued)

d) By source of funds:

	2024			2023		
	Public sector	Private sector	Total	Public sector	Private sector	Total
Own funds	32,178,919	515,974,110	548,153,029	33,326,193	439,187,153	472,513,346
Other international institutions	-	115,378	115,378	-	205,339	205,339
Other national institutions (FLR window and BCRD repos)	<u>3,640,000</u>	<u>19,721,599</u>	<u>23,361,599</u>	<u>3,600,000</u>	<u>33,507,147</u>	<u>37,107,147</u>
	<u>35,818,919</u>	<u>535,811,087</u>	<u>571,630,006</u>	<u>36,926,193</u>	<u>472,899,639</u>	<u>509,825,832</u>
Interests receivable	35,770	4,734,417	4,770,187	26,631	4,293,111	4,319,742
Allowance for loan losses and interests receivable	<u>-</u>	<u>(18,700,549)</u>	<u>(18,700,549)</u>	<u>-</u>	<u>(17,853,719)</u>	<u>(17,853,719)</u>
	<u>35,854,689</u>	<u>521,844,955</u>	<u>557,699,644</u>	<u>36,952,824</u>	<u>459,339,031</u>	<u>496,291,855</u>

e) By term:

Short-term (up to one year)	16,910,372	316,974,777	333,885,149	17,201,475	270,822,715	288,024,190
Medium-term (more than one year and up to three years)	10,340,454	131,817,042	142,157,496	11,156,612	127,834,790	138,991,402
Long-term (more than three years)	<u>8,568,093</u>	<u>87,019,268</u>	<u>95,587,361</u>	<u>8,568,106</u>	<u>74,242,134</u>	<u>82,810,240</u>
	<u>35,818,919</u>	<u>535,811,087</u>	<u>571,630,006</u>	<u>36,926,193</u>	<u>472,899,639</u>	<u>509,825,832</u>
Interests receivable	35,770	4,734,417	4,770,187	26,631	4,293,111	4,319,742
Allowance for loan losses and interests receivable	<u>-</u>	<u>(18,700,549)</u>	<u>(18,700,549)</u>	<u>-</u>	<u>(17,853,719)</u>	<u>(17,853,719)</u>
	<u>35,854,689</u>	<u>521,844,955</u>	<u>557,699,644</u>	<u>36,952,824</u>	<u>459,339,031</u>	<u>496,291,855</u>

f) By economic sector:

Dominican Government	29,027,012	-	29,027,012	31,364,955	-	31,364,955
Financial sector	6,791,907	4,793,541	11,585,448	5,561,238	5,216,322	10,777,560
Agriculture, livestock and forestry	-	11,070,453	11,070,453	-	9,586,233	9,586,233
Fishing	-	20,411	20,411	-	12,130	12,130
Mining and quarries	-	398,873	398,873	-	436,934	436,934
Manufacturing industry	-	34,575,885	34,575,885	-	36,181,809	36,181,809
Electricity, gas and water	-	29,899,618	29,899,618	-	19,403,177	19,403,177
Construction	-	47,318,831	47,318,831	-	41,431,718	41,431,718
Wholesale and retail business	-	91,168,373	91,168,373	-	77,442,025	77,442,025
Hotels and restaurants	-	26,786,496	26,786,496	-	23,278,229	23,278,229
Transportation, warehousing and communication	-	8,736,680	8,736,680	-	7,910,178	7,910,178
Real estate, and leasing activities	-	25,305,210	25,305,210	-	21,938,809	21,938,809
Education	-	3,449,700	3,449,700	-	3,441,913	3,441,913

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA -
BANCO MÚLTIPLE AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements (continued)

Amounts in thousands of Dominican pesos (DOP)

6 Loans portfolio (continued)

f) By economic sector (continued):

	2024			2023		
	Public sector	Private sector	Total	Public sector	Private sector	Total
Health and social services	-	426,010	426,010	-	419,122	419,122
Other social and personal services activities	-	222,362,676	222,362,676	-	197,973,527	197,973,527
Private household with local services	-	29,498,330	29,498,330	-	28,227,513	28,227,513
	<u>35,818,919</u>	<u>535,811,087</u>	<u>571,630,006</u>	<u>36,926,193</u>	<u>472,899,639</u>	<u>509,825,832</u>
Interests receivable	35,770	4,734,417	4,770,187	26,631	4,293,111	4,319,742
Allowance for loan losses and interests receivable	-	(18,700,549)	(18,700,549)	-	(17,853,719)	(17,853,719)
	<u>35,854,689</u>	<u>521,844,955</u>	<u>557,699,644</u>	<u>36,952,824</u>	<u>459,339,031</u>	<u>496,291,855</u>

7 Debtors by acceptances

A summary of debtors by acceptances is as follows:

<u>Correspondent Bank</u>	2024		2023	
	<u>Amount</u>	<u>Maturity date</u>	<u>Amount</u>	<u>Maturity date</u>
Bank CTBC Indonesia (corresponds to USD61 in 2023)	-	-	3,534	2024
Bank of China (corresponds to USD2,338 in 2024 and USD255 in 2023)	142,340	2025	14,734	2024
Industrial and Commercial Bank (corresponds to USD176 in 2024 and USD55 in 2023)	10,685	2025	3,175	2024
Sumitomo Mitsui Banking Corporation (corresponds to USD893 in 2024 and USD2,435 in 2023)	54,393	2025	140,807	2024
Mega Int'l Commercial Bank (corresponds to USD103 in 2024 and USD206 in 2023)	6,299	2025	11,892	2024
Nanyang Commercial Bank (corresponds to USD186 in 2023)	-	-	10,764	2024
	<u>213,717</u>		<u>184,906</u>	

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA -
BANCO MÚLTIPLE AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements (continued)

Amounts in thousands of Dominican pesos (DOP)

8 Trust rights

Corresponds to an irrevocable administration and source of payment trust right for EDEESTE's substation improvements, subscribed by the Bank, three other financial entities, and a local trustee. The purpose is to establish an autonomous patrimony responsible for obtaining the necessary funding to execute works aimed at strengthening and expanding the capacity of substations and circuits within the national electric system. These improvements serve the energy needs of the commercial and industrial operations of the trustors.

On December 20, 2023, the Bank transferred an amount of DOP230,000, collected through credit notes on electricity invoices generated by EDEESTE (Empresa Distribuidora de Electricidad del Este) to the Bank over a period of twelve months during 2024. As of December 31, 2024, this operation was settled.

The Superintendence of Banks did not object to the accounting of this transaction.

9 Accounts receivable

A summary of accounts receivable is as follows:

	<u>2024</u>	<u>2023</u>
Commissions receivable (includes USD662 in 2024 and USD502 in 2023)	555,716	396,397
Other receivables:		
Accounts receivable from related parties	55,501	52,567
Expenses to be recovered	21,166	10,016
Security deposits	202,834	142,376
Recoverable accounts for operational risk events (includes USD75 in 2024 and USD136 in 2023)	31,181	40,263
Compensation claimed	3,770	1,547
Advance in checking account	513,228	102,039
Cash advances to merchants	1,409	-
Credit card charges receivable	111,409	118,629
Credit card operations (includes USD248 in 2024 and USD36 in 2023)	18,020	17,552
Accounts receivable from remitters (includes USD868 in 2024 and USD857 in 2023)	782,371	382,448
Accounts receivable for real estate and leasing operations (includes USD381 in 2024 and USD51 in 2023)	100,957	6,857

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA -
BANCO MÚLTIPLE AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements (continued)

Amounts in thousands of Dominican pesos (DOP)

9 Accounts receivable (continued)

	<u>2024</u>	<u>2023</u>
Funds management	192,088	158,233
Documents receivable	568,511	394,647
Insurance premiums receivable:		
General insurances (includes USD27,191 and USD65,846 in 2024 and 2023)	3,534,231	4,770,952
Life insurance (includes USD1,891 and USD1,926 in 2024 and 2023)	1,592,624	529,917
Receivables from insurance and guarantees	465	388
Debtors for reinsurance and coinsurance	2,613,864	1,047,731
Accounts receivable - other (includes USD313 in 2024 and USD285 in 2023)	<u>829,666</u>	<u>644,201</u>
	<u>11,729,011</u>	<u>8,816,760</u>

10 Assets received in lieu of foreclosure of loans

A summary of assets received in lieu of foreclosure of loans as of December 31, 2024 and 2023 is as follows:

	<u>2024</u>	<u>2023</u>
Furniture and equipment	140,269	218,679
Real estate	<u>6,545,722</u>	<u>7,130,611</u>
	6,685,991	7,349,290
Allowance for losses on assets received in lieu of foreclosure of loans	<u>(6,353,732)</u>	<u>(7,211,247)</u>
	<u>332,259</u>	<u>138,043</u>

A description of assets received in lieu of foreclosure of loans (by aging) as of December 31, 2024 and 2023 is as follows:

	<u>Amount</u>	<u>Allowance</u>
2024		
Up to 40 months:		
Furniture and equipment	79,070	(25,818)
Real estate	899,149	(620,142)
More than 40 months:		
Furniture and equipment	61,199	(61,199)
Real estate	<u>5,646,573</u>	<u>(5,646,573)</u>
Total	<u>6,685,991</u>	<u>(6,353,732)</u>

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA -
BANCO MÚLTIPLE AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements (continued)

Amounts in thousands of Dominican pesos (DOP)

10 Assets received in lieu of foreclosure of loans (continued)

	<u>Amount</u>	<u>Allowance</u>
2023		
Up to 40 months:		
Furniture and equipment	33,461	(13,025)
Real estate	777,132	(659,525)
More than 40 months:		
Furniture and equipment	185,219	(185,219)
Real estate	<u>6,353,478</u>	<u>(6,353,478)</u>
Total	<u><u>7,349,290</u></u>	<u><u>(7,211,247)</u></u>

11 Equity-accounted investees

A summary of the ownership interests in other companies is presented below:

a) Associates:

<u>Description</u>	<u>Jurisdiction</u>	<u>Segment</u>	<u>Functional currency</u>	<u>Shares capital DOP</u>	<u>% of voting rights under group control</u>
2024					
Consorcio Tarjetas Dominicanas, S. A.	Dominican Republic	Related services	DOP	209,719	24.53
CEVALDOM Depósito Centralizado de Valores, S. A.	Dominican Republic	Related services	DOP	304,386	30.00
Red Nuevo Servicios Financieros, S. A.	Dominican Republic	Related services	DOP	36,162	49.00
MIO, S. A. S.	Dominican Republic	Related services	DOP	101,335	20.00
Sociedad Titularizadora Dominicana, S. A.	Dominican Republic	Related services	DOP	<u>31,079</u>	31.00
				<u><u>682,681</u></u>	
2023					
Consorcio Tarjetas Dominicanas, S. A.	Dominican Republic	Related services	DOP	209,719	24.53
CEVALDOM Depósito Centralizado de Valores, S. A.	Dominican Republic	Related services	DOP	266,853	30.00
Red Nuevo Servicios Financieros, S. A.	Dominican Republic	Related services	DOP	33,962	49.00
MIO, S. A. S.	Dominican Republic	Related services	DOP	60	20.00
Sociedad Titularizadora Dominicana, S. A.	Dominican Republic	Related services	DOP	<u>31,079</u>	31.00
				<u><u>541,673</u></u>	

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA -
BANCO MÚLTIPLE AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements (continued)

Amounts in thousands of Dominican pesos (DOP)

11 Equity-accounted investees (continued)

The assets, liabilities, income, expenses and net results of associates accounted for under the equity method as of December 31, 2024 and 2023 are as follows:

2024

<u>Company</u>	<u>Assets</u>	<u>Liabilities</u>	<u>Income</u>	<u>Expenses</u>	<u>Profits (loss) imputed to net equity</u>	<u>Book value</u>
Consorcio Tarjetas Dominicanas, S. A.	6,276,503	2,780,244	5,972,502	4,455,590	1,516,912	1,233,298
CEVALDOM Depósito Centralizado de Valores, S. A.	2,384,618	266,236	1,923,132	920,797	1,002,335	689,509
Red Nuevo Servicios Financieros, S. A.	367,318	53,745	434,190	254,475	179,715	216,023
MIO, S.A.S.	797,335	478,559	115,083	440,439	(325,356)	487,300
Sociedad Titularizadora Dominicana, S. A.	<u>21,422</u>	<u>932</u>	<u>329</u>	<u>4,794</u>	<u>(4,465)</u>	<u>6,366</u>
Total	<u>9,847,196</u>	<u>3,579,716</u>	<u>8,445,236</u>	<u>6,076,095</u>	<u>2,369,141</u>	<u>2,632,496</u>

2023

Consorcio Tarjetas Dominicanas, S. A.	11,934,445	8,730,380	4,937,782	3,268,034	1,669,748	1,097,643
CEVALDOM Depósito Centralizado de Valores, S. A.	2,090,730	263,309	1,673,341	824,355	848,986	604,726
Red Nuevo Servicios Financieros, S. A.	300,642	32,760	345,058	210,993	134,065	188,097
MIO, S. A. S.	306,382	444,309	90,987	195,262	(104,275)	-
Sociedad Titularizadora Dominicana, S. A.	<u>25,963</u>	<u>1,009</u>	<u>720</u>	<u>10,399</u>	<u>(9,679)</u>	<u>7,753</u>
Total	<u>14,658,162</u>	<u>9,471,767</u>	<u>7,047,888</u>	<u>4,509,043</u>	<u>2,538,845</u>	<u>1,898,219</u>

As of December 31, 2024 and 2023, a movement of the investments, dividends received and the participation in the results of the associates is as follows:

	<u>2024</u>	<u>2023</u>
Initial cost	1,898,219	1,687,795
Share in net results	766,606	653,982
Acquisition of shares and premium paid	487,300	-
Dividends received in cash	<u>(519,629)</u>	<u>(443,558)</u>
Book value, net	<u>2,632,496</u>	<u>1,898,219</u>

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA -
BANCO MÚLTIPLE AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements (continued)

Amounts in thousands of Dominican pesos (DOP)

12 Property, furniture and equipment

As of December 31, 2024 and 2023, a summary of property, furniture and equipment is as follows:

	Land and improvements	Buildings	Furniture and equipment	Leasehold improvements	Construction and acquisitions in process (a)	Total
2024						
Balance at January 1, 2024	2,253,051	8,777,461	9,878,972	991,718	1,269,298	23,170,500
Acquisitions	-	183,993	287,926	-	3,351,276	3,823,195
Transfers	39,321	909,982	1,818,447	189,789	(2,957,539)	-
Impairment	-	(1,554)	-	-	-	(1,554)
Reclassifications (b)	119,856	(119,856)	4,445	(18,235)	(13,427)	(27,217)
Revaluation	4,506,262	1,749,590	-	-	-	6,255,852
Others (note 40)	-	-	-	-	(381,147)	(381,147)
Disposals and discharges	-	(76,050)	(1,017,908)	(421,193)	(8,098)	(1,523,249)
Balance at December 31, 2024	<u>6,918,490</u>	<u>11,423,566</u>	<u>10,971,882</u>	<u>742,079</u>	<u>1,260,363</u>	<u>31,316,380</u>
Accumulated depreciation at January 1, 2024	-	(2,963,089)	(3,824,432)	(665,173)	-	(7,452,694)
Depreciation expenses (c)	-	(472,846)	(1,652,790)	(240,758)	-	(2,366,394)
Reclassifications (b)	-	15,596	(197)	-	-	15,399
Revaluation disposals	-	1,565,173	-	-	-	1,565,173
Disposals and discharges	-	8,252	1,008,482	421,193	-	1,437,927
Balance at December 31, 2024	<u>-</u>	<u>(1,846,914)</u>	<u>(4,468,937)</u>	<u>(484,738)</u>	<u>-</u>	<u>(6,800,589)</u>
Property, furniture and equipment at December 31, 2024	<u><u>6,918,490</u></u>	<u><u>9,576,652</u></u>	<u><u>6,502,945</u></u>	<u><u>257,341</u></u>	<u><u>1,260,363</u></u>	<u><u>24,515,791</u></u>
2023						
Balance at January 1, 2023	2,076,478	8,871,800	8,459,047	823,296	878,624	21,109,245
Acquisitions	-	102,525	202,490	-	3,985,276	4,290,291
Transfers	118,187	286,814	2,868,866	182,169	(3,456,036)	-
Impairment	(89,268)	(210,274)	-	-	-	(299,542)
Reclassifications (b)	149,267	(148,342)	-	-	-	925
Others (note 40)	-	-	-	-	(138,566)	(138,566)
Disposals and discharges	(1,613)	(125,062)	(1,651,431)	(13,747)	-	(1,791,853)
Balance at December 31, 2023	<u>2,253,051</u>	<u>8,777,461</u>	<u>9,878,972</u>	<u>991,718</u>	<u>1,269,298</u>	<u>23,170,500</u>
Accumulated depreciation at January 1, 2023	-	(2,690,250)	(4,127,736)	(463,756)	-	(7,281,742)
Depreciation expenses (c)	-	(319,438)	(1,343,407)	(215,463)	-	(1,878,308)
Reclassifications (b)	-	(925)	-	299	-	(626)
Disposals and discharges	-	47,524	1,646,711	13,747	-	1,707,982
Balance at December 31, 2023	<u>-</u>	<u>(2,963,089)</u>	<u>(3,824,432)</u>	<u>(665,173)</u>	<u>-</u>	<u>(7,452,694)</u>
Property, furniture and equipment at December 31, 2023	<u><u>2,253,051</u></u>	<u><u>5,814,372</u></u>	<u><u>6,054,540</u></u>	<u><u>326,545</u></u>	<u><u>1,269,298</u></u>	<u><u>15,717,806</u></u>

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA -
BANCO MÚLTIPLE AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements (continued)

Amounts in thousands of Dominican pesos (DOP)

12 Property, furniture and equipment (continued)

- (a) As of December 31, 2024 and 2023, it basically corresponds to remodeling and construction of offices.
- (b) As of December 31, 2024 and 2023, it corresponds to reclassification between accumulated depreciation and the cost of some buildings.
- (c) During the years ended December 31, 2024 and 2023, includes DOP17,849 and DOP17,037, respectively, corresponds to depreciation of assets in use by officers and employees which are presented as part of salaries and compensation to personnel in the accompanying consolidated statements of profit or loss.

Land and buildings held by the Parent Company as of December 31, 2024 and 2023, are recognized at fair value as determined by external appraisers. The difference between the historical cost of land and buildings and their fair values at the valuation date, amounted to DOP7,821,025. As of December 31, 2024 and 2023, the revaluation surplus, net of deferred tax, amounts to DOP6,179,084 and DOP643,474, respectively, and is included as a revaluation surplus in the accompanying consolidated statement of financial position. Revaluations recognized at those dates were authorized by the Superintendence of Banks in the years 2024 and 2003, respectively.

13 Properties under development for sale and rent

As of December 31, 2024 and 2023, properties under development amounts to DOP6,314,454 and DOP5,927,901, respectively, and corresponds to the development of properties projects for sale and rent. In December 2021, one of the subsidiaries acquired a portion of land with a tourist vocation for DOP4,628,477, consisting of 9,649,782 square meters of land from the old Montellano Sugar Mill in Puerto Plata (blocks A-1 and A-2).

Real estate under development for sale and rental includes an investment property recognized at cost. The Bank determines when a property is classified as leased property or inventory available for sale, based on the fact that the leased property is substantially not intended for use by the Bank, nor for sale in the ordinary course of business, but primarily to generate rental income and capital gains when the transaction occurs.

The properties under development for sale and for rent during the years ended December 31, 2024 and 2023 are as follows:

	<u>2024</u>	<u>2023</u>
Properties available for sale	309,898	352,845
investment properties and real estate in development (a)	<u>6,004,556</u>	<u>5,575,056</u>
	<u>6,314,454</u>	<u>5,927,901</u>

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA -
BANCO MÚLTIPLE AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements (continued)

Amounts in thousands of Dominican pesos (DOP)

13 Properties under development for sale and rent (continued)

(a) The movement of investment properties and real estate under development during the years ended December 31, 2024 and 2023 is as follows:

	<u>2024</u>	<u>2023</u>
Acquisition costs - balances at beginning of the year	5,575,056	4,927,589
Additions (i)	438,583	657,985
Costs incurred	<u>(9,083)</u>	<u>(10,518)</u>
Balances at the end	<u>6,004,556</u>	<u>5,575,056</u>

(i) During the year ended December 31, 2022, the Bank capitalized expenses for DOP326,198 and DOP205,540, related to the conditioning and preparation of the land of the investment property. In September 2024, the land and improvements made to the Montellano tourism project in Puerto Plata were contributed as an investment to the Punta Bergantín Trust.

14 Other assets

A summary of other assets as of December 31, 2024 and 2023 is presented below:

	<u>2024</u>	<u>2023</u>
Deferred tax (note 36)	<u>2,245,704</u>	<u>-</u>
Prepaid expenses:		
Returns and commissions paid in advance	2,364	3,076
Commissions to insurance agents on unearned premiums	863,916	682,106
Prepaid insurances	1,391,944	969,080
Non-deferred proportional ceded reinsurance premium (a)	709,949	589,908
Prepaid income tax (b) (note 36)	13,645,087	17,383,207
Other prepaid payments (includes USD164 in 2024 and USD34 and 2023) (c)	11,987,455	8,565,956
Other deferred charges	<u>1,127,826</u>	<u>307,733</u>
	<u>29,728,541</u>	<u>28,501,066</u>

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

Amounts in thousands of Dominican pesos (DOP)

14 Other assets (continued)

	<u>2024</u>	<u>2023</u>
Intangibles:		
Software	2,322,164	3,167,952
Others	<u>40,066</u>	<u>63,453</u>
	2,362,230	3,231,405
Accumulated amortization of computers programs (d)	<u>(1,990,491)</u>	<u>(2,568,236)</u>
	<u>371,739</u>	<u>663,169</u>
Other assets:		
Stationery and office supply	309,459	444,993
Libraries and artwork	33,574	32,842
Others (includes USD148 in 2024and USD84 in 2023)	<u>661,203</u>	<u>367,567</u>
	1,004,236	845,402
Items pending for allocation (e)	<u>130,205</u>	<u>145,616</u>
	<u>1,134,441</u>	<u>991,018</u>
	<u>33,480,425</u>	<u>30,155,253</u>

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

(b) Includes several agreements signed by the Bank with the Ministry of Finance and the General Direction of Internal Taxes, according to which it committed to making advance payments on account of income tax. A summary of these agreements and their general conditions as of December 31, 2024 and 2023 is as follows:

	<u>Amount of prepayment DOP</u>	<u>Amount deducted DOP</u>	<u>Balance pending deduction DOP</u>
2024			
Agreement signed on February 8, 2013, to be deducted over a period of 15 years starting from December 31, 2014, at an annual rate of 6.67%.	620,000	413,527	206,473

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Notes to the Consolidated Financial Statements (continued)

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14 Other assets (continued)

	Amount of prepayment <u>DOP</u>	Amount deducted <u>DOP</u>	Balance pending deduction <u>DOP</u>
2024 (continued)			
Agreement signed on December 21, 2020, to be deducted over a period of 10 years starting from 2022, at a rate of 5% for 2022 and 2023, and 11.25% from 2024 to 2031.	6,283,561	1,335,257	4,948,304
Agreement signed on June 23, 2023, to be deducted over a period of 4 years starting from 2024, at an annual rate of 25%.	<u>9,612,612</u>	<u>2,403,153</u>	<u>7,209,459</u>
	<u>16,516,173</u>	<u>4,151,937</u>	<u>12,364,236</u>
2023			
Agreement signed on February 8, 2013, to be deducted over a period of 15 years starting from December 31, 2014, at an annual rate of 6.67%.	620,000	372,233	247,767
Agreement signed on December 21, 2020, to be deducted over a period of 10 years starting from 2022, at a rate of 5% for 2022 and 2023, and 11.25% from 2024 to 2031.	6,283,561	314,178	5,969,383
Agreement signed on June 23, 2023, to be deducted over a period of 4 years starting from 2024, at an annual rate of 25%.	<u>9,612,612</u>	<u>-</u>	<u>9,612,612</u>
	<u>16,516,173</u>	<u>686,411</u>	<u>15,829,762</u>

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

Amounts in thousands of Dominican pesos (DOP)

14 Other assets (continued)

(c) As of December 31, 2024 and 2023, includes approximately DOP6,802,000 and DOP5,345,000, respectively, for advances made to vehicle dealers for Expomovil Banreservas, which, as of that date, the corresponding loans had not been disbursed. Additionally, it includes approximately DOP3,017,000 and DOP2,537,000, respectively, of licenses and maintenance pending for amortization.

(d) A movement of accumulated amortization of computer software during the years ended December 31, 2024 and 2023 is as follows:

	<u>2024</u>	<u>2023</u>
Balances at the beginning	2,568,236	2,061,015
Cost of the year	370,602	513,240
Write-off	<u>(948,347)</u>	<u>(6,019)</u>
Balances at the end	<u>1,990,491</u>	<u>2,568,236</u>

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

15 Summary of allowances for risky assets

A summary of the changes in allowances for Parent Company's risky assets is shown below:

	<u>Loan portfolio</u>	<u>Investments</u>	<u>Interests receivable</u>	<u>Assets received in lieu of foreclosure of loans</u>	<u>Contingent, operations (a)</u>	<u>Total DOP</u>
December 31, 2024						
Balance at January 1, 2024	17,285,123	287,033	569,239	7,211,247	466,659	25,819,301
Constitution of allowances	7,199,681	-	273,885	-	-	7,473,566
Write-offs against allowances	(6,563,646)	-	(720,339)	-	-	(7,283,985)
Transfers of allowances	(164,897)	109,000	604,786	(549,889)	1,000	-
Allowance reversal for sales of foreclosed assets	-	-	-	(307,626)	-	(307,626)
Allowance reversal	-	-	(26)	-	-	(26)
Effect of change in exchange rates and others	<u>215,059</u>	<u>319</u>	<u>2,356</u>	<u>-</u>	<u>10,769</u>	<u>228,503</u>
Balance at December 31, 2024	17,971,320	396,352	729,901	6,353,732	478,428	25,929,733
Minimum allowances required at December 31, 2024 (b)	<u>15,822,041</u>	<u>388,218</u>	<u>697,043</u>	<u>6,200,723</u>	<u>412,675</u>	<u>23,520,700</u>
Excess (deficit) in the minimum allowance required at December 31, 2024 (c)	<u>2,149,279</u>	<u>8,134</u>	<u>32,858</u>	<u>153,009</u>	<u>65,753</u>	<u>2,409,033</u>

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA -
BANCO MÚLTIPLE AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements (continued)

Amounts in thousands of Dominican pesos (DOP)

15 Summary of allowances for risky assets (continued)

	<u>Loan portfolio</u>	<u>Investments</u>	<u>Interests receivable</u>	<u>Assets received in lieu of foreclosure of loans</u>	<u>Contingent, operations (a)</u>	<u>Total DOP</u>
December 31, 2023						
Balance at January 1, 2023	22,226,638	286,469	1,118,107	7,555,170	698,221	31,884,605
Constitution of allowances	550,251	-	353,872	-	-	904,123
Write-offs against allowances	(5,998,280)	-	(914,043)	(12,410)	-	(6,924,733)
Transfers of allowances	390,550	-	10,096	(162,646)	(238,000)	-
Allowance reversal for sales of foreclosed assets	-	-	-	(168,867)	-	(168,867)
Effect of change in exchange rates and others	<u>115,964</u>	<u>564</u>	<u>1,207</u>	<u>-</u>	<u>6,438</u>	<u>124,173</u>
Balance at December 31, 2023	17,285,123	287,033	569,239	7,211,247	466,659	25,819,301
Minimum allowances required at December 31, 2023 (b)	<u>13,973,222</u>	<u>258,912</u>	<u>552,880</u>	<u>6,877,458</u>	<u>383,976</u>	<u>22,046,448</u>
Excess (deficit) in the minimum allowance required at December 31, 2023 (c)	<u>3,311,901</u>	<u>28,121</u>	<u>16,359</u>	<u>333,789</u>	<u>82,683</u>	<u>3,772,853</u>

- (a) This allowance is included as part of other liabilities (see note 19) and the constitution expense is included as part of operating expenses in the consolidated statement of profit or loss.
- (b) Corresponds to the provisions determined in the self-assessment as of December 31, 2024 and 2023 in accordance with the REA.
- (c) As of December 31, 2024 and 2023, allowances in excess on the loans portfolio, interests receivable, and contingent operations correspond to additional allowances recognized by the Bank in accordance with the rules of the Superintendence of Banks, through its Circulars No. 001/21 and 007/21 and CSB-REG-202300005, as well as other related explanatory documents. These additional allowances were constituted based on an internal methodology that considers the credit risk management of debtors. This evaluation includes an analysis of payment behavior, risk of non-payment, and risk levels by type of portfolio; it also considers the macroeconomic effects on the situation of the debtors.

As of December 31, 2024 and 2023, the required additional allowances amounting to DOP1,437,964 and DOP1,343,018, respectively; and the other additional allowances amounting to DOP711,315 and DOP1,968,883, respectively.

As of December 31, 2024 and 2023, for the loans granted to the road development sector amounting to approximately DOP23,315,000, there is no objection to classify them with "A" risk and with an allowance requirement of 0%. This classification was initially established through the Seventh Resolution of the Monetary Board dated August 26, 2021, which extended the term until August 31, 2023. Subsequently, the Third Resolution of the Monetary Board dated December 26, 2022, approved a three-year extension of the term until November 30, 2025.

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA -
BANCO MÚLTIPLE AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements (continued)

Amounts in thousands of Dominican pesos (DOP)

16 Customers' deposits

Customers' deposits as of December 31, 2024 and 2023 are detailed as follows:

a) By type

	<u>Local currency</u>	<u>Annual weighted average rate (%)</u>	<u>Foreign currency</u>	<u>Annual weighted average rate (%)</u>	<u>Total DOP</u>
December 31, 2024					
Checking	171,885,879	0.82	-	-	171,885,879
Savings	221,267,659	0.30	149,348,546	0.38	370,616,205
Time	224,823,975	9.05	72,084,404	4.57	296,908,379
Interests payable	<u>719,011</u>	<u>-</u>	<u>139,668</u>	<u>-</u>	<u>858,679</u>
	<u>618,696,524</u>	<u>3.64</u>	<u>221,572,618</u>	<u>1.74</u>	<u>840,269,142</u>
December 31, 2023					
Checking	161,595,419	0.85	-	-	161,595,419
Savings	205,571,575	0.34	158,803,668	0.18	364,375,243
Time	216,378,553	8.60	62,441,981	4.32	278,820,534
Interests payable	<u>663,156</u>	<u>-</u>	<u>118,005</u>	<u>-</u>	<u>781,161</u>
	<u>584,208,703</u>	<u>3.55</u>	<u>221,363,654</u>	<u>1.35</u>	<u>805,572,357</u>

b) By sector

December 31, 2024					
Non-financial public sector	137,387,826	3.30	39,187,286	0.65	176,575,112
Non-financial private sector	479,972,572	3.74	179,354,968	2.00	659,327,540
Non-resident	617,115	0.80	2,890,696	0.41	3,507,811
Interests payable	<u>719,011</u>	<u>-</u>	<u>139,668</u>	<u>-</u>	<u>858,679</u>
	<u>618,696,524</u>	<u>3.64</u>	<u>221,572,618</u>	<u>1.74</u>	<u>840,269,142</u>

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA -
BANCO MÚLTIPLE AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements (continued)

Amounts in thousands of Dominican pesos (DOP)

16 Customers' deposits (continued)

b) By sector (continued)

	<u>Local currency</u>	<u>Annual weighted average rate (%)</u>	<u>Foreign currency</u>	<u>Annual weighted average rate (%)</u>	<u>Total DOP</u>
December 31, 2023					
Non-financial public sector	145,822,831	3.62	53,415,171	0.42	199,238,002
Non-financial private sector	437,144,101	3.54	167,402,174	1.65	604,546,275
Non-resident	578,615	0.83	428,304	0.69	1,006,919
Interests payable	<u>663,156</u>	<u>-</u>	<u>118,005</u>	<u>-</u>	<u>781,161</u>
	<u>584,208,703</u>	<u>3.55</u>	<u>221,363,654</u>	<u>1.35</u>	<u>805,572,357</u>

c) By maturity

December 31, 2024					
0 to 15 days	399,354,438	0.66	150,660,245	0.42	550,014,683
16 to 30 days	796,492	9.18	185,124	4.70	981,616
31 to 60 days	27,226,613	8.24	11,618,491	4.36	38,845,104
61 to 90 days	15,402,022	9.60	3,746,636	4.32	19,148,658
91 to 180 days	43,445,121	9.25	16,419,470	4.73	59,864,591
181 to 360 days	50,466,966	9.06	19,608,050	4.54	70,075,016
More than 1 year	81,285,861	9.08	19,194,934	4.63	100,480,795
Interest payable	<u>719,011</u>	<u>-</u>	<u>139,668</u>	<u>-</u>	<u>858,679</u>
	<u>618,696,524</u>	<u>3.64</u>	<u>221,572,618</u>	<u>1.74</u>	<u>840,269,142</u>

December 31, 2023

0 to 15 days	371,041,466	0.65	159,450,678	0.20	530,492,144
16 to 30 days	1,254,004	8.24	368,591	4.69	1,622,595
31 to 60 days	36,948,327	7.64	7,668,972	4.32	44,617,299
61 to 90 days	24,120,121	9.26	5,285,397	4.06	29,405,518
91 to 180 days	38,538,143	8.80	14,280,449	4.51	52,818,592
181 to 360 days	47,872,938	8.20	17,051,155	4.55	64,924,093
More than 1 year	63,770,548	9.06	17,140,407	4.02	80,910,955
Interest payable	<u>663,156</u>	<u>-</u>	<u>118,005</u>	<u>-</u>	<u>781,161</u>
	<u>584,208,703</u>	<u>3.55</u>	<u>221,363,654</u>	<u>1.35</u>	<u>805,572,357</u>

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA -
BANCO MÚLTIPLE AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements (continued)

Amounts in thousands of Dominican pesos (DOP)

16 Customers' deposits (continued)

As of December 31, 2024 and 2023, customers' deposits include restricted amounts for the following concepts:

	<u>Inactive and abandoned accounts</u>	<u>Foreclosed funds</u>	<u>Deceased customers</u>	<u>Security deposits</u>	<u>Total DOP</u>
2024					
Customers' deposits:					
Customers' deposits:					
Checking	323,776	3,344,906	90,278	-	3,758,960
Savings	3,598,114	1,870,298	3,595,573	-	9,063,985
Time	-	5,244,319	1,115,820	27,853,871	34,214,010
	<u>3,921,890</u>	<u>10,459,523</u>	<u>4,801,671</u>	<u>27,853,871</u>	<u>47,036,955</u>
2023					
Customers' deposits:					
Customers' deposits:					
Checking	79,008	5,850,282	823,501	-	6,752,791
Savings	1,649,357	1,965,211	3,734,984	-	7,349,552
Time	-	7,036,064	222,492	26,338,877	33,597,433
	<u>1,728,365</u>	<u>14,851,557</u>	<u>4,780,977</u>	<u>26,338,877</u>	<u>47,699,776</u>

As of December 31, 2024 and 2023, customer's deposits include amounts of inactive accounts, as follows:

	<u>From 3 to 10 years</u>	<u>More than 10 years</u>	<u>Total</u>
December 31, 2024			
Customers' deposits:			
Checking	293,366	30,410	323,776
Savings	<u>3,288,704</u>	<u>309,410</u>	<u>3,598,114</u>
	<u>3,582,070</u>	<u>339,820</u>	<u>3,921,890</u>
December 31, 2023			
Customers' deposits:			
Checking	70,884	8,124	79,008
Savings	<u>1,548,887</u>	<u>100,470</u>	<u>1,649,357</u>
	<u>1,619,771</u>	<u>108,594</u>	<u>1,728,365</u>

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA -
BANCO MÚLTIPLE AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements (continued)

Amounts in thousands of Dominican pesos (DOP)

17 Deposits from domestic and foreign financial entities

As of December 31, 2024 and 2023, a summary of deposits from domestic and foreign financial entities is as follows:

a) By type and currency

	<u>Local currency</u>	<u>Annual weighted average rate (%)</u>	<u>Foreign currency</u>	<u>Annual weighted average rate (%)</u>	<u>Total DOP</u>
December 31, 2024					
Checking	18,549,001	0.82	-	-	18,549,001
Savings	1,319,602	0.30	3,407,908	0.38	4,727,510
Time	53,666,488	12.18	6,286,639	4.77	59,953,127
Interest payable	<u>380,472</u>	<u>-</u>	<u>11,721</u>	<u>-</u>	<u>392,193</u>
	<u>73,915,563</u>	<u>9.11</u>	<u>9,706,268</u>	<u>3.23</u>	<u>83,621,831</u>
December 31, 2023					
Checking	15,671,588	0.85	-	-	15,671,588
Savings	513,003	0.34	4,323,444	0.18	4,836,447
Time	33,407,898	10.86	3,689,065	3.89	37,096,963
Interest payable	<u>263,965</u>	<u>-</u>	<u>5,758</u>	<u>-</u>	<u>269,723</u>
	<u>49,856,454</u>	<u>7.59</u>	<u>8,018,267</u>	<u>1.89</u>	<u>57,874,721</u>

b) By maturity

December 31, 2024					
0 to 15 days	20,343,755	1.12	3,407,908	0.39	23,751,663
De 16 a 30 days	735,000	13.69	-	-	735,000
31 to 60 days	23,934,526	11.31	5,220,869	4.65	29,155,395
61 to 90 days	5,360,421	12.44	90,271	5.29	5,450,692
91 to 180 days	8,930,471	13.13	357,772	5.40	9,288,243
181 to 360 days	7,389,445	12.94	439,846	5.19	7,829,291
More than a year	6,841,473	12.70	177,881	5.86	7,019,354
Interest payable	<u>380,472</u>	<u>-</u>	<u>11,721</u>	<u>-</u>	<u>392,193</u>
	<u>73,915,563</u>	<u>9.11</u>	<u>9,706,268</u>	<u>3.23</u>	<u>83,621,831</u>

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA -
BANCO MÚLTIPLE AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements (continued)

Amounts in thousands of Dominican pesos (DOP)

17 Deposits from domestic and foreign financial entities (continued)

b) By maturity (continued)

	<u>Local currency</u>	<u>Annual weighted average rate (%)</u>	<u>Foreign currency</u>	<u>Annual weighted average rate (%)</u>	<u>Total DOP</u>
December 31, 2023					
0 to 15 days	16,185,038	0.84	4,323,444	0.19	20,508,482
De 16 a 30 days	100	5.64	-	-	100
31 to 60 days	10,558,058	9.36	2,869,481	3.56	13,427,539
61 to 90 days	3,502,179	9.76	451,497	5.00	3,953,676
91 to 180 days	8,745,338	11.20	37,452	3.72	8,782,790
181 to 360 days	4,513,824	10.91	172,083	4.87	4,685,907
More than a year	6,087,952	13.58	158,552	5.67	6,246,504
Interest payable	263,965	-	5,758	-	269,723
	<u>49,856,454</u>	<u>7.59</u>	<u>8,018,267</u>	<u>1.89</u>	<u>57,874,721</u>

As of December 31, 2024 and 2023, the Bank held funds in escrow due to third parties' foreclosures, inactive accounts, inoperative accounts and accounts from deceased customers in domestic financial entities for DOP2,560,185 and DOP1,862,030, respectively.

As of December 31, 2024 and 2023, the status of the inactive and/or dormant accounts of the deposits in domestic financial entities with three to ten year term is DOP16,933 and DOP396, respectively.

18 Borrowed funds

A summary of borrowed funds is as follows:

<u>Borrower</u>	<u>Type</u>	<u>Collateral</u>	<u>Annual weighted average rate (%)</u>	<u>Maturity</u>	<u>Balance</u>
December 31, 2024					
a) In local currency (DOP):					
<i>A) Central Bank of the Dominican Republic (i)</i>					
Other obligations with Central Bank	Repurchase pacts	Pledged titles	8.33%	2025	23,005,207

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA -
BANCO MÚLTIPLE AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements (continued)

Amounts in thousands of Dominican pesos (DOP)

18 Borrowed funds (continued)

<u>Borrower</u>	<u>Type</u>	<u>Collateral</u>	<u>Annual weighted average rate (%)</u>	<u>Maturity</u>	<u>Balance</u>
December 31, 2024					
a) In local currency (DOP) (continued)					
<i>A) Central Bank of the Dominican Republic (i) (continued)</i>					
Other obligations With Central Bank	Repurchase pacts	Pledged titles	3.00%	2025 until 2033	<u>35,404,148</u>
					<u>58,409,355</u>
<i>B) Domestic financial entities</i>					
Banco Popular Dominicano, S. A	Credit line	Secured	13.00%	2025	75,000
Banco Múltiple Promérica (corresponds to USD3,021)	Credit line	Secured	8.70%	2025	183,966
Fondo de Inversión Cerrado Inmobiliario Reservas I	Credit line	Unsecured	13.00%	2025	<u>454,051</u>
					<u>713,017</u>
b) In foreign currency:					
<i>A) Foreign financial entities</i>					
Bank of America (corresponds to USD100,000) (iii)	Loan	Unsecured	5.83%	2025	6,089,240
Banco Interamericano de Desarrollo, BID (corresponds to USD185,000) (iii)	Loan	Unsecured	5.88%	2025	11,265,094
Banco Latinoamericano de Comercio Exterior, S. A. (corresponds to USD140,000)	Loan	Unsecured	6.67%	2025	8,524,936
Wells Fargo Bank, N. A. (corresponds to USD55,000) (iii)	Loan	Unsecured	5.92%	2025	3,349,082
Banco Santander de España, S. A. (corresponds to USD55,000) (ii)	Loan	Unsecured	6.58%	2025	3,349,082
Banco Itau, S. A. (corresponds to USD30,000) (iii)	Loan	Unsecured	6.73%	2025	1,826,772
Citibank, N. A. (corresponds to USD188,000) (iii)	Loan	Unsecured	6.53%	2025	11,447,771
ABANCA (corresponds to USD5,000) (iii)	Loan	Unsecured	6.92%	2025	304,462

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA -
BANCO MÚLTIPLE AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements (continued)

Amounts in thousands of Dominican pesos (DOP)

18 Borrowed funds (continued)

December 31, 2024 (continued)

<u>Borrower</u>	<u>Type</u>	<u>Collateral</u>	<u>Annual weighted average rate (%)</u>	<u>Maturity</u>	<u>Balance</u>
b) In foreign currency (continued)					
<i>A) Foreign financial entities (continued)</i>					
Sumitomo Mitsui Banking Corp. (corresponds to USD50,000) (iii)	Loan	Unsecured	5.68%	2025	3,044,620
Bankinter (corresponds to USD15,000) (iii)	Loan	Unsecured	6.71%	2025	913,386
Commerzbank AG (corresponds to USD130,000) (iii)	Loan	Unsecured	6.19%	2025	7,916,012
US Century Bank (corresponds to USD14,000) (iii)	Loan	Unsecured	7.00%	2025	852,494
Caixa Bank (corresponds to USD25,000) (iii)	Loan	Unsecured	7.68%	2025	1,522,310
Banco de Crédito e Inversiones (corresponds to USD60,000) (iii)	Loan	Unsecured	6.39%	2025	3,653,544
Agencia Francesa de Desarrollo (corresponds to USD18,750)	Loan	Unsecured	7.72%	2032	1,141,732
BRADESCO Bank (corresponds to USD60,000) (iii)	Loan	Unsecured	6.22%	2025	<u>3,653,544</u>
					<u>68,854,081</u>
<i>B) Other</i>					
Various (includes USD50,629)	Sale of investments with re-purchase agreement	Secured	8.05%	2025	<u>7,643,168</u>
Interests payable (includes USD29,660)					<u>1,944,957</u>
					<u><u>137,564,578</u></u>

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA -
BANCO MÚLTIPLE AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements (continued)

Amounts in thousands of Dominican pesos (DOP)

18 Borrowed funds (continued)

<u>Borrower</u>	<u>Type</u>	<u>Collateral</u>	<u>Annual weighted average rate (%)</u>	<u>Maturity</u>	<u>Balance</u>
December 31, 2023					
a) In local currency (DOP):					
<i>A) Central Bank of the Dominican Republic (i)</i>					
Other obligations with Central Bank	Repurchase pacts	Pledged titles	2.99%	2024 until 2033	<u>51,274,682</u>
<i>B) Domestic financial entities</i>					
Banco Múltiple BHD, S. A (corresponds to USD3,022)	Credit line	Secured	10.00%	2024	524,770
Scotiabank (corresponds to USD2,015)	Credit line	Secured	7.10%	2024	116,513
Fondo de Inversión Cerrado Inmobiliario Reservas I	Credit line	Unsecured	13.00%	2025	<u>293,839</u>
					<u>935,122</u>
b) In foreign currency:					
<i>A) Foreign financial entities</i>					
Bank of America (corresponds to USD15,000) (iii)	Loan	Unsecured	7.24%	2024	867,398
Banco Interamericano de Desarrollo, BID (corresponds to USD140,000) (iii)	Loan	Unsecured	4.36%	2024	8,095,710
Banco Latinoamericano de Comercio Exterior, S. A. (corresponds to USD200,000)	Loan	Unsecured	7.13%	2024	11,565,300
Wells Fargo Bank, N. A. (corresponds to USD137,500) (iii)	Loan	Unsecured	6.56%	2024	7,951,144
Banco Santander de España, S. A. (corresponds to USD55,000) (ii)	Loan	Unsecured	6.77%	2024	3,180,457
Bac Florida Bank (corresponds to USD110,000) (iii)	Loan	Unsecured	6.11%	2024	6,360,915
Banco Itau, S. A. (corresponds to USD30,000) (iii)	Loan	Unsecured	6.73%	2024	1,734,795
Citibank, N. A. (corresponds to USD211,000) (iii)	Loan	Unsecured	6.94%	2024	12,201,391
ABANCA (corresponds to USD8,000) (iii)	Loan	Unsecured	3.55%	2024	462,612

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA -
BANCO MÚLTIPLE AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements (continued)

Amounts in thousands of Dominican pesos (DOP)

18 Borrowed funds (continued)

<u>Borrower</u>	<u>Type</u>	<u>Collateral</u>	<u>Annual weighted average rate (%)</u>	<u>Maturity</u>	<u>Balance</u>
b) In foreign currency (continued)					
<i>A) Foreign financial entities (continued)</i>					
Sumitomo Mitsui Banking Corp. (corresponds to USD65,000) (iii)	Loan	Unsecured	3.45%	2024	3,758,722
Korea Development Bank (corresponds to USD10,000)	Loan	Unsecured	3.43%	2024	578,265
Bankinter (corresponds to USD15,000) (iii)	Loan	Unsecured	6.68%	2024	867,398
Commerzbank AG (corresponds to USD100,000) (iii)	Loan	Unsecured	6.16%	2024	5,782,650
Deutsche Bank (corresponds to USD80,000) (iii)	Loan	Unsecured	5.06%	2024	4,626,120
US Century Bank (corresponds to USD9,000) (iii)	Loan	Unsecured	6.75%	2024	520,439
Caixa Bank (corresponds to USD25,000) (iii)	Loan	Unsecured	6.68%	2024	1,445,662
Banco de Crédito e Inversiones (corresponds to USD40,000) (iii)	Loan	Unsecured	6.39%	2024	2,313,060
Agencia Francesa de Desarrollo (corresponds to USD21,250)	Loan	Unsecured	7.77%	2032	<u>1,228,813</u>
					<u>73,540,851</u>
<i>B) Other</i>					
Various (includes USD15,149)	Sale of investments with re-purchase agreement	Secured	7.75%	2024	<u>6,151,426</u>
Interests payable (includes USD41,637)					<u>2,685,634</u>
					<u>134,587,715</u>

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA -
BANCO MÚLTIPLE AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements (continued)

Amounts in thousands of Dominican pesos (DOP)

18 Borrowed funds (continued)

- (i) As of December 31, 2024 and 2023, includes financing obtained through the Rapid Liquidity Facility (FLR) window set up by the Central Bank of the Dominican Republic amounting to DOP35,288,159 and to DOP51,069,001, respectively, with the objective to grant loans to MYPYMES sector, productive sectors and households with a fixed interest rate of no more than 8% and three years term. These funds are guaranteed with investments amounting to DOP88,599,695 and DOP96,828,535, respectively.
- (ii) During the term of these loans, the Bank must comply with certain financial conditions established in the loan contract. A summary of them is as follows:
 - ◆ Maintain a capital adequacy ratio (CAR) greater than 10%.
 - ◆ Maintain an allowance for past due loans portfolio greater than 100%.
 - ◆ Maintain a loans portfolio delinquency rate of less than 4%.
 - ◆ Maintain an adjusted liquidity ratio (ALR) of not less than 80% for maturity periods of fifteen (15) and thirty (30) days and no less than 70% for maturity periods of sixty (60) and ninety (90) days.
- (iii) As of December 31, 2024 and 2023 includes financing taken to guarantee the oil bill of Refinería Dominicana de Petróleo PDV, S. A. for approximately DOP65,659,000 and DOP71,333,000, respectively.

19 Other liabilities

A summary of other liabilities as of December 31, 2024 and 2023 is as follows:

	<u>2024</u>	<u>2023</u>
Other financial obligations:		
Demand obligations		
includes USD15,438 in 2024 and		
USD7,096 in 2023 (a)	9,826,840	8,886,432
Term obligations,		
includes USD236		
in 2023 (b)	-	13,653
Unclaimed third-party balances,		
includes USD3,627 in 2024 and		
USD6,459 in 2023	646,583	748,527
Administration received fund:		
public sector (note 28)	<u>269</u>	<u>3,379</u>
	<u>10,473,692</u>	<u>9,651,991</u>

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA -
BANCO MÚLTIPLE AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements (continued)

Amounts in thousands of Dominican pesos (DOP)

19 Other liabilities (continued)

	<u>2024</u>	<u>2023</u>
Accounts payable and provisions:		
Sundry creditors (includes USD2,259 in 2024 and USD1,970 in 2023)	3,380,606	2,427,375
Dividends payable	173,427	173,427
Reserves for contingent includes USD3,202 in 2024 and USD3,795 in 2023 (c) (note 15)	478,428	466,659
Other provisions (includes USD5,752 in 2024 and USD5,751 in 2023) (d)	17,886,248	15,568,754
Income tax (note 36)	5,598	12,598
Deferred tax (note 36)	-	641,615
Items pending for allocation (e)	57,472	44,907
Other deferred credits (f)	<u>1,338,976</u>	<u>3,182</u>
	<u>23,320,755</u>	<u>19,338,517</u>
	<u>33,794,447</u>	<u>28,990,508</u>

- (a) These correspond to financial obligations that the Bank has incurred and that are payable on demand, which include certified and management checks, among others. As of December 31, 2024 and 2023 includes DOP65,946 and DOP96,477, respectively, which relates to liabilities for the financing of vehicles granted by the Bank whose original license plates have not been delivered to the Bank by the concessionary entities. Likewise, includes approximately DOP307,900 and DOP343,800, respectively, corresponding to loan disbursements from the "Expo Hogar" fair whose contracts have not been delivered to the Bank.
- (b) In this category, the Bank recognizes special cash deposits in dollars (USD) received from the Dominican Government.
- (c) Corresponds to reserves to cover contingent operations as required by the Superintendence of Banks (see note 26).
- (d) Includes provisions for bonuses, loyalty program and legal contingencies (note 26), among others.
- (e) Corresponds to creditors' balances that, due to internal operating reasons or characteristics of the operation, it was not possible to immediately allocate the balances in the final accounts.

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA -
BANCO MÚLTIPLE AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements (continued)

Amounts in thousands of Dominican pesos (DOP)

19 Other liabilities (continued)

(f) As of December 31, 2024 includes DOP984,362, which corresponds to deferred commissions arising from credit operations and credit cards.

20 Technical reserves

The subsidiaries Seguros Reservas, S. A. and Administradora de Riesgos de Salud Reservas, Inc. maintain ongoing specific mathematical risk reserves to meet commitments arising from the current insurance policies, which amounted to DOP11,443,692 and DOP9,567,644 as of December 31, 2024 and 2023, respectively.

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

	Specific reserves and ongoing risk	Mathematical reserves	Total
2024			
Balance at January 1, 2024	9,247,009	320,635	9,567,644
Plus: reserve increase	9,851,230	487,789	10,339,019
Less: reserve decrease	<u>(8,035,054)</u>	<u>(427,917)</u>	<u>(8,462,971)</u>
Balance at December 31, 2024	<u>11,063,185</u>	<u>380,507</u>	<u>11,443,692</u>
2023			
Balance at January 1, 2023	7,177,538	360,424	7,537,962
Plus: reserve increase	9,234,363	406,899	9,641,262
Less: reserve decrease	<u>(7,164,892)</u>	<u>(446,688)</u>	<u>(7,611,580)</u>
Balance at December 31, 2023	<u>9,247,009</u>	<u>320,635</u>	<u>9,567,644</u>

As of December 31, 2024 and 2023, technical reserves include USD13,852 and USD8,504, respectively.

21 Responsibilities

In addition to the obligation balances of insured risks retained, as of December 31, 2024 and 2023, for DOP2,103,936,442 and DOP1,818,773,677, respectively, the subsidiaries Seguros Reservas, S. A. and Administradora de Riesgo de Salud Reservas, Inc. recognize memorandum accounts for salvages warehouse amounting to DOP58,432 and DOP30,346 in 2024 and 2023, respectively.

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA -
BANCO MÚLTIPLE AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements (continued)

Amounts in thousands of Dominican pesos (DOP)

21 Responsibilities (continued)

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

	<u>2024</u>	<u>2023</u>
Responsibilities for insurance businesses and bonds taken directly	13,327,888,966	13,672,978,528
Surrendered and retracted insurance responsibilities	<u>(11,223,952,524)</u>	<u>(11,854,204,850)</u>
	<u>2,103,936,442</u>	<u>1,818,773,678</u>

22 Reinsurance

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

The reinsurers that support the insurance business as of December 31, 2024 and 2023, are the following:

<u>Reinsurer</u>	<u>Class of contract</u>	<u>Participation (%)</u>
Suiza	Surplus	6.00
	Quota share	70/100
Hannover RE	Surplus	7.00
	Quota share	70/100
THB (Amwins)	Surplus	34.10
	Quota share	70/100
Somus. - Korean	Surplus	2.50
	Quota share	70/100
Somus. – Munich	Surplus	9.00
	Quota share	70/100
GC - Navigator	Surplus	3.00
	Quota share	70/100
GC - Axxa XL	Surplus	1.30
	Quota share	70/100
GC - Chaucer	Surplus	2.00
	Quota share	70/100
GC - Amlin	Surplus	4.50
	Quota share	70/100
Mapfre Re	Surplus	5.00
	Quota share	70/100

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA -
BANCO MÚLTIPLE AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements (continued)

Amounts in thousands of Dominican pesos (DOP)

23 Subordinated obligations

A summary of the subordinated debts as of December 31, 2024, and 2023 is as follows:

<u>Type</u>	<u>Amount in DOP</u>	<u>Weighted average interest rate</u>	<u>Type of currency</u>	<u>Term</u>
December 31, 2024				
Subordinated debts nominal value (a)	20,000,000	10.0%	Dominican pesos	10 years
Debt issuance costs (b)	<u>(65,347)</u>			
	19,934,653			
Interests payable	<u>630,137</u>			
	<u>20,564,790</u>			
December 31, 2023				
Subordinated debts nominal value (a)	19,999,000	11.68%	Dominican pesos	10 years
Debt issuance costs (b)	<u>(67,249)</u>			
	19,931,751			
Interests payable	<u>442,362</u>			
	<u>20,374,113</u>			

a) Corresponds to bonds issued in the market of the Dominican Republic by the Bank:

- i) On July 27, 2022, for a nominal value of DOP20,000,000, of which DOP10,000,000 was issued, with a maturity of 10 years until July 27, 2032, at a fixed interest rate of 10.00%. The remaining nominal value of DOP10,000,000 was issued on October 21, 2024, with a maturity of 10 years until October 21, 2034, also at a fixed interest rate of 10.00%.
- ii) On December 29, 2014, with a nominal value of DOP10,000,000. The amount placed corresponds to two issues offered simultaneously, each of DOP5,000,000, with a maturity of 10 years until December 29, 2024, and at a variable interest rate equivalent to the weighted average passive interest rate of multiple banks published by the Central Bank plus a fixed margin of 2.75%. The effective rate at the time of placement was 9.66%, revisable semiannually.

These bonds were settled on December 29, 2024.

These bonds do not have any collateral and in the event of dissolution or liquidation of the Bank, the payment of the bonds is subject to all the obligations of the Bank.

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA -
BANCO MÚLTIPLE AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements (continued)

Amounts in thousands of Dominican pesos (DOP)

23 Subordinated obligations (continued)

- b) Relates to costs incurred when issuing bonds, which are deferred and amortized over the effective interest method during the term of the bonds.

As of December 31, 2024 and 2023, subordinated debts were authorized by the Superintendence of Banks through Circulars ADM/2386/20 and ADM/3161/21 to be used to compute part of the secondary capital (tier 2 capital) for the purposes of determining Bank's technical equity and index solvency for a value of DOP19,934,653 and DOP9,944,720, respectively.

24 Equity

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

	Common shares			
	Authorized		Issued	
	<u>Quantity</u>	<u>Amount in DOP</u>	<u>Quantity</u>	<u>Amount in DOP</u>
Balance at December 31, 2024	<u>76,000</u>	<u>76,000,000</u>	<u>76,000</u>	<u>76,000,000</u>
Balance at December 31, 2023	<u>39,000</u>	<u>39,000,000</u>	<u>39,000</u>	<u>39,000,000</u>

As of December 31, 2024 and 2023, the capital contributions of the Bank have been originated as follow:

- a) DOP50,000 corresponding to the initial capital in accordance with the Law No. 6133 of December 17, 1962, which amended article 4 of the Bank's Organic Law.
- b) DOP200,000 by delivering state-certified vouchers issued by the National Treasury in 1988.
- c) DOP1,750,000 by issuing certified bonds on behalf of the Bank in accordance with Law No. 99-01 of April 5, 2001, which amended article 4 of the Bank's Organic Law, the Dominican Republic Government.
- d) DOP1,500,000 by issuing bonds on behalf of the Bank in accordance with Law No. 121-05 of April 7, 2005, the Dominican Republic Government.

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA -
BANCO MÚLTIPLE AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements (continued)

Amounts in thousands of Dominican pesos (DOP)

24 Equity (continued)

- e) DOP2,000,000 by reinvesting dividends charged to earnings of 2013 in accordance with Law No. 543-14 of December 5, 2014.
- f) DOP2,800,000, by reinvesting dividends charged to earnings of 2014, in accordance with the Law No. 543-14 of December 5, 2014.
- g) DOP1,700,000 through the reinvestment of dividends charged to earnings of 2014, pursuant to Law No. 543-14 of December 5, 2014.
- h) DOP29,000,000, through the reinvestment of dividends charged to other equity reserves, maintained in 2020, in accordance with Law No. 1-22 of January 5, 2022.
- i) DOP37,000,000 through the reinvestment of dividends charged to other equity reserves maintained in 2023, in accordance with paragraph I of article 8 of Law No. 13-24 of April 23, 2024.

Starting in 2024 with the enactment of Law No. 13-24, the net income of the Bank must be allocated or distributed as follows:

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

40% - For payment of cash dividends to the Dominican State. From the resulting amount, a maximum of 15% may be allocated to cover debts of the Dominican State and its dependencies with the Bank.

The Bank obtained no objection from the Superintendence of Banks through communication CADM-R&A-202421419 dated August 12, 2024, to increase the authorized capital of the Bank in accordance with the Organic Law.

According to the Second Resolution of the Ordinary Session dated July 23, 2024, the Board of Directors approved the distribution of dividends, taking into account the guidelines for the distribution of dividends to shareholders set forth in Resolution No.7-2002, issued by the Superintendence of Banks on March 8, 2002, and in accordance with the provisions of Law No. 13-24 on the distribution of dividends from the Bank. The total amount of dividends to be distributed was DOP24,500,014, as detailed below:

- i) DOP14,700,008, transferred to equity reserve. This transfer was done effectively as of December 31, 2023.
- ii) DOP9,800,006, dividends in cash to be paid to the Dominican Republic State.

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA -
BANCO MÚLTIPLE AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements (continued)

Amounts in thousands of Dominican pesos (DOP)

24 Equity (continued)

In accordance with the application of Resolution No. 12-2001, dated December 5, 2001, issued by the Superintendence of Banks, the limit of dividends to be paid in cash by the Bank amounts to DOP19,877,778. During the year 2024, the amounts established in paragraphs (ii) amounting DOP9,800,006, were deposited in the Single Treasury Account (CUT, per its Spanish acronyms). As of December 31, 2024, there are payable dividends of DOP173,427 corresponding to dividends declared in prior periods and are included in other liabilities in the consolidated statement of financial position.

By 2023, the Bank's net profit should be used or distributed as follows:

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

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

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

By the Second Resolution of the Ordinary Session dated May 9, 2023, the Board of Directors approved the distribution of dividends, taking into account the guidelines for the distribution of dividends to shareholders set forth in Resolution No.7-2002, issued by the Superintendence of Banks on March 8, 2002, and in accordance with the provisions of Law No. 99-01 on the distribution of dividends from the Bank. The total amount of dividends to be distributed was DOP22,025,829, as detailed below:

- i) DOP13,215,497, transferred to equity reserve. This transfer was done effectively as of December 31, 2022.
- ii) DOP5,506,457, dividends in cash to be paid to the Dominican Republic State.
- iii) DOP3,303,875, to offset debts of the Dominican Republic State with the Bank.

In accordance with the application of Resolution No. 12-2001, dated December 5, 2001, issued by the Superintendence of Banks, the limit of dividends to be paid in cash by the Bank amounts to DOP19,205,155. During the year 2023, the amounts established in paragraphs (ii) and (iii) amounting DOP8,810,332, were deposited in the Single Treasury Account (CUT, per its Spanish acronyms). As of December 31, 2023, there are payable dividends of DOP173,427 corresponding to dividends declared in prior periods and are included in other liabilities in the consolidated statement of financial position.

The Bank obtained no objection from the Superintendence of Banks through communication CADM-R&A-202314562, dated June 6, 2023, for the distribution of dividends in accordance with the provisions of Circular No. 006/21, dated March 31, 2021, issued by this superintendence, for 2023.

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA -
BANCO MÚLTIPLE AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements (continued)

Amounts in thousands of Dominican pesos (DOP)

24 Equity (continued)

Other equity reserves

In accordance with the Bank's Organic Law and its modifications in Law No. 99-01 repealed by Law No. 13-24 dated April 23, 2024, the Bank must segregate the 60% of its annual net profit to equity reserves. As of December 31, 2024 and 2023, the Bank segregated equity reserves for DOP16,539,765 and DOP14,700,008, respectively.

Through communication CADM-R&A-202314304 from the Superintendence of Banks, dated June 7, 2023, which updates the terms of Circular SB/0682 dated December 31, 2010, it established its no objection for the application within the fiscal year of the segregation of 60% of the total net profits as other equity reserves, to the extend they adhere to the profit distribution guidelines established by the supervisory body.

Revaluation surplus

The Bank revalued its land and buildings required for the development of its operations to its estimated fair market value determined by independent appraisers, as allowed by the Prudential Rules of Capital Adequacy. The effect of the revaluation was DOP7,821,025. The Bank, in accordance with the rules established, considered this amount as tier 2 capital, prior authorization of the Superintendence of Banks. During the year ended on December 31, 2024, the Bank recognized deferred tax on its revalued assets amounting to DOP2,285,415. During the year ended December 31, 2024, the Bank recognized impairment of these revalued assets for DOP2,604.

25 Banking regulation requirements

A summary of banking requirements for the Parent Company by its regulators as of December 31, 2024 and 2023 is as follows:

<u>Description</u>	<u>Regulations</u>	<u>Parent Company</u>
December 31, 2024		
Minimum requirement of:		
Legal reserve in DOP	84,495,300	85,352,208
Legal reserve in USD	764,406	1,144,845
Solvency (a)	<u>10.00%</u>	<u>19.90%</u>
Maximum requirement of:		
Individual credits or risk groups unsecured (b)	17,920,889	5,100,800
Individual credits or risk groups guaranteed (b)	35,841,779	9,776,010
Individual credits or risk groups to related parties unsecured (b)	17,920,889	4,703,580
Individual credits or risk groups to related parties guaranteed (b)	35,841,779	319,191
Global loans to related parties (b)	59,736,298	38,169,007
Loans to officers and employees	11,947,260	7,069,835

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA -
BANCO MÚLTIPLE AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements (continued)

Amounts in thousands of Dominican pesos (DOP)

25 Banking regulation requirements (continued)

<u>Description</u>	<u>Regulations</u>	<u>Parent Company</u>
December 31, 2024 (continued)		
Investments in financial entities from abroad	15,200,000	52,277
Investments in non-financial entities	7,600,000	99,888
Investments in support and services entities (c)	18,671,772	24,903,827
Property, furniture and equipment	119,472,595	22,001,406
Contingencies	358,417,786	87,865,865
Financing in foreign currency (d)	<u>28,007,657</u>	<u>2,052,942</u>
December 31, 2023		
Minimum requirement of:		
Legal reserve in DOP	77,654,300	78,467,114
Legal reserve in USD	795,738	1,651,634
Solvency (a)	<u>10.00%</u>	<u>16.79%</u>
Maximum requirement of:		
Individual credits or risk groups unsecured (b)	13,111,093	6,118,590
Individual credits or risk groups guaranteed (b)	26,222,186	9,903,695
Individual credits or risk groups to related parties unsecured (b)	13,111,093	4,466,757
Individual credits or risk groups to related parties guaranteed (b)	26,222,186	203,594
Global loans to related parties (b)	43,703,643	18,056,286
Loans to officers and employees	8,740,729	6,360,671
Investments in financial entities from abroad	7,800,000	49,645
Investments in non-financial entities	3,900,000	26,049
Investments in support and services entities (c)	15,363,819	22,809,530
Property, furniture and equipment	87,407,287	13,385,092
Contingencies	262,221,860	75,881,700
Financing in foreign currency (d)	<u>23,045,728</u>	<u>979,246</u>

- (a) To determine the solvency ratio, the guidelines established in the Regulation of Prudential Norms of Patrimonial Adequacy are applied. In addition, the Bank periodically evaluates that capitalization always guarantees that a sufficient and adequate level of capital is maintained to support the risks it assumes in the course of its operations and in the event of any adverse change. The business strategy is aligned with the capitalization strategy and together they have made it possible to maintain a financial profile with adequate margins, as well as solvency indicators above what is required by current local regulations. Technical equity is made up of paid-in capital, legal reserve, revaluation surplus and subordinated debt. For both periods, the Bank maintains a solvency indicator above the minimum required.

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

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25 Banking regulation requirements (continued)

A summary of the contingent assets weighted by credit risk and market risk is shown below:

	<u>2024</u>	<u>2023</u>
Total weighted assets less deductions	545,692,370	480,303,693
Total contingent operations less deductions	27,913,537	23,491,464
Capital required by market risk	<u>26,717,738</u>	<u>16,805,099</u>
Total weighted contingent assets due to credit risk and market risk	<u>600,323,645</u>	<u>520,600,256</u>

As of December 31, 2024 and 2023, a detail of the accounts that make up the technical equity of the Bank (Parent Company) is as follows:

	<u>2024</u>	<u>2023</u>
Paid-in capital	76,000,000	39,000,000
Equity reserve	<u>17,358,858</u>	<u>37,819,093</u>
Subtotal primary capital	<u>93,358,858</u>	<u>76,819,093</u>
Adjustments for revaluation of real estate	6,179,084	643,474
Computable portion subordinated obligations	<u>19,934,653</u>	<u>9,944,720</u>
Subtotal secondary capital	<u>26,113,737</u>	<u>10,588,194</u>
Total technical equity	<u>119,472,595</u>	<u>87,407,287</u>

- (b) Through Circular SB: ADM/0089/12 of February 8, 2012, the Superintendence of Banks authorized those loans granted to public sector organizations, defined in article No. 3 of the Public Credit Law, which have the explicit guarantee of the Dominican State, are not computed for the purposes of determining excesses to individual limits or for credit limits to related entities.
- (c) Parent Company has excess investments in shares, which were not excluded in the determination of technical equity.

Article No. 86 b) of the Monetary Financial Law established a period of five years, counted from the approval of the corresponding regulation, for public financial intermediation entities to adapt to the provision of the law. The Executive Branch granted to the Bank five years to transfer and/or place excess in investments, which ended in 2008.

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

Amounts in thousands of Dominican pesos (DOP)

25 Banking regulation requirements (continued)

Through Administrative Circular ADM 0301/09, the Superintendence of Banks extended this period until July 2012. The investments held by the Bank in the insurance company and the administration of pension funds were transferred to the holding company Reservas, S. A.

On December 5, 2012, through communication No. 0970, the Superintendence of Banks issued its no objection to maintaining the treatment that has been applied to investments in shares held by the Bank, until approval of the modification of the Monetary and Financial Law is obtained. Additionally, in Circular SB ADM/2542/21 dated September 3, 2021; the Superintendence of Banks calculates the regulatory limit based on primary capital.

- (d) Excludes financing obtained abroad in the medium and long term, with a maturity greater than one year, those authorized by the Central Bank of the Dominican Republic to cover the oil bill of Refinería Dominicana de Petróleo, S. A., and items which were originally contingent foreign trade operations and which later become direct financing by the Bank to its customers, in accordance with communication No. 036397 of the Central Bank of the Dominican Republic, dated September 12, 2001, which modifies the sole paragraph of Ordinal 1 of the Second Resolution adopted by the Monetary Board on October 7, 1999.

26 Commitments and contingencies

(a) Contingent operations

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

	<u>2024</u>	<u>2023</u>
Collaterals granted:		
Endorsements:		
Commercial	2,287,859	2,226,228
Other endorsements	3,402,893	2,742,172
Other collaterals granted	332,659	355,192
Non-negotiable letters of credit issued	645,921	1,297,770
Credit lines for automatic use	<u>81,196,533</u>	<u>69,260,338</u>
	<u>87,865,865</u>	<u>75,881,700</u>

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA -
BANCO MÚLTIPLE AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements (continued)

Amounts in thousands of Dominican pesos (DOP)

26 Commitments and contingencies (continued)

(a) Contingent operations (continued)

As of December 31, 2024 and 2023, the Bank has reserves to cover possible losses from these operations for the amounts of DOP478,428 and DOP466,659, respectively, which are included in other liabilities in the consolidated statement of financial position at those dates.

As of December 31, 2024 and 2023, the Insurance subsidiary and the Administradora de Riesgos de Salud Reservas, Inc. had contingent liabilities for retained risk estimated as follows:

	<u>2024</u>	<u>2023</u>
General risks	1,667,031,333	1,513,081,896
Individual life insurance	29,204,337	32,263,847
Collective life insurance	<u>407,700,772</u>	<u>273,427,935</u>
	<u>2,103,936,442</u>	<u>1,818,773,678</u>

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

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

The Bank has leasing contracts for the premises where some of its administrative offices, branches, business centers and ATM are located. For the years ended December 31, 2024 and 2023, expenses for this concept amounted to approximately DOP1,873,167 and DOP1,547,860, respectively, which are recognized in other operating expenses in the accompanying consolidated statements of profit or loss. The commitments to pay for these leasing contracts of the administrative offices and branches for 2025 will be approximately DOP2,051,206.

(c) Superintendence of Bank fees

The Monetary Board of the Dominican Republic requires that financial entities make contributions in order to cover inspection services provided by the Superintendence of Banks. The expense for this concept for the years ended December 31, 2024 and 2023 was approximately DOP2,290,513 and DOP2,024,225, respectively, and has been recognized in other operating expenses in the accompanying consolidated statements of profit or loss.

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA -
BANCO MÚLTIPLE AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements (continued)

Amounts in thousands of Dominican pesos (DOP)

26 Commitments and contingencies (continued)

(d) Contingent Fund

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

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

The expense for this concept on December 31, 2024 and 2023 was DOP689,894 and DOP763,634, respectively, which is recognized on other operating expenses line item in the accompanying consolidated statements of profit or loss for those years.

(e) Banking Consolidation Fund

For the implementation of the Exceptional Program for Risk Prevention of the Entities of Financial Intermediation of Law No. 92-04, the Central Bank of the Dominican Republic created the Banking Consolidation Fund (FBC) with the main purpose to protect the depositors and avoiding systematic risk. The FBC was created with mandatory contributions from the financial entities and other sources as established by the above-mentioned law. Such contributions are calculated considering the total customer deposits with a minimum annual rate of 0.17% to be paid quarterly.

The expense for this concept on December 31, 2024 and 2023 was DOP1,573,682 and DOP1,509,709, respectively, which is recognized on other operating expenses line item in the accompanying consolidated statements of profit or loss for those years.

(f) Credit card licenses

MasterCard credit cards

The Banks maintains a contract with a foreign company for the non-exclusive use of Master Card Brand for charge services, credit or debit card. The Bank does not pay fees for the right of use of MasterCard. The duration of the license is indefinite; subject to the termination provisions as set forth in the contract.

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA -
BANCO MÚLTIPLE AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements (continued)

Amounts in thousands of Dominican pesos (DOP)

26 Commitments and contingencies (continued)

(f) Credit card licenses (continued)

Visa credit cards

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

(g) Lawsuits

As of December 31, 2024 and 2023, there are several lawsuits and claims originated in the normal course of the Bank's operations for approximately DOP29,974,000 and DOP31,613,000, respectively. The Bank believes together with its legal advisors that the resolution of these claims will not result in an adverse material effect.

As of December 31, 2024 and 2023, the amount reserved to meet these claims increased to DOP72,047 and DOP71,511, respectively, and is recognized in other liabilities in the accompanying consolidated statement of financial position.

In the normal course of operations, the subsidiary Seguros Reservas, S. A. has several commitments and contingent liabilities from claims, lawsuits and other legal proceedings seeking coverage for damages from insurance policies. The subsidiary has established reserves that it considers necessary to cover these claims and demands based on its experience in the insurance business.

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

(h) Profitability guarantee

As of December 31, 2024 and 2023, the subsidiary Administradora de Fondos de Pensiones Reservas, S. A. has a minimum annual return commitment, guaranteed by law, which shall be equal to the weighted average return of the pension funds of individually capitalization less two percentage points, as required by article 103 of Law No. 87-01. In accordance with Resolution No. 395-17 of SIPEN, dated November 13, 2017. If the return is below the weighted average calculated by the SIPEN, the *Administradora* would have a payment commitment with the fund.

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

Amounts in thousands of Dominican pesos (DOP)

27 Trusts

As of December 31, 2024 and 2023, through one of its subsidiaries, the Bank has received resources for its administration from public and private trusts whose financial situation As of December 31, 2024 and 2023 is as follows:

<u>Trust class</u>	<u>Total assets</u>	<u>Total liabilities</u>	<u>Total equity</u>
December 31, 2024			
Administration	131,222,408	21,096,942	110,125,466
Real estate	52,906,120	29,424,353	23,481,767
Succession planning	238,649	4,354	234,295
Guarantee and sources of payment	603,543	447,400	156,143
Public offer	83,072,456	68,417,338	14,655,118
Philanthropic	<u>860,762</u>	<u>33,811</u>	<u>826,951</u>
	<u>268,903,938</u>	<u>119,424,198</u>	<u>149,479,740</u>
December 31, 2023			
Administration	26,891,558	1,527,102	25,364,456
Real estate	7,406,965	6,103,604	1,303,361
Succession planning	262,637	2,163	260,474
Guarantee and sources of payment	988,100	912,820	75,280
Public offer	64,879,530	56,861,843	8,017,687
Philanthropic	<u>78,638</u>	<u>483</u>	<u>78,155</u>
	<u>100,507,428</u>	<u>65,408,015</u>	<u>35,099,413</u>

The accounting of these balances is kept separately from the accounting records and the Bank's own activities.

28 Memorandum accounts (funds management)

As of December 31, 2024 and 2023, the Bank maintains managed loan funds of the Government through funds from PROMIPYME and Solidarity Bank. The Bank receives for the administration of these funds, a percentage that goes from 2% to 4.50% on the value charged. Memorandum accounts presented in the Bank's consolidated statement of financial position consist of:

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

Amounts in thousands of Dominican pesos (DOP)

28 Memorandum accounts (funds management) (continued)

	<u>2024</u>	<u>2023</u>
Funds managed by the Parent Company:		
PROMIPYME Resources	6,276,905	6,053,434
PROMICENTRAL	45,102	47,347
PROMIPYME - Fonper funds	15,330	15,793
PROMIPYME - PRESAAC loans	17,482	320
MI PRIMER PROGRESO loans	7,835	8,119
Solidarity Bank	<u>3,305,280</u>	<u>2,755,508</u>
	<u>9,667,934</u>	<u>8,880,521</u>
Funds managed by the AFP subsidiary :		
Mandatory individual capitalization pension plan (Pension Fund T-1)	193,823,994	165,447,978
Pension fund of officers and employees of the Bank (Pension Fund T-4)	21,620,988	20,603,121
Social solidary fund (Pension Fund T-5)	<u>81,484,677</u>	<u>70,397,902</u>
	<u>296,929,659</u>	<u>256,449,001</u>
	<u>306,597,593</u>	<u>265,329,522</u>

29 Financial income and expenses

A summary of financial income and expenses for the years ended December 31, 2024 and 2023 is as follows:

	<u>2024</u>	<u>2023</u>
Financial income:		
Loans:		
Commercial	34,403,580	27,695,503
Consumers	31,050,143	26,048,366
Mortgage loans of housing	<u>8,004,461</u>	<u>6,772,098</u>
Subtotal	<u>73,458,184</u>	<u>60,515,967</u>
Investments:		
Available for sale	23,102,214	22,291,953
Held to maturity	2,450,207	2,526,474
Earnings from investments	<u>12,148,841</u>	<u>6,230,151</u>
Subtotal	<u>37,701,262</u>	<u>31,048,578</u>

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA -
BANCO MÚLTIPLE AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements (continued)

Amounts in thousands of Dominican pesos (DOP)

29 Financial income and expenses (continued)

	<u>2024</u>	<u>2023</u>
Other financial income		
Due to available funds	4,226,325	6,176,709
Interbank funds	<u>-</u>	<u>5,937</u>
Subtotal	<u>4,226,325</u>	<u>6,182,646</u>
Insurance premiums, net of returns and cancelations	<u>24,675,082</u>	<u>20,178,747</u>
Total	<u>140,060,853</u>	<u>117,925,938</u>
Financial expenses - from customers' deposits	<u>(32,423,420)</u>	<u>(27,852,630)</u>
Financing-borrowed funds:		
Financing-borrowed funds	(6,572,103)	(5,606,941)
Subordinated debts	<u>(2,412,622)</u>	<u>(2,362,203)</u>
Subtotal	<u>(8,984,725)</u>	<u>(7,969,144)</u>
Other financial expenses:		
Loss on sale of investments	(137,017)	(4,664)
Contractual losses and obligations	(17,079,361)	(14,187,898)
Expenses for technical adjustment to reserves	(900,075)	(807,773)
Acquisition expense, conservation and premium collection - commission and other acquisition costs of the insurance company	<u>(2,736,431)</u>	<u>(2,172,176)</u>
Subtotal	<u>(20,852,884)</u>	<u>(17,172,511)</u>
Total	<u>(62,261,029)</u>	<u>(52,994,285)</u>

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

Amounts in thousands of Dominican pesos (DOP)

30 Income (expense) for exchange differences

A summary of main income and expenses due to exchange differences were recognized during the years ended December 31, 2024 and 2023 is as follows:

	<u>2024</u>	<u>2023</u>
Income due to foreign exchange:		
Loans	19,339,644	13,577,474
Investments	16,571,109	13,595,581
Available funds	19,983,056	22,223,780
Accounts receivable	28,047	93,870
Adjustments for exchange rate differences	<u>39,043,592</u>	<u>35,496,677</u>
Subtotal	<u>94,965,448</u>	<u>84,987,382</u>
Expenses due to foreign exchange:		
Deposits customers	(39,384,557)	(34,722,081)
Financing-borrowed funds	(12,597,200)	(9,875,502)
Adjustments for exchange rate differences	<u>(43,624,205)</u>	<u>(40,943,830)</u>
Subtotal	<u>(95,605,962)</u>	<u>(85,541,413)</u>
Total foreign exchange loss	<u>(640,514)</u>	<u>(554,031)</u>

31 Other operating income (expense)

A summary of other operating income (expenses) recognized during the years ended December 31, 2024 and 2023 is presented below:

	<u>2024</u>	<u>2023</u>
Other operating income:		
Service fees:		
Drafts and wire transfers	526,398	434,076
Foreign trade	2,870	2,995
Certification and sales of bank's checks	49,454	49,537
Collections	1,405	1,200
Credit cards	10,861,698	8,376,838
Remittance services	340,904	268,199
Letters of credit	42,148	37,372
Collaterals granted	126,124	153,230

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

Amounts in thousands of Dominican pesos (DOP)

31 Other operating income (expense) (continued)

	<u>2024</u>	<u>2023</u>
Credit lines	3,335	3,670
Credit card charges and debit card fees	5,890,970	5,493,864
Checking and savings accounts management	1,775,658	1,745,836
Other services commissions	<u>3,213,449</u>	<u>2,350,194</u>
Subtotal	<u>22,834,413</u>	<u>18,917,011</u>
Miscellaneous income:		
Foreign exchange	<u>5,873,649</u>	<u>7,031,540</u>
Claims for medical services	830,389	846,554
Other miscellaneous operating revenue (a)	<u>4,790,890</u>	<u>4,542,046</u>
Subtotal	<u>5,621,279</u>	<u>5,388,600</u>
Total of other operating income	<u>34,329,341</u>	<u>31,337,151</u>
Other operating expenses:		
Services fees:		
Correspondent fees	(80,348)	(67,679)
Collections	(123)	(246)
Securities brokerage services	(419,643)	(347,442)
Other services (b)	<u>(2,870,122)</u>	<u>(2,321,011)</u>
Subtotal	<u>(3,370,236)</u>	<u>(2,736,378)</u>
Miscellaneous expenses:		
Foreign exchange commissions	<u>(240,820)</u>	<u>(183,972)</u>
Issuance cost amortization of subordinated obligations	(16,405)	(16,329)
Commissions and sales of property	(2,885)	(2,694)
Claims for medical services	(1,811,868)	(1,411,021)
Other operating expenses (c)	<u>(4,203,006)</u>	<u>(3,624,376)</u>
Subtotal	<u>(6,034,164)</u>	<u>(5,054,420)</u>
Total of other operating expenses	<u>(9,645,220)</u>	<u>(7,974,770)</u>

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

Amounts in thousands of Dominican pesos (DOP)

31 Other operating income (expense) (continued)

- (a) During the years 2024 and 2023, includes commissions for amounts administered of DOP2,072,694 and DOP1,869,694, as well as fiduciary commissions of DOP1,324,731 and DOP1,301,296, respectively.
- (b) Includes ATH transaction fees of approximately DOP1,739,000 and DOP1,341,000 and ATM use agreement fees agreement fees of approximately DOP567,000 and DOP533,000 for the years ended December 31, 2024 and 2023, respectively.
- (c) Includes other credit card brand fees of approximately DOP1,364,000 and DOP1,061,000, during the years ended December 31, 2024 and 2023, respectively.

32 Salaries and compensations to personnel

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

	<u>2024</u>	<u>2023</u>
Wages, salaries and benefits		
to employees	21,379,562	18,990,387
Social security	1,865,621	1,624,783
Contributions to the pension plan	1,424,644	1,606,033
Other personnel expenses	<u>9,918,728</u>	<u>9,464,708</u>
	<u>34,588,555</u>	<u>31,685,911</u>

As of December 31, 2024 and 2023, compensations to personnel include approximately DOP5,378,468 and DOP4,756,808, respectively, that corresponds to the executive management of the Bank which are defined as directors and above.

Compensation and remuneration policies for executives and Members of the Board of Directors

The Bank has established for the staff and Members of the Board of Directors, compensations and benefits that contribute to the balance between work and life of the staff, adding value to the organizational commitment to improve employee satisfaction, strengthen their identity and bond with the organization, as well as optimize the execution of their work. The socioeconomic benefits, present in the collective bargaining or individual contract, have a significant impact on the work environment.

- ♦ Fixed salary or base salary,
- ♦ Annual increase policy for permanent personnel.

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

Amounts in thousands of Dominican pesos (DOP)

32 Salaries and compensations to personnel (continued)

The compensation and remunerations available to executives are detailed as follow:

- ◆ Vacation bonus.
- ◆ Anniversary income bonus
- ◆ Law bonus and variable remuneration.
- ◆ Charge offsets.
- ◆ Executive vehicle policy.
- ◆ Health and life policy

The Bank has established remuneration guidelines for the members of the Board of Directors, as outlined in the Compensation and Benefits Policy Manual effective December 31, 2024. For the year 2023, these guidelines were described in Organic Law No. 6133. The objective is to define a remuneration and compensation system that aligns with the dedication, commitment, and responsibilities of the Board members, as overseen by the Bank's Appointments and Remuneration Committee. The remuneration package includes various components such as attendance fees (diets), Christmas bonus, international health and life insurance, local medical insurance, compensation, and an executive vehicle policy, among others.

As of December 31, 2024 and 2023, remuneration and social benefits include the Bank's management personnel, which are defined as those who occupy the position of director onwards and are presented as follow:

	<u>2024</u>	<u>2023</u>
Members of the Council of Directors	174,817	159,258
Senior Management	<u>5,378,468</u>	<u>4,756,808</u>
	<u>5,553,285</u>	<u>4,916,066</u>

As of December 31, 2024 and 2023, the Bank has approximately 15,591 and 14,763 employees, respectively.

33 Pension fund

The Bank makes contributions to the following pension plans:

- a) A pension plan with defined benefits and other pension for employees not covered by the Social Security Law No. 87-01 of May 9, 2001, which established the Social Security System of the Dominican Republic. Until June 30, 2014, contributions to this plan were 12.5% of the monthly salaries paid to officials and employees. From July 1st, 2014, this contribution was increased to 17.5%, plus 2.5% of the gross profits of the Bank, as provided by the statute of the Pension Plan approved by the Board of Directors.

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

Amounts in thousands of Dominican pesos (DOP)

33 Pension fund (continued)

A summary of financial information of the (unaudited) plan is as follows:

	<u>2024</u>	<u>2023</u>
Present value of obligations for past services	(21,492,753)	(20,537,564)
Net assets of the plan	<u>21,657,425</u>	<u>20,633,695</u>
Net position of the plan	<u>164,672</u>	<u>96,131</u>

The movement of the year is as follows:

	<u>2024</u>	<u>2023</u>
Balance at January 1	96,131	226,381
Cost per service	(955,189)	(1,111,255)
Actuarial gain (loss)	(537,137)	(688,782)
Payments	<u>1,560,867</u>	<u>1,669,787</u>
Balance as of December 31	<u>164,672</u>	<u>96,131</u>

The expense recognized during 2024 and 2023 amounted to DOP480,131 and DOP722,379, respectively, and includes extraordinary contributions of DOP280,000, approved by the Board of Directors through its twenty-seventh resolution of April 13, 2021. These contributions were approved for a period of five years through 2025 and is presented as part of other operating expenses in the accompanying consolidated statements of profit or loss for those years.

Actuarial assumptions

As of December 31, 2024 and 2023, the principal actuarial assumptions and other basic information of the plan used in determining the actuarial liabilities are as follows:

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

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Notes to the Consolidated Financial Statements (continued)

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33 Pension fund (continued)

A summary of the number and amount of current pensions as of December 31, 2024 and 2023 is as follows:

	<u>2024</u>	<u>2023</u>
Number of members	1,056	1,135
Average retirement age	52	52
Average monthly salary	<u>137</u>	<u>127</u>

- b) As of December 31, 2024 and 2023, the Bank maintains a provision for approximately DOP648,000 for both years to cover actuarial obligations of employees and pensioned officers directly instructed by the Bank and approved by the Board of Directors. As of December 31, 2024 and 2023, the number of employees maintained in this pension plan amounts to 27 for both years. This obligation is calculated by estimating the amount of the future benefit that employees have earned in the current period and in previous periods and is included as part of other liabilities in the consolidated statements of financial position as of those dates, which are accompanied. The movement of the year is as follows:

	<u>2024</u>	<u>2023</u>
Balance as of December 31	<u>647,631</u>	<u>647,631</u>

This provision is based on an actuarial evaluation that determines the present value of this obligation. A detail of the actuarial assumptions used by the Bank as of December 31, 2024 and 2023 is as follows:

Actuarial assumptions

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

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BANCO MÚLTIPLE AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements (continued)

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33 Pension fund (continued)

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

34 Other income (expenses)

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

	<u>2024</u>	<u>2023</u>
Other income:		
Recovery of written-off assets	1,327,609	1,327,933
Decrease in allowance for risky assets	26	-
Earning from shares in other companies (note 35)	766,606	653,982
Gain on sale of property	122,671	177,223
Others (i)	<u>1,619,812</u>	<u>1,619,836</u>
Subtotal	<u>3,836,724</u>	<u>3,778,974</u>
Other expenses:		
Assets received in lieu of foreclosure of loans	(75,925)	(55,911)
Impairment loss on goods received in credit recovery	(36,799)	-
Loss on sale of property, furniture and equipment	(75)	(12,361)
Loss on sales of assets received in lieu of foreclosure of loans	(1,762)	(819)
Uncollectibility accounts receivable (ii)	(420,663)	(699,448)
Donations	(1,851,275)	(1,054,499)
Losses from thefts, assaults, and frauds	(336,339)	(609,547)
Others (iii)	<u>(465,877)</u>	<u>(907,892)</u>
Subtotal	<u>(3,188,715)</u>	<u>(3,340,477)</u>
Total	<u>648,009</u>	<u>438,497</u>

(i) Includes income from assets leasing, expenses recovery and insurance policy referrals, among others.

(ii) Basically, corresponds to write-offs of impaired commissions receivable.

(iii) Includes mainly discharges for customer complaints.

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA -
BANCO MÚLTIPLE AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements (continued)

Amounts in thousands of Dominican pesos (DOP)

35 Results accounted for using the equity method

As of December 31, 2024 and 2023, income from the Bank's shares in the results of associated companies was recognized in the consolidated statements of profit or loss, according to the following detail:

<u>Entities</u>	<u>2024</u>	<u>2023</u>
Consortio Tarjetas Dominicanas, S. A.	376,903	337,265
Depósito Centralizado de valores, S. A. (CEVALDOM)	297,472	258,277
Red Nuevos Servicios Financieros, S. A.	93,618	61,391
MIO, S. A. S.	-	(60)
Sociedad Titularizadora Dominicana, S. A.	<u>(1,387)</u>	<u>(2,891)</u>
	<u>766,606</u>	<u>653,982</u>

36 Income tax

Until the year ended December 31, 2023, under Organic Law No. 6133, the Parent Company was exempt from paying income tax; however, the Bank voluntarily calculated and paid the income tax following some of the guidelines of the Tax Code and special criteria after considering that the ultimate beneficiary is the Dominican State itself.

On April 23, 2024 was enacted the Law No. 13-24 (Organic Law of the Parent Company), which repeals and replaces Law No. 6133 of December 27, 1962. The new Organic Law No. 13-24 does not expressly provide for tax exemption in favor of the Parent Company. Consequently, for the year ended December 31, 2024, the Parent Company mandatory calculated and paid income tax following all the guidelines of the Tax Code.

The consolidated companies declare and pay their income tax individually and separately.

A reconciliation between the results reported in the consolidated financial statements and the results for tax purposes during the years ended December 31, 2024 and 2023 is as follows:

	<u>2024</u>	<u>2023</u>
Profit before income tax	<u>28,795,906</u>	<u>27,269,610</u>
Plus (less) tax adjustments:		
Permanent:		
Adjustments of exempted income and other items considered by the Bank	(20,916,932)	(22,989,602)
Exempt income from investments in associates	(767,993)	(664,051)
Fringe benefits taxes	241,654	239,336

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA -
BANCO MÚLTIPLE AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements (continued)

Amounts in thousands of Dominican pesos (DOP)

36 Income tax (continued)

	<u>2024</u>	<u>2023</u>
Plus (less) tax adjustments:		
Permanent (continued):		
Non-deductible taxes	<u>3,075,051</u>	<u>3,376,141</u>
	<u>(18,368,220)</u>	<u>(20,038,176)</u>
Time:		
Effect of depreciation of fixed assets	(470,549)	(519,796)
Gain on sale of fixed assets	(3,256)	(34,062)
Net profit of companies that pay taxes on other basis	(13,042)	(13,558)
Allowance for contingent operations	478,428	-
Allowance for assets received in lieu of foreclosure of loans	6,353,732	-
Other allowances, net	3,761,195	-
Other non-deductible items	<u>2,934,956</u>	<u>1,930,719</u>
	<u>13,041,464</u>	<u>1,363,303</u>
Net taxable income	<u>23,469,150</u>	<u>8,594,737</u>

A detail of the determined income tax as of December 31, 2024 and 2023 is as follows:

	<u>2024</u>	<u>2023</u>
Net taxable income (i)	23,469,150	8,594,737
Tax rate	<u>27%</u>	<u>27%</u>
	<u>6,336,671</u>	<u>2,320,579</u>
Total net taxable assets (ii)	688,724	1,652,823
Tax rate	<u>1%</u>	<u>1%</u>
	<u>6,887</u>	<u>16,528</u>
Total income tax determined	<u>6,343,558</u>	<u>2,337,107</u>

- (i) As of December 31, 2024 and 2023, the Parent Company and its subsidiaries Administradora de Fondo de Pensiones Reservas, S. A. Seguros Reservas, S. A., Inversiones & Reservas, S. A., Fiduciaria Reservas, S. A., Seguridad y Protección Institucional, S. A., Reservas Asistencia, S. A. S., Inversiones Finanprimas B, S. A. S. and Sociedad Administradora de Fondos de Inversión Reservas, S. A., determined its current income taxes based on 27% of net income tax.

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA -
BANCO MÚLTIPLE AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements (continued)

Amounts in thousands of Dominican pesos (DOP)

36 Income tax (continued)

- (ii) As of December 31, 2024 and 2023, the subsidiaries Tenedora Reservas, S. A., Inmobiliaria Reservas, S. A., Advanced Auto Technology, S. A. S. and Soluciones de Capital Exprés SCE, S. A. S, determined its current income taxes based on 1% of net taxable assets.

Income tax expense determined for the years ended December 31, 2024 and 2023 is as follows:

	<u>2024</u>	<u>2023</u>
Current income tax	6,343,558	2,337,107
Deferred income tax	(5,172,734)	258,142
Tax withheld on payment of dividends	51,963	44,356
Tax credit for Renewable Energy Law	(434)	(1,825)
Previous year income tax	<u>(12,896)</u>	<u>91,818</u>
	<u>1,209,457</u>	<u>2,729,598</u>

A reconciliation between the current tax, prepaid income tax and the income tax payable for the years ended December 31, 2024 and 2023 is as follows:

	<u>2024</u>	<u>2023</u>
Determined tax	6,343,558	2,337,107
Prepaid taxes during the year	(2,201,872)	(1,930,331)
Prepaid income tax from previous years (note 14)	(17,383,207)	(7,834,670)
Advances paid on assets productive financial, net (note 14)	-	(9,612,612)
Tax credit deduction for payments to government entities	(147,090)	(294,953)
Adjustment to the prepaid income tax	98,239	(91,818)
Lease tax credit for State institutions	(4,622)	(9,244)
Tax credit for Renewal Energy Law	(438)	(1,825)
Other movements, net	<u>(344,057)</u>	<u>67,737</u>
Prepaid income tax, net at the end of the period	<u>(13,639,489)</u>	<u>(17,370,609)</u>
Prepaid income tax (see note 14)	(13,645,087)	(17,383,207)
Income tax payable (see note 19)	<u>5,598</u>	<u>12,598</u>
	<u>(13,639,489)</u>	<u>(17,370,609)</u>

As of December 31, 2024 and 2023, prepaid income tax is recognized as part of other assets, and income tax payable as part of other liabilities in the accompanying consolidated statement of financial position.

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA -
BANCO MÚLTIPLE AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements (continued)

Amounts in thousands of Dominican pesos (DOP)

36 Income tax (continued)

The movement of deferred income tax during the years ended December 31, 2024 and 2023 is as follows:

	<u>Beginning balances</u>	<u>Recognized in profiten</u>	<u>Recognized in equity</u>	<u>Ending balances</u>
December 31, 2024				
Property, plant and equipment	60,174	1,778,612	-	1,838,786
Other assets	(9,261)	205	-	(9,056)
Net profit of the consolidated subsidiaries	(715,942)	(155,000)	-	(870,942)
Other non-deductible provisions	5,264	6,497	-	11,761
Other deferred charges	1,995	(647)	-	1,348
Allowance for assets received in lieu of foreclosure of loans	-	1,715,508	-	1,715,508
Allowance for contingent operations	-	129,176	-	129,176
Other allowances	16,155	629,318	-	645,473
Effect of inflation adjustment on non-monetary assets	-	1,514,341	-	1,514,341
Net investment in finance leases	-	(339,136)	-	(339,136)
Dividends on investments in subsidiaries	-	(106,140)	-	(106,140)
Revaluation of properties	-	-	(2,285,415)	(2,285,415)
Deferred, net	<u>(641,615)</u>	<u>5,172,734</u>	<u>(2,285,415)</u>	<u>2,245,704</u>
December 31, 2023				
Property, plant and equipment	60,265	(91)	-	60,174
Other assets	(8,435)	(826)	-	(9,261)
Net profit of the consolidated subsidiaries	(458,717)	(257,225)	-	(715,942)
Other non-deductible provisions	16,155	-	-	16,155
Other deferred charges	5,264	-	-	5,264
Exchange rate difference	1,995	-	-	1,995
Total deferred income tax liabilities	<u>(383,473)</u>	<u>(258,142)</u>	<u>-</u>	<u>(641,615)</u>

As of December 31, 2024, the deferred tax asset, net is presented as part of other assets, and as of December 31, 2023, the deferred tax liability, net is presented as part of other liabilities in the accompanying consolidated statements of financial position.

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA -
BANCO MÚLTIPLE AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements (continued)

Amounts in thousands of Dominican pesos (DOP)

37 Financial risk management

The Bank has implemented a comprehensive risk management system that establishes the frameworks and policies to identify, measure, evaluate, monitor, control, mitigate, and disclose exposures to material risks assumed in the development of its operations and the interrelationships that arise from these, both under normal and stress conditions.

The comprehensive risk management framework establishes the guidelines for managing exposure to different risks, as well as the responsibilities of each unit in making decisions and implementing the guidelines aimed at complying with the Bank's internal criteria, based on to the appetite and risk profile established by the Board of Directors. Comprehensive risk management is carried out in accordance with the Regulation on Guidelines for Comprehensive Risk Management, approved by the Monetary Board in its Third Resolution dated March 16, 2017, as well as the specific regulations, instructions and circulars by type of risk.

The Bank's risk governance structure is exercised by the Board of Directors and the Comprehensive Risk Management Committee with the support of the General Administration, under the responsibility of the different risk-taking units and supervised by the different independent functions, to ensure that the decision-making process is aligned with the risk appetite.

The Bank is exposed to different risks resulting from the development of its operations, among which financial risks stand out, such as credit risk, market risks and balance sheet structure (interest rates, exchange rates, prices) and liquidity risk.

The risks to which the Bank is exposed are the following:

(a) Market risk

The Bank manages the market risk of its financial instruments in accordance with policies, procedures, limits, and controls that ensure identification, measurement, monitoring, control, mitigation, and disclosure to maintain adequate exposure levels in accordance with the risk appetite and limits established by the Board of Directors and the Comprehensive Risk Management Committee. Similarly, it considers within the process the internal and external sensitivity factors that may affect the value of the position due to fluctuations in market prices, such as interest and yield rates, exchange rates, prices, among others.

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA -
BANCO MÚLTIPLE AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements (continued)

Amounts in thousands of Dominican pesos (DOP)

37 Financial risk management (continued)

(a) Market risk (continued)

The measurement of the risks of financial instruments is carried out through indicators and exposure limits that are calculated on a daily or monthly basis.

The monitoring of the market risks of financial instruments is carried out on a daily basis using the methodologies approved by the Board of Directors and the exposure levels are reported more frequently when the case warrants it.

i) Composition of the portfolio

A summary of composition of the portfolio subject to market risk is as follows:

	December 31, 2024		December 31, 2023	
	<u>Measurement of market risk</u>		<u>Measurement of market risk</u>	
	<u>Book</u>	<u>Portfolio</u>	<u>Book</u>	<u>Portfolio</u>
	<u>amount</u>	<u>not marketable</u>	<u>amount</u>	<u>not marketable</u>
<u>Assets:</u>				
Cash and cash equivalents	188,114,458	188,114,458	257,209,403	257,209,403
Investments available for sale	396,404,372	396,404,372	311,916,001	311,916,001
Investments held to maturity	21,237,221	21,237,221	19,914,966	19,914,966
Loans portfolio	557,699,644	557,699,644	496,291,855	496,291,855
Debtors by acceptances	213,717	213,717	184,906	184,906
Accounts receivable	11,729,011	11,729,011	8,816,760	8,816,760
Equity-accounted investees	<u>2,508,291</u>	<u>2,508,291</u>	<u>1,875,636</u>	<u>1,875,636</u>
<u>Liabilities:</u>				
Customers' deposits	840,269,142	840,269,142	805,572,357	805,572,357
Deposits from domestic and foreign financial entities	83,621,831	83,621,831	57,874,721	57,874,721
Borrowed funds	137,564,578	137,564,578	134,587,715	134,587,715
Outstanding acceptances	213,717	213,717	184,906	184,906
Subordinated debts	<u>20,564,790</u>	<u>20,564,790</u>	<u>20,374,113</u>	<u>20,374,113</u>

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA -
BANCO MÚLTIPLE AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements (continued)

Amounts in thousands of Dominican pesos (DOP)

37 Financial risk management (continued)

ii) Exposure to market risk

The exposure to market risk of the Bank (Parent Company) consists of:

	<u>Average</u>	<u>Maximum</u>	<u>Minimum</u>
2024			
Exchange rate risk	82,145	164,892	40,266
Interest rate risk	<u>2,314,357</u>	<u>3,258,667</u>	<u>930,385</u>
	<u>2,396,502</u>	<u>3,372,636</u>	<u>975,511</u>
2023			
Exchange rate risk	104,524	178,907	51,536
Interest rate risk	<u>3,603,398</u>	<u>5,382,806</u>	<u>1,589,117</u>
	<u>3,707,922</u>	<u>5,500,638</u>	<u>1,680,510</u>

iii) Interest rate risk

To identify interest rate risk, balance sheet products are classified according to their financial characteristics, such as reference rates, payment frequency, fixed or variable rate, repricing period or maturity, as well as determining sensitivity factors related to assets, liabilities and off-balance sheet operations, which affect the behavior of interest rates.

Structural interest rate risk is measured using the model defined in local regulations and, internally, with models based on international best practices. To measure this risk, the impact on equity and results of the effects of the interest rate on the balance sheet structure and solvency is distinguished, in accordance with the established methodologies.

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

Amounts in thousands of Dominican pesos (DOP)

37 Financial risk management (continued)

(a) Market risk (continued)

iii) Interest rate risk (continued)

As of December 31, 2024 and 2023, assets and liabilities sensitive to interest rates are presented as follow:

	<u>0 - 15 days</u>	<u>16 - 30 days</u>	<u>31 - 60 days</u>	<u>61 - 90 days</u>	<u>91 - 180 days</u>	<u>181 - 360 days</u>	<u>1 a 5 years</u>	<u>Older to 5 years</u>	<u>Total</u>
2024									
<u>Local currency:</u>									
<u>Assets:</u>									
Deposits in Central Bank	69,948,924	-	-	-	-	-	-	-	69,948,924
Checking deposits and savings in EIF	266,703	-	-	-	-	-	-	-	266,703
Cash equivalents	693,499	221,112	392,495	450,010	-	-	-	-	1,757,116
Restricted cash	130,201	3,173	-	-	-	-	-	-	133,374
Current loans	180,371,203	133,847,087	63,233,080	18,715,595	32,892,414	2,399,877	5,651,464	905,571	438,016,291
Overdue loans (31 to 90 days)	-	-	-	-	266,462	-	-	-	266,462
Current restructured loans	5,130,151	4,860,532	2,123,094	799,618	127,222	5,944	51,372	1,058	13,098,991
Overdue restructured loans (31 to 90 days)	2,244	71	135	125	666	777	25,240	13,445	42,703
Investments available for sale	-	8,171,198	17,849,691	5,116,309	182,015	10,949,794	51,805,891	107,628,143	201,703,041
Investments held-to-maturity	36,319	904,166	135,621	141,210	181,246	134,991	4,983,269	12,540,371	19,057,193
Restricted available investments	-	-	-	8,332,463	4,170,101	7,829,570	65,525,200	3,179,194	89,036,528
Total assets sensitive to interest rates	<u>256,579,244</u>	<u>148,007,339</u>	<u>83,734,116</u>	<u>33,555,330</u>	<u>37,820,126</u>	<u>21,320,953</u>	<u>128,042,436</u>	<u>124,267,782</u>	<u>833,327,326</u>

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

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37 Financial risk management (continued)

(a) Market risk (continued)

iii) Interest rate risk (continued)

As of December 31, 2024 and 2023, assets and liabilities sensitive to interest rates are presented as follow:

2024 (continued)

Local currency:

	<u>0 - 15 days</u>	<u>16 - 30 days</u>	<u>31 - 60 days</u>	<u>61 - 90 days</u>	<u>91 - 180 days</u>	<u>181 - 360 days</u>	<u>1 a 5 years</u>	<u>Older to 5 years</u>	<u>Total</u>
<u>Liabilities:</u>									
Deposits from the public (checking, savings and time)	411,065,887	26,370,525	27,472,741	28,537,692	49,184,295	50,786,377	24,524,052	35,944	617,977,513
Deposits from domestic and foreign financial entities	29,951,975	14,522,986	8,936,745	6,914,321	11,579,974	1,238,845	390,243	2	73,535,091
Borrowed funds	15,030,582	8,531,460	4,193,258	2,653,352	19,866,630	8,746,909	4,417,931	58,542	63,498,664
Subordinated obligations	-	-	-	-	-	-	-	20,000,000	20,000,000
Total liabilities sensitive to interest rates	<u>456,048,444</u>	<u>49,424,971</u>	<u>40,602,744</u>	<u>38,105,365</u>	<u>80,630,899</u>	<u>60,772,131</u>	<u>29,332,226</u>	<u>20,094,488</u>	<u>775,011,268</u>
GAP	<u>(199,469,200)</u>	<u>98,582,368</u>	<u>43,131,372</u>	<u>(4,550,035)</u>	<u>(42,810,773)</u>	<u>(39,451,178)</u>	<u>98,710,210</u>	<u>104,173,294</u>	<u>58,316,058</u>

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA -
BANCO MÚLTIPLE AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements (continued)

Amounts in thousands of Dominican pesos (DOP)

37 Financial risk management (continued)

(a) Market risk (continued)

iii) Interest rate risk (continued)

	<u>0 - 15 days</u>	<u>16 - 30 days</u>	<u>31 - 60 days</u>	<u>61 - 90 days</u>	<u>91 - 180 days</u>	<u>181 - 360 days</u>	<u>1 a 5 years</u>	<u>Older to 5 years</u>	<u>Total</u>
2024 (continued)									
<u>Foreign currency:</u>									
<u>Assets:</u>									
Deposits in Central Bank	70,323,152	-	-	-	-	-	-	-	70,323,152
Checking deposits and savings in EIF	371,648	-	-	-	-	-	-	-	371,648
Cash equivalents	1,119,051	147,397	-	-	-	-	-	-	1,266,448
Restricted cash	864	-	-	-	-	-	-	-	864
Current loans	97,969,272	9,017,059	4,708,921	329,538	457,891	245,261	172,353	-	112,900,295
Overdue loans (31 to 90 days)	-	-	-	-	7,028	-	-	-	7,028
Current restructured loans	2,404,928	-	-	-	-	-	-	-	2,404,928
Overdue restructured loans (31 to 90 days)	959	-	-	-	-	-	-	-	959
Investments available for sale	-	127,531	-	-	-	-	60,169,914	36,237,382	96,534,827
Investments held-to-maturity	<u>3,618</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>334,834</u>	<u>1,528,342</u>	<u>1,866,794</u>
Total assets sensitive to interest rates	<u>172,193,492</u>	<u>9,291,987</u>	<u>4,708,921</u>	<u>329,538</u>	<u>464,919</u>	<u>245,261</u>	<u>60,677,101</u>	<u>37,765,724</u>	<u>285,676,943</u>

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BANCO MÚLTIPLE AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements (continued)

Amounts in thousands of Dominican pesos (DOP)

37 Financial risk management (continued)

(a) Market risk (continued)

iii) Interest rate risk (continued)

	0 - 15 <u>days</u>	16 - 30 <u>days</u>	31 - 60 <u>days</u>	61 - 90 <u>days</u>	91 - 180 <u>days</u>	181 - 360 <u>days</u>	1 a 5 <u>years</u>	Older to <u>5 years</u>	<u>Total</u>
2024 (continued)									
<u>Foreign currency:</u>									
<u>Liabilities:</u>									
Deposits from the public (checking, savings and time)	158,796,303	6,875,797	9,559,807	8,139,542	15,927,314	16,336,801	5,797,386	-	221,432,950
Deposits from domestic and foreign financial entities	5,436,435	3,259,494	210,302	131,425	312,852	344,039	-	-	9,694,547
Borrowed funds	<u>10,960,632</u>	<u>5,460,081</u>	<u>11,171,549</u>	<u>8,231,440</u>	<u>21,599,361</u>	<u>13,708,392</u>	<u>608,924</u>	<u>380,578</u>	<u>72,120,957</u>
Total liabilities sensitive to interest rates	<u>175,193,370</u>	<u>15,595,372</u>	<u>20,941,658</u>	<u>16,502,407</u>	<u>37,839,527</u>	<u>30,389,232</u>	<u>6,406,310</u>	<u>380,578</u>	<u>303,248,454</u>
GAP	<u>(2,999,878)</u>	<u>(6,303,385)</u>	<u>(16,232,737)</u>	<u>(16,172,869)</u>	<u>(37,374,608)</u>	<u>(30,143,971)</u>	<u>54,270,791</u>	<u>37,385,146</u>	<u>(17,571,511)</u>

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA -
BANCO MÚLTIPLE AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements (continued)

Amounts in thousands of Dominican pesos (DOP)

37 Financial risk management (continued)

(a) Market risk (continued)

iii) Interest rate risk (continued)

	<u>0 - 15 days</u>	<u>16 - 30 days</u>	<u>31 - 60 days</u>	<u>61 - 90 days</u>	<u>91 - 180 days</u>	<u>181 - 360 days</u>	<u>1 a 5 years</u>	<u>Older to 5 years</u>	<u>Total</u>
2023									
<u>Local currency:</u>									
<u>Assets:</u>									
Deposits in Central Bank	101,111,290	-	-	-	-	-	-	-	101,111,290
Checking deposits and savings in EIF	2,631,469	-	-	-	-	-	-	-	2,631,469
Cash equivalents	2,675,028	-	135,312	1,012	-	-	-	-	2,811,352
Restricted cash	132,850	6,392	-	-	-	-	-	-	139,242
Investments available for sale	32,944,066	-	12,532,719	14,772,158	14,517,002	49,264,673	94,949,682	193,431	219,173,731
Investments held-to-maturity	29,102	194,121	115,100	403,230	229,725	141,950	4,489,164	11,713,832	17,316,224
Current loans	98,722,671	77,904,197	86,622,495	26,596,566	62,687,522	17,816,323	31,288,946	4,235,930	405,874,650
Overdue loans (31 to 90 days)	-	-	241,112	-	-	-	-	-	241,112
Current restructured loans	2,370,595	1,644,788	3,085,468	682,755	527,577	397,247	446,975	73,860	9,229,265
Overdue restructured loans (31 to 90 days)	<u>3,932</u>	<u>4,684</u>	<u>7,260</u>	<u>2,295</u>	<u>1,111</u>	<u>1,150</u>	<u>1,582</u>	<u>97</u>	<u>22,111</u>
Total assets sensitive to interest rates	<u>240,621,003</u>	<u>79,754,182</u>	<u>102,739,466</u>	<u>42,458,016</u>	<u>77,962,937</u>	<u>67,621,343</u>	<u>131,176,349</u>	<u>16,217,150</u>	<u>758,550,446</u>

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA -
BANCO MÚLTIPLE AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements (continued)

Amounts in thousands of Dominican pesos (DOP)

37 Financial risk management (continued)

(a) Market risk (continued)

iii) Interest rate risk (continued)

	<u>0 - 15 days</u>	<u>16 - 30 days</u>	<u>31 - 60 days</u>	<u>61 - 90 days</u>	<u>91 - 180 days</u>	<u>181 - 360 days</u>	<u>1 a 5 years</u>	<u>Older to 5 years</u>	<u>Total</u>
2023 (continued)									
<u>Local currency:</u>									
<u>Liabilities:</u>									
Deposits from the public (checking, savings and time)	389,094,088	27,865,015	23,195,448	27,537,405	45,370,666	42,456,753	28,026,172	-	583,545,547
Deposits from domestic and foreign financial entities	23,150,291	5,341,070	3,262,810	2,177,888	11,975,968	1,729,495	181,090	1,773,877	49,592,489
Borrowed funds	7,736	50,853	1,467,571	7,774,704	4,244,512	1,405,542	42,179,511	63,498	57,193,927
Subordinated obligations	-	-	-	-	10,000,000	-	-	9,999,000	19,999,000
Total liabilities sensitive to interest rates	<u>412,252,115</u>	<u>33,256,938</u>	<u>27,925,829</u>	<u>37,489,997</u>	<u>71,591,146</u>	<u>45,591,790</u>	<u>70,386,773</u>	<u>11,836,375</u>	<u>710,330,963</u>
GAP	<u>(171,631,112)</u>	<u>46,497,244</u>	<u>74,813,637</u>	<u>4,968,019</u>	<u>6,371,791</u>	<u>22,029,553</u>	<u>60,789,576</u>	<u>4,380,775</u>	<u>48,219,483</u>

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA -
BANCO MÚLTIPLE AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements (continued)

Amounts in thousands of Dominican pesos (DOP)

37 Financial risk management (continued)

(a) Market risk (continued)

iii) Interest rate risk (continued)

	<u>0 - 15 days</u>	<u>16 - 30 days</u>	<u>31 - 60 days</u>	<u>61 - 90 days</u>	<u>91 - 180 days</u>	<u>181 - 360 days</u>	<u>1 a 5 years</u>	<u>Older to 5 years</u>	<u>Total</u>
2023 (continued)									
<u>Foreign currency:</u>									
<u>Assets:</u>									
Deposits in Central Bank	94,099,624	-	-	-	-	-	-	-	94,099,624
Checking deposits and savings in EIF	40,358,406	-	-	-	-	-	-	-	40,358,406
Restricted cash	234,665	-	-	-	-	-	-	-	234,665
Investments available for sale	-	156,907	614	-	2,292	-	38,184,776	47,630,077	85,974,666
Investments held-to-maturity	757	-	-	-	-	-	275,746	1,964,393	2,240,896
Current loans	15,415,269	11,587,068	54,451,493	5,583,581	2,101,292	323,647	140,179	38,817	89,641,346
Overdue loans (31 to 90 days)	-	-	-	-	5,323	-	-	-	5,323
Current restructured loans	54,325	127,003	1,832,106	-	-	1,537	-	-	2,014,971
Overdue restructured loans (31 to 90 days)	-	50	192	-	-	-	-	-	242
Total assets sensitive to interest rates	<u>150,163,046</u>	<u>11,871,028</u>	<u>56,284,405</u>	<u>5,583,581</u>	<u>2,108,907</u>	<u>325,184</u>	<u>38,600,701</u>	<u>49,633,287</u>	<u>314,570,139</u>

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA -
BANCO MÚLTIPLE AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements (continued)

Amounts in thousands of Dominican pesos (DOP)

37 Financial risk management (continued)

(a) Market risk (continued)

iii) Interest rate risk (continued)

	<u>0 - 15</u> <u>days</u>	<u>16 - 30</u> <u>days</u>	<u>31 - 60</u> <u>days</u>	<u>61 - 90</u> <u>days</u>	<u>91 - 180</u> <u>days</u>	<u>181 - 360</u> <u>days</u>	<u>1 a 5</u> <u>years</u>	<u>Older to</u> <u>5 years</u>	<u>Total</u>
2023 (continued)									
<u>Foreign currency:</u>									
<u>Liabilities:</u>									
Deposits from the public (checking, savings and time)	162,851,733	5,894,160	8,472,350	9,110,802	15,371,040	14,433,267	5,112,297	-	221,245,649
Deposits from domestic and foreign financial entities	5,648,472	2,010,733	20,081	67,495	18,501	37,460	121,611	88,156	8,012,509
Borrowed funds	-	-	7,112,660	10,870,675	35,669,648	19,970,924	578,265	505,982	74,708,154
Total liabilities sensitive to interest rates	<u>168,500,205</u>	<u>7,904,893</u>	<u>15,605,091</u>	<u>20,048,972</u>	<u>51,059,189</u>	<u>34,441,651</u>	<u>5,812,173</u>	<u>594,138</u>	<u>303,966,312</u>
GAP	<u>(18,337,159)</u>	<u>3,966,135</u>	<u>40,679,314</u>	<u>(14,465,391)</u>	<u>(48,950,282)</u>	<u>(34,116,467)</u>	<u>32,788,528</u>	<u>49,039,149</u>	<u>10,603,827</u>

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA -
BANCO MÚLTIPLE AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements (continued)

Amounts in thousands of Dominican pesos (DOP)

37 Financial risk management (continued)

(a) Market risk (continued)

iii) Interest rate risk (continued)

The average rates of return per coin are as follows:

	December 31, 2024			December 31, 2023		
	Local currency	US Dollars	Euros	Local currency	US Dollars	Euros
Assets:						
Deposits in central bank	1.82%	1.17%	0.00%	2.70%	2.33%	0.00%
Checking deposits and savings in EIF	8.07%	5.33%	3.18%	8.01%	4.16%	2.58%
Interbank funds	0.00%	0.00%	0.00%	12.61%	0.00%	0.00%
Current loans	14.71%	9.16%	3.80%	14.32%	8.42%	4.40%
Overdue loans	25.65%	10.02%	0.00%	22.48%	9.30%	0.00%
Current restructured loans	13.29%	7.66%	0.00%	11.62%	7.64%	0.00%
Overdue restructured loans	14.17%	9.44%	0.00%	14.25%	8.72%	0.00%
Investments available for sale	9.61%	5.74%	0.00%	9.88%	5.97%	0.00%
Investments held-to-maturity	10.57%	9.54%	0.00%	9.86%	9.60%	0.00%
Accounts receivable	2.72%	0.00%	0.00%	4.24%	3.53%	0.00%
Liabilities:						
Deposits from the public	3.55%	1.71%	0.10%	3.51%	1.24%	0.09%
Deposits from domestic and foreign financial entities	9.66%	3.72%	0.15%	8.61%	2.76%	0.53%
Borrowed funds	4.32%	7.68%	0.00%	3.87%	7.00%	0.00%
Subordinated obligations	<u>11.17%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>11.30%</u>	<u>0.00%</u>	<u>0.00%</u>

As of December 31, 2024 and 2023, assets with a variable interest rate amount DOP601,819,114 and DOP553,347,165, respectively, and represent 48% of total assets for both years. Fixed interest rate assets amount DOP552,681,250 and DOP520,755,536, respectively, and represent 44% and 45% of total assets, respectively. Variable interest rate liabilities amount DOP127,477,153 and DOP134,933,190, respectively, and represent 11% and 13% of total liabilities, respectively. Fixed interest rate liabilities amount DOP956,736,816 and DOP885,842,163, respectively, and represent 85% and 84% of total liabilities, respectively.

iv) Exchange rate risk

The identification of exchange rate risk consists of determining the sensitivity factors of the environment, which affect the Bank's net position and those specifically related to assets, liabilities and off-balance sheet operations in foreign currency, which when they occur affect the behavior of the prices of the foreign currencies with which the Bank operates, causing an increase in the value at risk due to the exchange rate and which could lead to losses for the entity.

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA -
BANCO MÚLTIPLE AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements (continued)

Amounts in thousands of Dominican pesos (DOP)

37 Financial risk management (continued)

(a) Market risk (continued)

iv) Exchange rate risk (continued)

To measure or estimate the exposure to exchange rate risk, the value at risk (VaR) is calculated in accordance with the current methodology approved in the Market Risk Regulation. In addition, the value at risk of the exchange rate is determined, adjusted to the behavior of the data, in accordance with the defined internal methodology.

The monitoring of positions in foreign currencies and exposure limits is carried out on a daily basis and the levels of exposure are reported to Senior Management; monthly or more frequently, if necessary, the Comprehensive Risk Management Committee and the Assets and Liabilities Committee are informed. It is worth highlighting compliance with the established internal and regulatory net position limits in foreign currencies.

A summary of the exposure to foreign currency exchange rate risk is presented as follow:

	2024		2023	
	Amount in foreign currency <u>USD</u>	Total in <u>DOP</u>	Amount in foreign currency <u>USD</u>	Total in <u>DOP</u>
Assets				
Cash and cash equivalents	1,714,186	104,380,899	2,385,607	137,951,290
Investments	1,638,378	99,764,759	1,544,428	89,308,873
Loans portfolio, net	1,818,836	110,753,286	1,516,485	87,693,018
Debtors for acceptances	3,510	213,717	3,198	184,906
Accounts receivable	31,629	1,925,998	69,639	4,027,019
Other assets	<u>312</u>	<u>18,972</u>	<u>118</u>	<u>6,821</u>
Total assets	<u>5,206,851</u>	<u>317,057,631</u>	<u>5,519,475</u>	<u>319,171,927</u>
Liabilities				
Deposits from the public	3,638,756	221,572,618	3,828,066	221,363,654
Deposits from domestic and foreign financial entities	159,400	9,706,268	138,661	8,018,267
Borrowed funds	1,214,060	73,927,002	1,333,573	77,115,856
Outstanding acceptances	3,510	213,717	3,198	184,906
Creditors for insurance and bank guarantees	438	26,701	3,906	225,865
Technical reserves	13,852	843,454	8,504	491,782
Other liabilities	<u>30,278</u>	<u>1,843,688</u>	<u>25,307</u>	<u>1,463,432</u>
Total liabilities	<u>5,060,294</u>	<u>308,133,448</u>	<u>5,341,215</u>	<u>308,863,762</u>
Long foreign currency position	<u>146,557</u>	<u>8,924,183</u>	<u>178,260</u>	<u>10,308,165</u>

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA -
BANCO MÚLTIPLE AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements (continued)

Amounts in thousands of Dominican pesos (DOP)

37 Financial risk management (continued)

(a) Market risk (continued)

iv) Exchange rate risk (continued)

As of December 31, 2024 and 2023, the exchange rates used to convert from US dollars (USD) to Dominican pesos (DOP) were DOP60.8924 and DOP57.8265, respectively.

As of December 31, 2024 and 2023, the Bank maintains balances in euros (EUR) is as follows:

	<u>December 31, 2024</u>		<u>December 31, 2023</u>	
	<u>EUR</u>	<u>DOP</u>	<u>EUR</u>	<u>DOP</u>
<u>Assets -</u>				
Cash and cash equivalents	84,590	5,369,019	105,570	6,758,595
<u>Liabilities -</u>				
Deposits from the public	(85,392)	(5,419,942)	(82,064)	(5,253,762)
Long (short) foreign currency position	<u>(802)</u>	<u>(50,923)</u>	<u>23,506</u>	<u>1,504,833</u>

The Bank has established comprehensive policies for managing and monitoring its net foreign currency position, detailed in the Framework for Structural Interest Rate, Market, and Liquidity Risk Management. These policies ensure compliance with the limits specified in Article No. 20 of the Foreign Exchange Regulations. Specifically, the permitted limit for a short position is 40% of paid-in capital and legal reserves, while the limit for a long position is 50 %. Should these limits be exceeded, the positions must be unwound within a maximum of two days. Additionally, any increase in the position must not exceed 25% of paid-in capital and legal reserves or USD10,000, whichever is lower, on average over five days. Furthermore, the policies stipulate that the Board of Directors, through the Comprehensive Risk Management Committee (CRMC), will conduct a monthly review of the foreign currency position to ensure adherence to the accepted risk guidelines.

As of December 31, 2024 and 2023, the Bank maintains a long position of 10% and 13%, respectively.

(b) Liquidity risk

(i) Exposure to liquidity risk

The process for the identification of liquidity risk for the Bank (Parent Company) consists of distinguishing the sensitivity factors that could affect the availability of resources and flow of funds to meet the commitments of the entity, considering the strategies of funding in terms of deposits and financial obligations, placement of resources in active credit operations and financial investments; as well as the terms of deposits and placements; maturity flows and financial position.

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA -
BANCO MÚLTIPLE AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements (continued)

Amounts in thousands of Dominican pesos (DOP)

37 Financial risk management (continued)

(b) Liquidity risk (continued)

(i) Exposure to liquidity risk (continued)

The Bank's main sources of financing are demand, savings, time deposits and financial obligations at different terms with local and foreign banks.

Liquidity risk is measured using models defined based on international regulations and best practices. The main indicators established are liquidity ratio and position at different terms, liquidity gap, Liquidity Coverage Ratio (LCR), Net Stable Funding Ratio (NSFR) and Internal Liquidity Control Index. These metrics allow the bank to identify potential liquidity situations, as well as, if necessary, adjust the strategies, policies, and contingency plans for liquidity risk management in different terms, considering contractual and estimated factors.

Liquidity risk monitoring is carried out on a daily basis using the methodologies approved by the Board of Directors and exposure levels are reported on a daily and monthly basis. On a quarterly basis, a report is made to the Board of Directors on management, exposure levels and scenarios of potential withdrawals.

The Bank has a Liquidity Contingency Plan that defines the alert signals and general and specific actions that must be carried out in the event of temporary and/or structural liquidity issues, as well as those responsible for each activity defined in this plan.

The liquidity ratio of the Bank (Parent Company) consists of:

	<u>Local currency</u>	<u>Foreign currency</u>	<u>Normative limit</u>
2024			
Liquidity ratio:			
At 15 days adjusted	253.01%	261.57%	80.00%
At 30 days adjusted	273.64%	236.62%	80.00%
At 60 days adjusted	283.29%	200.64%	70.00%
At 90 days adjusted	<u>277.52%</u>	<u>249.56%</u>	<u>70.00%</u>
Position:			
At 15 days adjusted	68,377,115	785,780	N/A
At 30 days adjusted	105,608,596	932,021	N/A
At 60 days adjusted	134,207,239	963,161	N/A
At 90 days adjusted	151,295,211	1,650,623	N/A
Overall (months)	<u>(5.60)</u>	<u>30.02</u>	<u>N/A</u>

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA -
BANCO MÚLTIPLE AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements (continued)

Amounts in thousands of Dominican pesos (DOP)

37 Financial risk management (continued)

(b) Liquidity risk (continued)

(i) Exposure to liquidity risk (continued)

	<u>Local currency</u>	<u>Foreign currency</u>	<u>Normative limit</u>
2023			
Liquidity ratio:			
At 15 days adjusted	226.96%	698.09%	80.00%
At 30 days adjusted	222.79%	506.58%	80.00%
At 60 days adjusted	194.23%	353.55%	70.00%
At 90 days adjusted	<u>192.35%</u>	<u>316.53%</u>	<u>70.00%</u>
Position:			
At 15 days adjusted	59,828,886	1,925,219	N/A
At 30 days adjusted	76,955,563	1,981,916	N/A
At 60 days adjusted	82,942,841	1,930,694	N/A
At 90 days adjusted	102,417,414	2,272,211	N/A
Overall (months)	<u>(44.92)</u>	<u>31.53</u>	<u>N/A</u>

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA -
BANCO MÚLTIPLE AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements (continued)

Amounts in thousands of Dominican pesos (DOP)

37 Financial risk management (continued)

(b) Liquidity risk (continued)

(ii) Analysis of maturities of financial assets and liabilities

As of December 31, 2024 and 2023, the most significant assets and liabilities, grouped according to their maturity date, are as follows:

	<u>0 - 15 days</u>	<u>16 - 30 days</u>	<u>31 - 90 days</u>	<u>91 - 180 days</u>	<u>181 - 360 days</u>	<u>1 a 5 years</u>	<u>Older to 5 years</u>	<u>Total</u>
2024								
<u>Assets:</u>								
Cash and cash equivalents	188,114,458	-	-	-	-	-	-	188,114,458
Investments	104,682	9,596,255	33,248,434	4,572,779	19,327,699	186,730,553	164,334,010	417,914,412
Debtors for acceptances	16,984	32,149	142,341	22,243	-	-	-	213,717
Loans portfolio	16,607,724	13,917,963	34,798,597	55,530,643	80,542,808	188,763,004	186,239,454	576,400,193
Equity-accounted investees	-	-	-	-	-	-	2,632,496	2,632,496
Accounts receivable	-	11,227,717	-	-	-	-	501,294	11,729,011
Other assets (i)	-	130,205	-	-	-	301,962	-	432,167
Total assets	<u>204,843,848</u>	<u>34,904,289</u>	<u>68,189,372</u>	<u>60,125,665</u>	<u>99,870,507</u>	<u>375,795,519</u>	<u>353,707,254</u>	<u>1,197,436,454</u>
<u>Liabilities:</u>								
Deposits from the public (checking, savings and time)	572,843,513	32,323,643	74,403,379	62,704,190	67,525,544	30,432,895	35,978	840,269,142
Deposits from domestic and foreign financial entities	35,513,347	17,815,552	16,304,518	11,989,899	1,605,989	392,432	94	83,621,831
Borrowed funds	26,601,664	15,226,880	25,578,624	45,560,551	19,572,705	4,582,503	441,651	137,564,578
Outstanding acceptances	16,984	32,149	142,341	22,243	-	-	-	213,717
Subordinated obligations	630,137	-	-	-	-	-	19,934,653	20,564,790
Other liabilities (ii)	8,479,016	11,900,749	6,813,725	-	-	646,583	-	27,840,073
Total liabilities	<u>644,084,661</u>	<u>77,298,973</u>	<u>123,242,587</u>	<u>120,276,883</u>	<u>88,704,238</u>	<u>36,054,413</u>	<u>20,412,376</u>	<u>1,110,074,131</u>
GAP	<u>(439,240,813)</u>	<u>(42,394,684)</u>	<u>(55,053,215)</u>	<u>(60,151,218)</u>	<u>11,166,269</u>	<u>339,741,106</u>	<u>333,294,878</u>	<u>87,362,323</u>

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA -
BANCO MÚLTIPLE AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements (continued)

Amounts in thousands of Dominican pesos (DOP)

37 Financial risk management (continued)

(b) Liquidity risk (continued)

(ii) Analysis of maturities of financial assets and liabilities (continued)

	<u>0 - 15 days</u>	<u>16 - 30 days</u>	<u>31 - 90 days</u>	<u>91 - 180 days</u>	<u>181 - 360 days</u>	<u>1 a 5 years</u>	<u>Older to 5 years</u>	<u>Total</u>
2023								
<u>Assets:</u>								
Cash and cash equivalents	257,209,403	-	-	-	-	-	-	257,209,403
Investments	34,667,437	260,262	29,053,515	14,528,367	56,217,418	149,762,485	47,606,576	332,096,060
Debtors for acceptances	6,166	25,367	114,368	39,005	-	-	-	184,906
Loans portfolio	12,156,809	9,410,938	34,266,624	49,213,584	57,769,142	193,015,456	158,313,021	514,145,574
Equity-accounted investees	-	-	-	-	-	-	1,898,219	1,898,219
Rights in trust	-	6,170	6,170	9,255	18,509	189,896	-	230,000
Accounts receivable	-	8,460,334	-	-	-	-	356,426	8,816,760
Other assets (i)	-	145,616	601,716	-	-	218,216	25,470	991,018
Total assets	<u>304,039,815</u>	<u>18,308,687</u>	<u>64,042,393</u>	<u>63,790,211</u>	<u>114,005,069</u>	<u>343,186,053</u>	<u>208,199,712</u>	<u>1,115,571,940</u>
<u>Liabilities:</u>								
Deposits from the public (checking, savings and time)	543,941,969	31,138,954	69,879,864	58,111,729	57,150,598	35,210,674	10,138,569	805,572,357
Deposits from domestic and foreign financial entities	29,068,485	7,351,803	5,528,275	11,994,470	1,766,955	302,701	1,862,032	57,874,721
Borrowed funds	7,741	1,068,767	27,027,193	43,320,975	20,041,273	42,548,901	572,865	134,587,715
Outstanding acceptances	6,166	25,367	114,368	39,005	-	-	-	184,906
Subordinated obligations	-	-	-	-	442,362	9,931,751	10,000,000	20,374,113
Other liabilities (ii)	-	10,726,719	6,367,938	-	13,653	748,527	-	17,856,837
Total liabilities	<u>573,024,361</u>	<u>50,311,610</u>	<u>108,917,638</u>	<u>113,466,179</u>	<u>79,414,841</u>	<u>88,742,554</u>	<u>22,573,466</u>	<u>1,036,450,649</u>
GAP	<u>(268,984,546)</u>	<u>(32,002,923)</u>	<u>(44,875,245)</u>	<u>(49,675,968)</u>	<u>34,590,228</u>	<u>254,443,499</u>	<u>185,626,246</u>	<u>79,121,291</u>

(i) Corresponds to operations that represent receivable rights for the Bank.

(ii) Corresponds to operations that represent an obligation for the Bank.

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA -
BANCO MÚLTIPLE AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements (continued)

Amounts in thousands of Dominican pesos (DOP)

37 Financial risk management (continued)

(b) Liquidity risk (continued)

(iii) Liquidity reserve

As of December 31, 2024 and 2023, the book amounts that are expected to be recovered or settled in the next 12 months are as follows:

	<u>Carrying amount</u>	<u>Fair value</u>
2024		
Cash and cash equivalents:		
On hand and banks	15,949,591	15,949,591
Deposits in the Central Bank	140,272,076	140,272,076
Deposits in other banks	28,598,390	28,598,389
Cash equivalents	3,278,546	3,278,546
Earnings receivable for availability	<u>15,855</u>	15,855
	188,114,458	
Investments -		
Investments in public debt securities	<u>62,938,011</u>	N/A
Total liquidity reserve	<u>251,052,469</u>	
2023		
Cash and cash equivalents:		
On hand and banks	15,361,969	15,361,969
Deposits in the Central Bank	195,343,728	195,343,728
Deposits in other banks	43,230,971	43,230,971
Cash equivalents	3,201,011	3,201,011
Earnings receivable for availability	<u>71,724</u>	71,724
	257,209,403	
Investments -		
Investments in public debt securities	<u>124,097,712</u>	N/A
Total liquidity reserve	<u>381,307,115</u>	

N/A: Not available.

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA -
BANCO MÚLTIPLE AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements (continued)

Amounts in thousands of Dominican pesos (DOP)

37 Financial risk management (continued)

(c) Credit risk

(i) Practices to manage credit risk

Policies to determine the estimate of credit provisions for risky assets

Allowance for credits is determined by the Bank in accordance with the guidelines of the REA issued by the Monetary Board, complementary circulars, instructions and communications made by the Superintendence of Banks of the Dominican Republic. In this sense, the evaluation is carried out based on the classification of major, medium and minor commercial debtors, microcredits, consumer and mortgage loans.

The Bank assigns the required provision corresponding to the risk classification at the time of granting. While customer monitoring is carried out with the factors defined in the regulations, the corresponding provision expense is recognized by debtor and type of credit based on the self-assessment of large and medium-sized commercial debtors and according to the payment behavior of the retail debtors.

In this sense, the risk rating for the largest commercial debtors is the result of the analysis of their capacity and historical behavior of payment and country risk. Medium trade receivables are assessed considering payment behavior and an assessment of operating losses in their financial statements and their relationship to adjusted equity. Meanwhile, minor commercial debtors, microcredits, consumer and mortgage loans are evaluated through their specific payment behavior based on the days of delay.

The guarantees are considered as a secondary element and are not included for the classification of the debtor, although they are included in the computation of the coverage of the provisions. For this purpose, the guarantees are an additional support factor for the debtor for the recovery of the credits.

In the case of credit restructurings, the provision required by virtue of the provisions established in the REA is calculated.

Loans portfolio write-off policies

A debtor is written-off when he has a loan with arrears greater than the amount and maximum term established by the Comprehensive Risk Management Committee by type of loan or investment and its guarantees.

In this sense, prior to the write-off, all possible collection efforts are exhausted before recognizing the total impairment of these credits, for which the Bank applies a consistent policy determined by type of client. Notwithstanding the recognition of the total loss, the Bank continues the management processes for the recovery of these assets.

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA -
BANCO MÚLTIPLE AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements (continued)

Amounts in thousands of Dominican pesos (DOP)

37 Financial risk management (continued)

(c) Credit risk (continued)

(i) Practices to manage credit risk (continued)

Credit restructuring policies

Loan restructuring is carried out following internal policies and procedures. In this sense, the Bank has established clear criteria by type of credit in relation to the conditions that can be negotiated in the restructuring process. Likewise, it has defined specific decision levels for these negotiations. In cases where the loan to be restructured is guaranteed, the institution's coverage position is always protected, and the value of the guarantees is ensured.

In effect, a loan is considered restructured when the bank modifies the payment terms and conditions of the original contract through which, the debtor presents any of the following situations: delinquency, deterioration in its economic situation based on its indicators, cash flows, or the sources of income have been affected. Restructuring requests have their respective decision limits established according to the amounts, consolidated debt or group of risks, respectively.

Credit concentration policies, by sector, by currency, by counterparty

The Bank has established a maximum level of exposure to concentration risk, defining the appetite, its tolerance and capacity. To determine the concentration limits of the active portfolio, the individual participation of each client or risk group of the Bank's technical assets is considered.

In this sense, processes have been prepared within the analysis and monitoring of clients, as well as risk groups to guarantee compliance with concentration levels and regulatory and internal limits, both in portfolio management and in the grant. Likewise, such as the monitoring of exposure by economic sector and by type of currency.

Loans portfolio recovery policies

To adequately manage credit risk, segregated recovery policies are established based on the type of customer and the level of risk it represents, with differentiated treatment by type of customer, using the institution's own behavior models and prioritization methodologies, segmentation and definition of collection strategies.

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA -
BANCO MÚLTIPLE AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements (continued)

Amounts in thousands of Dominican pesos (DOP)

37 Financial risk management (continued)

(c) Credit risk (continued)

(i) Practices to manage credit risk (continued)

Loans portfolio recovery policies (continued)

Internal credit risk management policies, including, where appropriate, any difference between the credit risk measurement bases applied internally, with respect to current regulations.

The Bank has internal policies for credit risk management based on its own metrics to proactively identify the level of customer risk. In this sense, for retail banking it works with its own score models for granting and behavior that allow customers to be segregated in relation to their level of risk, with the purpose of supporting decisions on the placement, management and recovery of credits.

Through this process, the probability of default of the debtors is identified and allows an early management decision to be made based on the probability of default and not on the event subsequent to the default. In the same way, optimized decision trees that support the management of the portfolio of consumer loans, credit cards, mortgages, and minor commercial debtors.

However, for the purpose of recognition of credit risk through the requirement of provisions and the weighted asset and contingent for credit risk, the provisions of the REA apply.

(ii) Information on guarantees

Policies and processes applied for the valuation, management and execution of guarantees

The guarantees accepted are those defined in current regulations, as established in the REA. Loans and credit cards can be granted with or without collateral, subject to internal and regulatory policies.

Each disbursement must be supported by the signing of a promissory note and, if applicable, the signing of a contract. The collateral requirement for mortgage and vehicle loans is mandatory, while for other loans it will depend on the characteristics of the facility requested, as well as the negotiation and condition of the debtor at the time of the request.

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA -
BANCO MÚLTIPLE AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements (continued)

Amounts in thousands of Dominican pesos (DOP)

37 Financial risk management (continued)

(c) Credit risk (continued)

(ii) Information on guarantees (continued)

Policies and processes applied for the valuation, management and execution of guarantees (continued)

The valuation of the guarantees is carried out according to the methodologies and terms defined in the REA. For these purposes, the Bank gives timely follow-up to the securities to be forfeited so that the pertinent revaluation procedures are carried out prior to their expiration.

The valuation unit guarantees the accuracy and follow-up of the value of movable and immovable property and projects received as collateral, as well as the integrity of the appraisals carried out by external third parties ensuring the protection of the Bank's interests.

Similarly, for guarantees of debt securities, it has established monthly valuation processes and recurring monitoring of the value of financial instruments, based on observed market prices; and for guarantees backed by insurance policies, constant monitoring is maintained to update and formalize these.

The Bank's Credit Policy establishes precise management criteria for the guarantees received as credit guarantees, both for their substitution or release and for their execution, where decision criteria and approval responsibilities are defined for these operations.

Information about the nature and admissible value of the collateral received

The Bank considers as admissible the real guarantees that are accepted by the financial intermediation entities for purposes of computing or mitigating provisions, which must meet the criteria established in Article 64 and be included in Table No. 5 of Article 66 of the REA.

The admissible value of the guarantees is defined based on the criteria established by the regulations. They can be non-multipurpose guarantees, which are real guarantees that by their nature are considered for single use and, therefore, present characteristics that make them difficult to carry out given their specialized origin and multi-purpose guarantees, which are real guarantees that due to their nature, they are considered to be of multiple use and present characteristics that make them easy to carry out on the market, without any legal or administrative limitations that appreciably restrict their use or the possibility of sale.

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA -
BANCO MÚLTIPLE AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements (continued)

Amounts in thousands of Dominican pesos (DOP)

37 Financial risk management (continued)

(c) Credit risk (continued)

(ii) Information on guarantees (continued)

Information on the instruments for which provisions have not been recognized as a result of the guarantee

Credit and investment portfolio is duly provisioned in accordance with the provisions of the REA, taking into account only the particularities defined for placements in the public sector with support from the National Budget, as stipulated in this regulation.

(iii) Concentration of loans

As of December 31, 2024 and 2023, regarding the concentration of risk by individual clients, 4% of the loans portfolio is represented by a public commercial debtor for both years. Regarding the concentration of risk-by-risk group 3% of the loans portfolio is represented by a private commercial group for both years.

As of December 31, 2024 and 2023, in terms of risk concentration by sector, 11% and 12%, respectively, of the loans portfolio is represented by the commercial and repair sector.

As of December 31, 2024 and 2023, in relation to the concentration of risk by geographical regions, 66% and 69%, respectively, of the loans portfolio is represented by the South Central Region of the country.

(iv) Exposure to credit risk

As of December 31, 2024 and 2023, the most significant assets measured at amortization cost, grouped according to their risk classification, are as follows:

	Gross balance DOP (a)	Allowance DOP	Net balance DOP
December 31, 2024			
Loans portfolio			
<i>Major commercial debtors:</i>			
Classification A	93,013,468	702,717	92,310,751
Classification B	116,802,925	2,059,738	114,743,187
Classification C	17,895,334	259,711	17,635,623
Classification D1	17,748,233	341,310	17,406,923
Classification D2	14,721,295	665,010	14,056,285
Classification E	<u>2,258,564</u>	<u>958,722</u>	<u>1,299,842</u>
Subtotal	<u>262,439,819</u>	<u>4,987,208</u>	<u>257,452,611</u>

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA -
BANCO MÚLTIPLE AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements (continued)

Amounts in thousands of Dominican pesos (DOP)

37 Financial risk management (continued)

(c) Credit risk (continued)

(iv) Exposure to credit risk (continued)

	Gross balance DOP (a)	Allowance DOP	Net balance DOP
December 31, 2024 (continued)			
Loans portfolio (continued)			
<i>Medium commercial debtors</i>			
Classification A	2,450,956	24,578	2,426,378
Classification B	76,949	1,040	75,909
Classification C	83,999	7,422	76,577
Classification D1	42,246	6,325	35,921
Classification D2	483	290	193
Classification E	<u>414,422</u>	<u>243,498</u>	<u>170,924</u>
Subtotal	<u>3,069,055</u>	<u>283,153</u>	<u>2,785,902</u>
<i>Minor commercial debtors</i>			
Classification A	62,289,268	627,368	61,661,900
Classification B	2,778,405	83,855	2,694,550
Classification C	1,731,439	325,101	1,406,338
Classification D1	2,356,509	846,989	1,509,520
Classification D2	837,082	434,971	402,111
Classification E	<u>280,344</u>	<u>167,804</u>	<u>112,540</u>
Subtotal	<u>70,273,047</u>	<u>2,486,088</u>	<u>67,786,959</u>
<i>Consumer credits</i>			
<i>- consumer loans</i>			
Classification A	121,128,084	1,214,936	119,913,148
Classification B	3,612,347	109,023	3,503,324
Classification C	2,095,361	387,270	1,708,091
Classification D1	3,073,289	1,106,095	1,967,194
Classification D2	1,255,459	700,347	555,112
Classification E	<u>318,821</u>	<u>206,713</u>	<u>112,108</u>
Subtotal	<u>131,483,361</u>	<u>3,724,384</u>	<u>127,758,977</u>
<i>Consumer credits</i>			
<i>- personal credit cards</i>			
Classification A	21,695,416	216,955	21,478,461
Classification B	531,323	15,940	515,383
Classification C	281,134	56,227	224,907
Classification D1	505,443	186,158	319,285
Classification D2	120,408	90,045	30,363
Classification E	<u>16,557</u>	<u>15,236</u>	<u>1,321</u>
Subtotal	<u>23,150,281</u>	<u>580,561</u>	<u>22,569,720</u>

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA -
BANCO MÚLTIPLE AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements (continued)

Amounts in thousands of Dominican pesos (DOP)

37 Financial risk management (continued)

(c) Credit risk (continued)

(iv) Exposure to credit risk (continued)

	Gross balance DOP (a)	Allowance DOP	Net balance DOP
December 31, 2024 (continued)			
Loans portfolio (continued)			
<i>Mortgage credits</i>			
Classification A	81,918,376	813,396	81,104,980
Classification B	1,849,404	48,022	1,801,382
Classification C	1,018,728	100,571	918,157
Classification D1	779,910	121,922	657,988
Classification D2	242,147	54,840	187,307
Classification E	<u>202,416</u>	<u>77,482</u>	<u>124,934</u>
Subtotal	<u>86,010,981</u>	<u>1,216,233</u>	<u>84,794,748</u>
Total credit risk exposure from the loan portfolio	<u>576,426,544</u>	<u>13,277,627</u>	<u>563,148,917</u>
December 31, 2023			
Loans portfolio			
<i>Major commercial debtors:</i>			
Classification A	96,392,887	739,161	95,653,726
Classification B	80,176,183	1,677,666	78,498,517
Classification C	25,475,754	765,807	24,709,947
Classification D1	2,555,775	251,156	2,304,619
Classification D2	29,214,222	2,254,947	26,959,275
Classification E	<u>1,757,002</u>	<u>599,844</u>	<u>1,157,158</u>
Subtotal	<u>235,571,823</u>	<u>6,288,581</u>	<u>229,283,242</u>
<i>Medium commercial debtors</i>			
Classification A	2,287,627	22,928	2,264,699
Classification B	218,830	3,697	215,133
Classification C	104,412	10,482	93,930
Classification D1	32,665	12,805	19,860
Classification D2	548,539	208,056	340,483
Classification E	<u>252,701</u>	<u>167,238</u>	<u>85,463</u>
Subtotal	<u>3,444,774</u>	<u>425,206</u>	<u>3,019,568</u>
<i>Minor commercial debtors</i>			
Classification A	57,615,679	606,506	57,009,173
Classification B	2,163,470	81,265	2,082,205
Classification C	1,512,688	274,444	1,238,244
Classification D1	1,551,286	548,309	1,002,977
Classification D2	290,965	138,611	152,354
Classification E	<u>171,106</u>	<u>111,142</u>	<u>59,964</u>
Subtotal	<u>63,305,194</u>	<u>1,760,277</u>	<u>61,544,917</u>

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA -
BANCO MÚLTIPLE AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements (continued)

Amounts in thousands of Dominican pesos (DOP)

37 Financial risk management (continued)

(c) Credit risk (continued)

(iv) Exposure to credit risk (continued)

	Gross balance DOP (a)	Allowance DOP	Net balance DOP
December 31, 2023 (continued)			
Loans portfolio (continued)			
<i>Consumer credits</i>			
- <i>consumer loans</i>			
Classification A	113,391,429	1,142,654	112,248,775
Classification B	2,409,043	75,336	2,333,707
Classification C	1,476,512	271,570	1,204,942
Classification D1	2,260,681	799,154	1,461,527
Classification D2	407,245	225,680	181,565
Classification E	<u>58,575</u>	<u>42,153</u>	<u>16,422</u>
Subtotal	<u>120,003,485</u>	<u>2,556,547</u>	<u>117,446,938</u>
<i>Consumer credits</i>			
- <i>personal credit cards</i>			
Classification A	17,097,733	170,978	16,926,755
Classification B	354,850	10,646	344,204
Classification C	181,044	34,022	147,022
Classification D1	370,102	133,526	236,576
Classification D2	63,940	46,959	16,981
Classification E	<u>14,597</u>	<u>13,321</u>	<u>1,276</u>
Subtotal	<u>18,082,266</u>	<u>409,452</u>	<u>17,672,814</u>
<i>Mortgage credits</i>			
Classification A	70,228,611	740,892	69,487,719
Classification B	1,504,042	80,205	1,423,837
Classification C	966,346	107,996	858,350
Classification D1	784,196	147,107	637,089
Classification D2	184,514	47,043	137,471
Classification E	<u>96,345</u>	<u>29,637</u>	<u>66,708</u>
	<u>73,764,054</u>	<u>1,152,880</u>	<u>72,611,174</u>
Total credit risk exposure from the loan portfolio	<u>514,171,596</u>	<u>12,592,943</u>	<u>501,578,653</u>

(a) As of December 31, 2024 and 2023, the gross balance of the Bank's loans portfolio excludes a discount of DOP26,351 and DOP26,022, respectively, for the purchase of a discounted portfolio from a local financial institution.

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA -
BANCO MÚLTIPLE AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements (continued)

Amounts in thousands of Dominican pesos (DOP)

37 Financial risk management (continued)

(c) Credit risk (continued)

(v) Credit quality of the loans portfolio

As of December 31, 2024 and 2023, impaired loans and historical default rates are presented as follows:

	As of December 31, 2024			As of December 31, 2023		
	<u>Last year</u>	<u>Last 3 years</u>	<u>Last 5 years</u>	<u>Last year</u>	<u>Last 3 years</u>	<u>Last 5 years</u>
Past due loans (more than 90 days)	4,240,015	3,386,751	3,413,302	2,884,014	3,071,740	3,245,663
Loans in legal collection	171,666	155,627	785,509	26,673	764,104	1,113,782
Loss coverage for adjudications	354,182	908,674	1,102,671	208,421	804,296	2,261,228
Write-off portfolio	<u>7,311,223</u>	<u>17,654,237</u>	<u>22,801,203</u>	<u>5,605,134</u>	<u>12,077,678</u>	<u>14,375,001</u>
Total credits impaired	<u>12,077,086</u>	<u>22,105,289</u>	<u>28,102,685</u>	<u>8,724,242</u>	<u>16,717,818</u>	<u>20,995,674</u>
Gross loan portfolio	<u>559,735,510</u>	<u>481,859,917</u>	<u>426,729,278</u>	<u>475,096,320</u>	<u>412,202,063</u>	<u>378,222,536</u>
Historical rate of default %	<u>2.16%</u>	<u>4.59%</u>	<u>6.59%</u>	<u>1.84%</u>	<u>4.06%</u>	<u>5.55%</u>

(vi) Coverage of the guarantees received

	Gross balance <u>DOP (a)</u>	Allowance <u>DOP</u>	Net balance <u>DOP</u>
December 31, 2024			
Loans portfolio			
<i>Major commercial debtors</i>			
Classification A	93,013,468	17,020,522	75,992,946
Classification B	116,802,925	72,175,257	44,627,668
Classification C	17,895,334	17,464,127	431,207
Classification D1	17,748,233	17,541,558	206,675
Classification D2	14,721,295	14,404,560	316,735
Classification E	<u>2,258,564</u>	<u>1,610,628</u>	<u>647,936</u>
Subtotal	<u>262,439,819</u>	<u>140,216,652</u>	<u>122,223,167</u>
<i>Medium commercial debtors</i>			
Classification A	2,450,956	1,040,703	1,410,253
Classification B	76,949	63,431	13,518
Classification C	83,999	49,355	34,644
Classification D1	42,246	27,099	15,147

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA -
BANCO MÚLTIPLE AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements (continued)

Amounts in thousands of Dominican pesos (DOP)

37 Financial risk management (continued)

(c) Credit risk (continued)

(vi) Coverage of the guarantees received (continued)

	Gross balance DOP (a)	Allowance DOP	Net balance DOP
December 31, 2024 (continued)			
Loans portfolio (continued)			
Classification D2	483	-	483
Classification E	<u>414,422</u>	<u>239,716</u>	<u>174,706</u>
Subtotal	<u>3,069,055</u>	<u>1,420,304</u>	<u>1,648,751</u>
<i>Minor commercial debtors</i>			
Classification A	62,289,268	9,172,798	53,116,470
Classification B	2,778,405	386,360	2,392,045
Classification C	1,731,439	208,973	1,522,466
Classification D1	2,356,509	313,936	2,042,573
Classification D2	837,082	122,050	715,032
Classification E	<u>280,344</u>	<u>130,936</u>	<u>149,408</u>
Subtotal	<u>70,273,047</u>	<u>10,335,053</u>	<u>59,937,994</u>
<i>Consumer credits</i>			
- consumer loans			
Classification A	121,128,084	15,092,397	106,035,687
Classification B	3,612,347	388,023	3,224,324
Classification C	2,095,361	245,463	1,849,898
Classification D1	3,073,289	309,753	2,763,536
Classification D2	1,255,459	110,450	1,145,009
Classification E	<u>318,821</u>	<u>147,836</u>	<u>170,985</u>
Subtotal	<u>131,483,361</u>	<u>16,293,922</u>	<u>115,189,439</u>
<i>Consumer credits</i>			
- personal credit cards			
Classification A	21,695,416	-	21,695,416
Classification B	531,323	-	531,323
Classification C	281,134	-	281,134
Classification D1	505,443	-	505,443
Classification D2	120,408	-	120,408
Classification E	<u>16,557</u>	<u>-</u>	<u>16,557</u>
Subtotal	<u>23,150,281</u>	<u>-</u>	<u>23,150,281</u>
<i>Mortgage credits</i>			
Classification A	81,918,376	62,635,518	19,282,858
Classification B	1,849,404	1,491,796	357,608
Classification C	1,018,728	831,438	187,290
Classification D1	779,910	642,556	137,354
Classification D2	242,147	200,587	41,560
Classification E	<u>202,416</u>	<u>159,656</u>	<u>42,760</u>
Subtotal	<u>86,010,981</u>	<u>65,961,551</u>	<u>20,049,430</u>

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA -
BANCO MÚLTIPLE AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements (continued)

Amounts in thousands of Dominican pesos (DOP)

37 Financial risk management (continued)

(c) Credit risk (continued)

(vi) Coverage of the guarantees received (continued)

	Gross balance DOP (a)	Allowance DOP	Net balance DOP
December 31, 2024 (continued)			
Loans portfolio (continued)			
Total credit risk exposure from loans portfolio	<u>576,426,544</u>	<u>234,227,482</u>	<u>342,199,062</u>
December 31, 2023			
Loans portfolio			
<i>Major commercial debtors</i>			
Classification A	96,392,887	13,702,145	82,690,742
Classification B	80,176,183	38,057,747	42,118,436
Classification C	25,475,754	22,888,426	2,587,328
Classification D1	2,555,775	2,200,340	355,435
Classification D2	29,214,222	28,232,104	982,118
Classification E	<u>1,757,002</u>	<u>1,448,301</u>	<u>308,701</u>
Subtotal	<u>235,571,823</u>	<u>106,529,063</u>	<u>129,042,760</u>
<i>Medium commercial debtors</i>			
Classification A	2,287,627	768,150	1,519,477
Classification B	218,830	143,412	75,418
Classification C	104,412	54,740	49,672
Classification D1	32,665	667	31,998
Classification D2	548,539	227,621	320,918
Classification E	<u>252,701</u>	<u>120,519</u>	<u>132,182</u>
Subtotal	<u>3,444,774</u>	<u>1,315,109</u>	<u>2,129,665</u>
<i>Minor commercial debtors</i>			
Classification A	57,615,679	8,474,293	49,141,386
Classification B	2,163,470	440,790	1,722,680
Classification C	1,512,688	316,360	1,196,328
Classification D1	1,551,286	230,614	1,320,672
Classification D2	290,965	74,367	216,598
Classification E	<u>171,106</u>	<u>71,053</u>	<u>100,053</u>
Subtotal	<u>63,305,194</u>	<u>9,607,477</u>	<u>53,697,717</u>

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA -
BANCO MÚLTIPLE AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements (continued)

Amounts in thousands of Dominican pesos (DOP)

37 Financial risk management (continued)

(c) Credit risk (continued)

(vi) Coverage of the guarantees received (continued)

	Gross balance DOP (a)	Allowance DOP	Net balance DOP
December 31, 2023 (continued)			
Loans portfolio (continued)			
<i>Consumer credits</i>			
- <i>consumer loans</i>			
Classification A	113,391,429	12,016,536	101,374,893
Classification B	2,409,043	292,924	2,116,119
Classification C	1,476,512	187,902	1,288,610
Classification D1	2,260,681	260,499	2,000,182
Classification D2	407,245	53,956	353,289
Classification E	<u>58,575</u>	<u>19,288</u>	<u>39,287</u>
Subtotal	<u>120,003,485</u>	<u>12,831,105</u>	<u>107,172,380</u>
<i>Consumer credits</i>			
- <i>personal credit cards</i>			
Classification A	17,097,733	-	17,097,733
Classification B	354,850	-	354,850
Classification C	181,044	-	181,044
Classification D1	370,102	-	370,102
Classification D2	63,940	-	63,940
Classification E	<u>14,597</u>	<u>-</u>	<u>14,597</u>
Subtotal	<u>18,082,266</u>	<u>-</u>	<u>18,082,266</u>
<i>Mortgage credits</i>			
Classification A	70,228,611	58,963,547	11,265,064
Classification B	1,504,042	1,246,077	257,965
Classification C	966,346	810,125	156,221
Classification D1	784,196	644,543	139,653
Classification D2	184,514	151,947	32,567
Classification E	<u>96,345</u>	<u>78,062</u>	<u>18,283</u>
Subtotal	<u>73,764,054</u>	<u>61,894,301</u>	<u>11,869,753</u>
Total credit risk exposure from loans portfolio	<u>514,171,596</u>	<u>192,177,055</u>	<u>321,994,541</u>

(a) As of December 31, 2024 and 2023, the gross balance of the Bank's loans portfolio excludes a discount of DOP26,351 and DOP26,022, respectively, for the purchase of a discounted portfolio from a local financial institution.

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA -
BANCO MÚLTIPLE AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements (continued)

Amounts in thousands of Dominican pesos (DOP)

37 Financial risk management (continued)

(c) Credit risk (continued)

(vii) Credits recovered with assets received in lieu of foreclosure of loans

A detail of credits recovered with assets received in credit recovery is presented as follow:

	<u>2024</u>	<u>2023</u>
Real estate	334,292	288,801
Personal property	<u>98,283</u>	<u>41,373</u>
	<u>432,575</u>	<u>330,174</u>

Policies for timely realization of assets received in lieu of foreclosure of loans

The administration of assets received in lieu of foreclosure of loans is formalized following internal policies and procedures. In this sense, the Bank has established clear criteria for the timely recognition of assets in the portfolio of foreclosure of loans, as well as those concerning the maintenance, publication and sale of these assets. A publication value model is defined for the determination and process of receiving offers, approval and sale.

During the years ended December 31, 2024 and 2023, the Bank recovered credits previously written off in cash for an approximate value of DOP1,191,000 and DOP1,157,000, respectively.

38 Segments information

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

<u>Segment</u>	<u>Company</u>	<u>Jurisdiction</u>	<u>Functional currency</u>	<u>Equity shares</u>	<u>Percentage of voting rights direct and indirect</u>
December 31, 2024					
Financial	Banco de Reservas de la República Dominicana - Banco Múltiple	Dominican Republic	DOP	76,000,000	100%
Related services	Tenedora Reservas, S. A. and Subsidiaries	Dominican Republic	DOP	1,551,434	97.74%
Related services	Banreservas Representative Offices, Inc.	United State of América	USD	<u>58,758</u>	100%
				77,610,192	
	Elimination adjustments in consolidation			<u>(1,610,192)</u>	
				<u>76,000,000</u>	

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA -
BANCO MÚLTIPLE AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements (continued)

Amounts in thousands of Dominican pesos (DOP)

38 Segments information (continued)

December 31, 2023

Financial	Banco de Reservas de la República Dominicana - Banco Múltiple	Dominican Republic	DOP	39,000,000	100%
Related services	Tenedora Reservas, S. A. and Subsidiaries	Dominican Republic	DOP	<u>1,551,434</u>	97.74%
				40,551,434	
	Elimination adjustments in consolidation			<u>(1,551,434)</u>	
				<u>39,000,000</u>	

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

<u>Company</u>	<u>Assets</u>	<u>Liabilities</u>	<u>Revenues</u>	<u>Expenses</u>	<u>Net profit</u>
December 31, 2024					
Banco de Reservas de la República Dominicana - Banco Múltiple	1,215,668,596	1,105,048,333	148,864,799	121,298,524	27,566,275
Tenedora Reservas, S. A. y Subsidiarias	58,303,943	35,534,057	34,424,145	31,525,984	2,898,161
Administradora de Riesgos de Salud Reservas, Inc.	1,136,272	877,060	2,257,681	2,241,387	16,294
Banreservas Representative Offices, Inc.	<u>115,810</u>	<u>20,271</u>	<u>237,996</u>	<u>193,561</u>	<u>44,435</u>
	1,275,224,621	1,141,479,721	185,784,621	155,259,456	30,525,165
Elimination adjustments in consolidation	<u>(32,674,978)</u>	<u>(9,691,914)</u>	<u>(7,191,313)</u>	<u>(4,252,597)</u>	<u>(2,938,716)</u>
	<u>1,242,549,643</u>	<u>1,131,787,807</u>	<u>178,593,308</u>	<u>151,006,859</u>	<u>27,586,449</u>

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA -
BANCO MÚLTIPLE AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements (continued)

Amounts in thousands of Dominican pesos (DOP)

38 Segments information (continued)

<u>Company</u>	<u>Assets</u>	<u>Liabilities</u>	<u>Revenues</u>	<u>Expenses</u>	<u>Net profit</u>
December 31, 2023					
Banco de Reservas de la República Dominicana - Banco Múltiple	1,127,606,701	1,040,288,428	128,274,809	103,774,795	24,500,014
Tenedora Reservas, S. A. and Subsidiaries	51,776,649	30,213,805	29,675,802	27,000,139	2,675,663
Administradora de Riesgos de Salud Reservas, Inc.	<u>1,046,913</u>	<u>821,476</u>	<u>1,953,940</u>	<u>1,919,878</u>	<u>34,062</u>
	1,180,430,263	1,071,323,709	159,904,551	132,694,812	27,209,739
Elimination adjustments in consolidation	<u>(32,051,733)</u>	<u>(10,544,706)</u>	<u>(6,665,110)</u>	<u>(3,995,383)</u>	<u>(2,669,727)</u>
	<u>1,148,378,530</u>	<u>1,060,779,003</u>	<u>153,239,441</u>	<u>128,699,429</u>	<u>24,540,012</u>

39 Operations with related parties

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

The most significant operations and balances with related parties in accordance with the criteria established by the Regulation on Credit Limits to Related Parties as of December 31, 2024 and 2023 are as follows:

December 31, 2024

	<u>Current loans</u>	<u>Past due loans</u>	<u>Total</u>	<u>Collaterals</u>
Related to ownership	35,818,799	120	35,818,919	-
Related to management	<u>32,952,437</u>	<u>383,315</u>	<u>33,335,752</u>	<u>23,123,564</u>

December 31, 2023

Related to ownership	36,926,107	86	36,926,193	-
Related to management	<u>23,996,545</u>	<u>223,755</u>	<u>24,220,300</u>	<u>12,966,196</u>

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA -
BANCO MÚLTIPLE AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements (continued)

Amounts in thousands of Dominican pesos (DOP)

39 Operations with related parties (continued)

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

As of December 31, 2024 and 2023, loans related to the management of the Bank includes DOP26,800,000 and DOP20,944,000, respectively, which were provided to employees and relatives by consanguinity at an interest rate on more favorable terms than with non-related parties in accordance with the policy for personnel incentives. Similarly, deposits with related parties maintain interest rates at different conditions from those with unrelated parties.

The main balances and transactions with related parties through ownership for the years ended December 31, 2024 and 2023 include:

2024	<u>Condition</u>	<u>Short term DOP</u>	<u>Medium term DOP</u>	<u>Large term DOP</u>	<u>Balance DOP</u>
Assets					
<u>Cash and cash equivalents -</u>					
Related to ownership	Active	140,272,977	-	-	140,272,977
<u>Investments -</u>					
Related to ownership	Active	13,319,399	90,675,286	284,999,118	388,993,803
<u>Loans portfolio:</u>					
Related to ownership	Current	16,910,235	10,340,454	8,568,093	35,818,782
Related to ownership	Overdue (31 to 90 days)	17	-	-	17
Related to ownership	Past due (more than 90 days)	120	-	-	120
Officials and employees	Current	<u>638,001</u>	<u>1,473,956</u>	<u>10,162,317</u>	<u>12,274,274</u>
		<u>17,548,373</u>	<u>11,814,410</u>	<u>18,730,410</u>	<u>48,093,193</u>

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA -
BANCO MÚLTIPLE AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements (continued)

Amounts in thousands of Dominican pesos (DOP)

39 Operations with related parties (continued)

2024 (continued)	Condition	Short term DOP	Medium term DOP	Large term DOP	Balance DOP
<u>Interests receivable:</u>					
Related to ownership	Current	35,746	-	-	35,746
Related to ownership	Overdue (31 to 90 days)	14	-	-	14
Related to ownership	Past due (more than 90 days)	10	-	-	10
Officials and employees	Current	<u>3,655</u>	<u>6,844</u>	<u>51,572</u>	<u>62,071</u>
		<u>39,425</u>	<u>6,844</u>	<u>51,572</u>	<u>97,841</u>
<u>Accounts receivable:</u>					
Related to ownership	Current	11,619	-	-	11,619
Officials and employees	Current	<u>53,458</u>	<u>-</u>	<u>-</u>	<u>53,458</u>
		<u>65,077</u>	<u>-</u>	<u>-</u>	<u>65,077</u>
<u>Other assets -</u>					
Related to management	Current	<u>465,610</u>	<u>-</u>	<u>-</u>	<u>465,610</u>
		<u>171,710,861</u>	<u>102,496,540</u>	<u>303,781,100</u>	<u>577,988,501</u>
Liabilities					
<u>Checking deposits:</u>					
Related to ownership	Current	94,388,757	-	-	94,388,757
Officials and employees	Current	<u>151,967</u>	<u>-</u>	<u>-</u>	<u>151,967</u>
		<u>94,540,724</u>	<u>-</u>	<u>-</u>	<u>94,540,724</u>
<u>Savings deposits:</u>					
Related to ownership	Current	81,123,265	-	-	81,123,265
Officials and employees	Current	<u>2,277,622</u>	<u>-</u>	<u>-</u>	<u>2,277,622</u>
		<u>83,400,887</u>	<u>-</u>	<u>-</u>	<u>83,400,887</u>

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA -
BANCO MÚLTIPLE AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements (continued)

Amounts in thousands of Dominican pesos (DOP)

39 Operations with related parties (continued)

2024 (continued)	<u>Condition</u>	<u>Short term DOP</u>	<u>Medium term DOP</u>	<u>Large term DOP</u>	<u>Balance DOP</u>
<u>Time deposits:</u>					
Related to ownership	Current	38,117,112	-	2,291,792	40,408,904
Officials and employees	Current	<u>2,802,438</u>	<u>754,022</u>	<u>49,845</u>	<u>3,606,305</u>
		<u>40,919,550</u>	<u>754,022</u>	<u>2,341,637</u>	<u>44,015,209</u>
<u>Borrowed funds -</u>					
Related to ownership	Current	58,409,355	-	-	58,409,355
<u>Otros Liabilities:</u>					
Related to ownership	Current	<u>752,777</u>	<u>-</u>	<u>173,427</u>	<u>926,204</u>
		<u>278,023,293</u>	<u>754,022</u>	<u>2,515,064</u>	<u>281,292,379</u>
2023					
Assets					
<u>Cash and cash equivalents -</u>					
Related to ownership	Active	196,833,089	-	-	196,833,089
<u>Investments -</u>					
Related to ownership	Active	34,241,386	176,715,710	97,530,429	308,487,525
<u>Loans portfolio:</u>					
Related to ownership	Current	17,201,337	11,156,612	8,568,106	36,926,055
Related to ownership	Overdue (31 to 90 days)	52	-	-	52
Related to ownership	Past due (more than 90 days)	86	-	-	86
Officials and employees	Current	<u>535,676</u>	<u>1,019,865</u>	<u>9,395,406</u>	<u>10,950,947</u>
		<u>17,737,151</u>	<u>12,176,477</u>	<u>17,963,512</u>	<u>47,877,140</u>
<u>Interests receivable:</u>					
Related to ownership	Current	26,602	-	-	26,602
Related to ownership	Overdue (31 to 90 days)	26	-	-	26

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA -
BANCO MÚLTIPLE AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements (continued)

Amounts in thousands of Dominican pesos (DOP)

39 Operations with related parties (continued)

2024 (continued)	Condition	Short term DOP	Medium term DOP	Large term DOP	Balance DOP
<u>Time deposits:</u>					
Related to ownership	Past due (more than 90 days)	3	-	-	3
Officials and employees	Current	<u>3,619</u>	<u>3,412</u>	<u>52,930</u>	<u>59,961</u>
		<u>30,250</u>	<u>3,412</u>	<u>52,930</u>	<u>86,592</u>
<u>Accounts receivable:</u>					
Related to ownership	Current	1,936	-	-	1,936
Officials and employees	Current	<u>49,434</u>	<u>-</u>	<u>-</u>	<u>49,434</u>
		<u>51,370</u>	<u>-</u>	<u>-</u>	<u>51,370</u>
<u>Other assets -</u>					
Related to management	Current	<u>426,285</u>	<u>-</u>	<u>-</u>	<u>426,285</u>
		<u>249,319,531</u>	<u>188,895,599</u>	<u>115,546,871</u>	<u>553,762,001</u>
Liabilities					
<u>Checking deposits:</u>					
Related to ownership	Current	87,667,309	-	-	87,667,309
Officials and employees	Current	<u>101,330</u>	<u>-</u>	<u>-</u>	<u>101,330</u>
		<u>87,768,639</u>	<u>-</u>	<u>-</u>	<u>87,768,639</u>
<u>Savings deposits:</u>					
Related to ownership	Current	82,675,615	-	-	82,675,615
Officials and employees	Current	<u>1,338,369</u>	<u>-</u>	<u>-</u>	<u>1,338,369</u>
		<u>84,013,984</u>	<u>-</u>	<u>-</u>	<u>84,013,984</u>
<u>Time deposits:</u>					
Related to ownership	Current	54,030,407	-	-	54,030,407
Officials and employees	Current	<u>1,619,944</u>	<u>799,971</u>	<u>133,203</u>	<u>2,553,118</u>
		<u>55,650,351</u>	<u>799,971</u>	<u>133,203</u>	<u>56,583,525</u>
<u>Borrowed funds -</u>					
Related to ownership	Current	51,274,682	-	-	51,274,682
<u>Otros Liabilities:</u>					
Related to ownership	Current	<u>587,582</u>	<u>-</u>	<u>173,427</u>	<u>761,009</u>
		<u>279,295,238</u>	<u>799,971</u>	<u>306,630</u>	<u>280,401,839</u>

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA -
BANCO MÚLTIPLE AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements (continued)

Amounts in thousands of Dominican pesos (DOP)

39 Operations with related parties (continued)

<u>Type of linkage</u>	<u>Type of transaction</u>	<u>Effect on profit</u>	
		<u>Income</u>	<u>Expenses</u>
December 31, 2024			
<u>Income</u>			
Related to ownership	Interest on cash and cash equivalents	1,488,224	-
Related to ownership	Interest on loans	2,395,772	-
Related to ownership	Interest on investments	23,349,331	-
Officials and employees	Interest on loans	<u>775,693</u>	<u>-</u>
<u>Expenses</u>			
Related to ownership	Interest on deposits from customers	-	5,375,725
Related to ownership	Interest on borrowed funds	-	1,270,106
Officials and employees	Interest on deposits from customers	<u>-</u>	<u>195,642</u>
December 31, 2023			
<u>Income</u>			
Related to ownership	Interest on cash and cash equivalents	2,280,249	-
Related to ownership	Interest on loans	2,484,072	-
Related to ownership	Interest on investments	22,685,526	-
Officials and employees	Interest on loans	<u>685,459</u>	<u>-</u>
<u>Expenses</u>			
Related to ownership	Interest on deposits from customers	-	7,710,127
Related to ownership	Interest on borrowed funds	-	894,318
Officials and employees	Interest on deposits from customers	<u>-</u>	<u>150,633</u>

40 Non-monetary transactions

Main non-monetary transactions that occurred during the years ended December 31, 2024 and 2023 are as follows:

	<u>2024</u>	<u>2023</u>
Write-off of loans portfolio and interests receivable	7,283,985	6,912,322
Write-offs of goods received in recovery of credit	-	12,410
Assets received in lieu of foreclosure of loans	432,575	330,174
Transfer between allowance for risky assets:		
Loans portfolio	(164,897)	390,550
Investments	109,000	-

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA -
BANCO MÚLTIPLE AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements (continued)

Amounts in thousands of Dominican pesos (DOP)

40 Non-monetary transactions (continued)

	<u>2024</u>	<u>2023</u>
Interests receivable	604,786	10,096
Assets received in lieu of foreclosure of loans	(549,889)	(162,646)
Contingent operations	1,000	(238,000)
Allowance reversal	26	-
Loans portfolio discount amortization	2,552	26,707
Assets received in lieu of foreclosure of written-off loans	104,257	166,325
Sale of assets received in lieu of foreclosure of loans with credit facilities	244,349	180,563
Allowances reversals for sales of received in lieu of foreclosure of loans	307,626	168,867
Subordinated debts issuance cost and discount amortization	16,405	10,537
Impairment of property, furniture and equipment	1,554	299,542
Transfers from property, furniture and equipment:		
Operating expenses	360,707	113,408
Assets received in lieu of foreclosure of loans	(882)	(569)
Other assets	23,312	25,727
Other liabilities	(1,990)	-
Earning from shares in other companies	766,606	653,982
Amortization of premium and discount on investments, net	4,702,292	5,338,950
Interest reinvested in receivables	8,792,434	6,833,145
Deferred tax, net	2,335,915	-
Transfer of profits to others		
equity reserves	16,539,765	14,700,008
Assets revaluation surplus	7,821,025	-
Reinvestment of dividends Law No.13-24	<u>37,000,000</u>	<u>-</u>

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA -
BANCO MÚLTIPLE AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements (continued)

Amounts in thousands of Dominican pesos (DOP)

41 Subsequent event

Upcoming implementation of new accounting standard

On February 20, 2025, the Monetary Board, through its Fourth Resolution, approved the implementation of Fair Value (Mark to Market) as the methodology for the initial recognition, classification, valuation, and measurement of financial instruments for Financial Intermediation Entities. This change, in accordance with Law No. 183-02 Monetary and Financial, will take effect starting January 1, 2026.

This new regulation establishes that investment portfolios must be classified and measured using criteria based on the business model defined by the Bank and the contractual cash flows characteristics. The categories defined for this classification include: investments at fair value through profit or loss, investments at fair value through other comprehensive income (OCI) and investments at amortized cost.

The implementation of fair value will be adopted in two phases, as outlined in Circular SB: CSB-REG-202500002 issued by the Superintendence of Banks on March 12, 2025. A transition period known as "Synthetic Fair Value" will be in effect until December 31, 2025. During this time, financial entities are required to adjust their policies and investment portfolio structures accordingly. Additionally, these entities must report the changes to the Superintendence of Banks by July 4, 2025.

Effective January 1, 2026, the definitive application of Fair Value will be implemented. The Bank is currently assessing the impact of this new regulation on its financial statements, as well as on its regulatory capital and solvency levels.

The Superintendence of Banks will issue general regulations to outline the expectations for recognition of the change in accounting policy during its initial application. These regulations will also address the treatment of profits or losses resulting from the adjustments due to the application of fair value to investments.

42 Notes required by the Superintendence of Banks

The Superintendence of Banks's Accounting Manual for Supervised Entities sets the minimum disclosure requirements that the consolidated financial statements of financial institutions should include.

As of December 31, 2024, the following notes are not included because they are not applicable:

- ◆ Derivatives operations
- ◆ Cash sales contracts
- ◆ Securities lending agreements

**BANCO DE RESERVAS DE LA REPÚBLICA DOMINICANA -
BANCO MÚLTIPLE AND SUBSIDIARIES**

Notes to the Consolidated Financial Statements (continued)

Amounts in thousands of Dominican pesos (DOP)

42 Notes required by the Superintendence of Banks (continued)

- ◆ Outstanding securities
- ◆ Collateral agent
- ◆ Separate securitization assets
- ◆ Fair value through profit or loss portfolio results
- ◆ Fair value with changes in OCI portfolio results
- ◆ Financial instruments fair value
- ◆ Earnings per share
- ◆ Business combinations
- ◆ Default on financial liabilities
- ◆ Discontinued operations
- ◆ Other revelations
 - Changes in stock ownership whose amount and number of shares exceeds 1%, having to indicate the amounts and number of shares;
 - Material liabilities reclassification;
 - Gains or losses from the sale of fixed assets or other assets in subsidiaries, branches, or offices abroad.