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

Consolidated Financial Statements – Statutory Basic

March 31, 2013

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

Content

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

Consolidated Balance Sheets - Statutory Basic

(Amounts in Thousands of RD$)

	March 31, 2013	December 31, 2012
ASSETS		
Available funds (notes 4, 5, 36, 37 and 40)	43,435,380	42,776,266
Investments (notes 4, 7, 16, 31, 36, 37, 38 and 40)		
Other investments in debt instruments	39,123,750	36,532,651
Interest receivable	1,011,789	925,457
Allowance for investments	(32,697)	(32,697)
	40,102,842	37,425,411
Loan portfolio (notes 4, 8, 16, 31, 35, 36, 37, 38 and 40)		
Current	145,192,572	144,942,515
Restructured	351,210	382,038
Past due	2,464,829	3,285,408
In legal collection	6,020,454	5,035,803
Interest receivable	1,022,755	889,321
Allowance for loan losses	(5,260,730)	(5,247,857)
	149,791,090	149,287,228
Customer acceptances (notes 4, 9, 35 and 36)	-	193,574
Accounts receivable		
Accounts receivable (notes 4, 10, 35, 36, 37 y 39)	6,847,268	6,598,955
Insurance premiums receivable (notes 11 and 35)	1,493,148	1,203,405
Receivables from insurance and guarantees	11,584	10,377
	8,352,000	7,812,737
Assets adquired in settlement of loans (notes 12, 16 and 40)		
Assets received on foreclosure of loans	5,556,226	5,689,126
Allowance for losses on assets received on foreclosure of loans	(3,767,374)	(3,624,695)
	1,788,852	2,064,431
Investments in shares (notes 4, 13, 16, 36, 37 and 40)		
Investments in shares	343,942	343,297
Allowance for investments in share	(151,132)	(151,115)
	192,810	192,182
Property, furniture and equipment (note 14)		
Property, furniture and equipment	10,244,090	10,053,943
Accumulated depreciation	(4,297,282)	(4,175,267)
	5,946,808	5,878,676
Properties under development intended for sale and for leasing	351,678	358,312
Other assets (notes 4, 15 and 35)		
Deferred charges	2,218,345	2,142,162
Intangibles assets	175,285	175,285
Other assets	280,575	244,418
Accumulated amortization	(94,130)	(87,694)
	2,580,075	2,474,171
TOTAL ASSETS	**252,541,535**	**248,462,988**
Contingent accounts (note 29)	**1,009,699,185**	**713,146,416**
Memorandum accounts (note 30)	**347,336,102**	**342,948,929**

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

Lic. Vicente Bengoa Albizu	Lic. Damián Santos	Licda. Carmen Arnaud
General Administrator	Comptroller	Accounting Director

	March 31, 2013	December 31, 2012
LIABILITIES AND EQUITY		
LIABILITIES		
Customer deposits (notes 4, 17, 36, 37 and 38)		
Demand	40,395,585	33,772,422
Savings	52,226,963	54,813,544
Time	35,096,754	34,858,660
Interest payable	269,582	-
	127,988,884	123,444,626
Deposits from local financial institutions (notes 4, 18, 36 and 37)		
Local	5,092,975	10,219,270
Interest payable	-	-
	5,092,975	10,219,270
Borrowed funds (notes 4, 19, 36 and 37)		
From local financial entities	9,239	10,577
From foreign financial entities	10,415,025	15,959,245
Other	19,715	19,715
Interest payable	101,810	97,535
	10,545,789	16,087,072
Acceptances outstanding (notes 4, 9, 35 and 36)	-	193,574
Certificates of deposits (notes 20, 36, 37 and 38)		
Certificates of deposits	69,153,712	67,334,379
Creditors for insurance and bank guarantees	614,106	753,326
Insurance premium deposits	484,662	277,753
Other liabilities (notes 4, 21, 28, 36, 38 and 39)	5,628,295	10,037,074
Subordinate debt (notes 4, 22 and 36)		
Subordinate debt	12,200,401	-
Interest payable	143,574	-
	12,343,975	-
Technical reserves (note 23)		
Mathematical and technical life insurance reserves	78,739	80,828
Reserve for unearned insurance premiums	1,666,926	1,602,817
	1,745,665	1,683,645
TOTAL LIABILITIES	233,598,063	230,030,719
Owners of the Parent Company's equity (notes 27 and		
Paid-in capital	3,500,000	3,500,000
Other equity reserves	8,718,686	8,718,686
Revaluation surplus	773,841	773,841
Retained earnings	4,789,491	3,672,316
Net income for the period	1,022,560	1,638,864
	18,804,578	18,303,707
Minority	138,894	128,562
EQUITY	18,943,472	18,432,269
TOTAL LIABILITIES AND EQUITY	**252,541,535**	**248,462,988**
Contingent accounts (note 29)	**1,009,699,185**	**713,146,416**
Memorandum accounts (note 30)	**347,336,102**	**342,948,929**

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

Consolidated Income Statements - Statutory Basic

(Amounts in Thousands of RD$)

	Nine (9) - months periods ended March, 31 2013	2012
Financial income (notes 7, 8, 31 and 38)		
Interest and commissions on loans	4,421,374	4,317,835
Interest from investments	1,064,218	1,116,269
Gain from investments	220,032	13,079
Insurance premiums net of returns and cancelations	938,671	1,376,870
	6,644,295	6,824,053
Financial expenses (notes 17, 18, 19, 20 and 31)		
Interes on deposits	1,856,438	2,093,999
Interest and commissions on borrowed funds	97,143	98,132
Loss on investments	26,796	22,953
Reinsurance expense	479,386	800,365
Insurance claims and contractual obligations	287,841	280,420
Technical adjusment to insurance reserves	(60,046)	10,106
Expenses related to acquisition, conservations and collection of insurance premiums	122,462	115,492
	2,810,020	3,421,467
Gross financial margin	3,834,275	3,402,586
Provision for loan losses (note 16)	130,000	269,800
Provision for investments losses (note 16)	-	-
	130,000	269,800
Net financial margin	3,704,275	3,132,786
Foreign exchange gain (loss)	(14,780)	-81,974
Other operating income (note 32)		
Credit card fees	94,108	83,993
Services fees	468,789	482,229
Foreign exchange commissions	135,396	159,997
Miscellaneous income	504,924	309,130
	1,203,217	1,035,349
Other operating expenses (notes 33 and 38)		
Commissions for services	42,367	45,496
Miscellaneous expenses	120,085	115,503
	162,452	160,999
Gross operating income	4,730,260	3,925,162
Operating expenses (notes 16, 29, 35, 38, 39 and 40)		
Salaries and personnel compensation	1,937,989	1,614,024
Professional fees	155,524	138,636
Depreciation and amortization	140,888	159,316
Other provisions	56,199	169,637
Other expenses	1,214,491	1,092,946
	3,505,091	3,174,559
Net operating income	1,225,169	750,603

(Continued)

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

Consolidated Income Statements - Statutory Basic, Continued

(Amounts in Thousands of RD$)

	Nine (9) - months periods ended March, 31	
	2013	**2012**
Other income (expenses) (note 34)		
Other income	134,146	129,360
Other expenses	(54,800)	(90,246)
	79,346	39,114
Income before income tax	1,304,515	789,717
Income tax (note 24)	(271,403)	(70,698)
Net income for the period	**1,033,112**	**719,019**
ATTRIBUTABLE TO:		
Owners of the Controlling equity	1,022,560	712,842
Minority	10,552	6,177
	1,033,112	**719,019**

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

Lic. Vicente Bengoa Albizu	Lic. Damián Santos	Licda. Carmen Arnaud
General Administrator	Comptroller	Accounting Director

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

Consolidated Statements of Equity - Statutory Basic

(Amounts in Thousands of RD$)

	Paid-in Capital	Other Equity Reserves	Revaluation Surplus	Retained Earnings	Net Income for the Period	Total	Minority	Total Equity
Balances at January 01, 2012	3,500,000	7,941,135	915,737	2,357,254	1,800,969	16,515,095	125,501	16,640,596
Transfer to retained earnings	-	-	-	1,800,969	(1,800,969)	-	-	-
Cash dividends paid to minority							(30,300)	(30,300)
Cash dividends paid to the Dominican Government	-	-	-	(184,415)	-	(184,415)	-	(184,415)
Amortization of Treasury Bond	-	-	-	(75,000)	-	(75,000)	-	(75,000)
Interest on Treasury Bond	-	-	-	(6,000)	-	(6,000)	-	(6,000)
Amortization debt Dominican State	-	-	-	(220,492)	-	(220,492)		(220,492)
Depreciation revaluation assest			(141,896)		141,896	-		
Transfer to other equity reserves		777,551			(777,551)	-		
Net Income for the period	-	-	-	-	2,274,519	2,274,519	33,361	2,307,880
Balances at December 31, 2012	**3,500,000**	**8,718,686**	**773,841**	**3,672,316**	**1,638,864**	**18,303,707**	**128,562**	**18,432,269**
Balances at December 31, 2012	3,500,000	8,718,686	773,841	3,672,316	1,638,864	18,303,707	128,562	18,432,269
Transfer to retained earnings	-	-	-	1,638,864	(1,638,864)	-	-	-
Adjustments	-	-	-	-	-	-	(220)	(220)
Cash dividends paid to the Dominican Government	-	-	-	(450,000)	-	(450,000)	-	(450,000)
Amortization of Treasury Bond	-	-	-	(75,000)	-	(75,000)	-	(75,000)
Interest on Treasury Bond	-	-	-	(5,250)	-	(5,250)	-	(5,250)
Others				8,561		8,561		8,561
Net Income for the period	-	-	-	-	1,022,560	1,022,560	10,552	1,033,112
Balances at March 31, 2013	**3,500,000**	**8,718,686**	**773,841**	**4,789,491**	**1,022,560**	**18,804,578**	**138,894**	**18,943,472**

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

Lic. Vicente Bengoa Albizu	Lic. Damián Santos	Licda. Carmen Arnaud
General Administrator	Comptroller	Accounting Director

(In thousands of Dominican Pesos RD$)

1 Entity

Banco de Reservas de la República Dominicana, Banco de Servicios Múltiples and subsidiaries (together referred to as the "Bank"), is owned by the Government of the Dominican Republic and was established on October 24, 1941 under Law No. 581 as amended by Laws No. 6133 of December 17, 1962, and 281 of January 1st, 1976 and its modifications.

The Bank offers multiple banking services to the Dominican Government and its entities (public sector), to private companies and to the general public (private sector). The main activities of the Bank and its subsidiaries include the granting of loans, investment, deposits, financing, insurances, management of pension funds and health services, sale and development of real estate projects, securities underwriting , among others.

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

A detail of the main officers is as follows:

Name	Position
Simón Lizardo	Minister of Finance -Ex in officiate Chairman
Vicente Bengoa Albizu	General Administrator
José Manuel Guzmán Ibarra	Sub-Administrator - General Business
Aracelis Medina Sánchez	Sub-Administrator - General Administration
Damián Santos	Comptroller

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

As of March 31, 2013 and December 31, 2012, a detail of the Bank's offices and automatic teller machines (ATMs) is as follows:

	March 31, 2013		December 31, 2012	
Location	Offices (*)	ATM's	Offices (*)	ATM's
Santo Domingo	60	216	60	216
Provinces	89	212	89	212
	149	**428**	**149**	**428**

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

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2 Summary of significant accounting policies

2.1 Accounting basis for presentation of financial statements

The Bank prepares its interim consolidated financial statements in accordance with the accounting standards established by the Superintendence of Banks of the Dominican Republic, regulations, resolutions, circulars and other specific provisions issued by the Superintendence of Banks and the Monetary Board of the Dominican Republic, within the framework of the Monetary and Financial Law. These practices differ in form and content from the International Financial Reporting Standards applicable for banks and financial institutions. Therefore, the accompanying consolidated financial statements-statutory basis do not pretend to present the consolidated financial position, consolidated financial performance and consolidated cash flows in accordance with International Financial Reporting Standards.

The subsidiaries include: insurance, management of pension funds, administrator of health plans and securities underwriting, which have been prepared in accordance with the accounting standards established by the Superintendence of Insurance, the Superintendence of Pensions, the Superintendence of Health and Labor Risks and the Superintendence of Securities, respectively. The International Financial Reporting Standards (IFRS) are used as supplementary rules. The accounting standards of the Dominican Republic for financial institutions differ in certain aspects from the IFRS. Therefore, these consolidated financial statements do not intend to present the financial position, results of operations and the cash flows in accordance with IFRS.

The interim consolidated financial statements, and the explanatory notes have been prepared in thousands of Dominican Pesos (RD$).

Differences with International Financial Reporting Standards

The accounting practices established by the Superintendence of Banks of the Dominican Republic differ from IFRS in certain aspects. A summary of the most relevant differences is presented below:

(i) Allowance for loan losses are determined through an assessment of inherent risks made by the Bank and the reserve levels that result from the classification assigned to each loan (for commercial loans classified as major debtors) or days past due (for consumer, mortgage loans and minor commercial loans) and some specific approvals issued by the Superintendency of Banks. This evaluation (for major commercial debtors) includes a review of credit files, considering borrowers' financial statements, payment history and collateral. In accordance with International Financial Reporting Standards loan portfolios are assessed by separating individual and collective loans. Individual loan analysis is evaluated on a loan-by-loan basis.

Loans that are collectively evaluated to determine if impairment exists are assessed, considering the estimates of the contractual cash flows of such groups, the historical loss experience and opinion from management as to whether the current economical and loans conditions may change the actual level of the inherent historical losses. A provision is

(Continues)

recognized, if objective evidence exist that there has been an impairment loss, which would result in the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

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

(iii) Interest receivable past-due for less than 90 days is reserved according to the classification of the corresponding principal. Interest past due for over 90 days is fully reserved, except in the case of credit cards, where interest receivable is reserved after 60 days past due. Subsequent accrued interest is not recognized in the consolidated financial statements. According to IFRS, allowances for interest receivable are determined based on risks specific to the loan; in the event of impairment of interest receivable, the loan amount is adjusted and subsequent accrual of interest is based on the adjusted balance using the effective interest rate.

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

(v) The Superintendence of Banks of the Dominican Republic requires that reserves recorded on the provision for loans at the moment of executing their collateral, be transferred to the assets received on foreclosure. IFRS only requires reserves when the fair value of the asset is lower than its book value or when impairment exists.

(vi) The presentation and certain disclosures of the financial statements according to IFRS differ in certain aspects from those required by the Superintendence of Banks of the Dominican Republic.

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

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

Notes to the Interim Consolidated Financial Statements

As of March 31, 2013 and December 31, 2012 and for the three month Periods ended as of March 31, 2013 and 2012

(In thousands of Dominican Pesos)

(viii) The Superintendence of Banks of the Dominican Republic requires that computer softwares and leasehold improvements, be previously authorized by the Superintendence in order to be recognized as assets. IFRS requires that these items be recognized as assets intangible as long as they generate future economic benefits.

(ix) The Superintendence of Banks of the Dominican Republic requires that short-term highly liquid investments which are easily convertible to cash be classified as investments. IFRS only requires that this type of investments with original maturity up to three months be classified as cash equivalents.

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

(xi) The Superintendence of Banks of the Dominican Republic allowed multiple service banks the revaluation of its properties as of December 31, 2004. IFRS state that once a classification of assets is revalued such revaluation should be updated when significant and frequent value changes occur for such assets.

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

(xiii) The Superintendence of Banks of the Dominican Republic requires the banks to record an allowance for contingent operations which includes granted guarantees, non-negotiated letters of credit issued, and lines of credit of automated use based on a classification of risk categories following the REA. The International Financial Reporting Standards require allowances be recorded when there is a present obligation as a result of a past event, and it is probable that the entity will have to pay it and a reliable estimate of the obligation can be made.

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

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(xv) In December 31, 2010, the Superintendence of Banks allowed the recognition of liabilities related to the Pension Fund and the pensions paid directly by the Bank over an eight (8) year-period beginning in 2011. IFRS establishes that pension plan obligations must be recognized initially in full through profit and loss and periodicaly updated in subsecuent periods.

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

(xvii) In accordarnce to the current banking regulations, the Bank must quantitatively disclose the risks derived from its financial instruments, such as liquidity and interest rate risks and the credit risk of the loans, among others. IFRS require the following disclosures that allows the users of the financial statements to evaluate: a) the importance of the financial instruments in relation to the financial position and results of the entity and b) the nature and the scope of the risks resulting from the financial instruments to which the entity is exposed during the year and at the report date and how the entity manages these risks.

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

(xix) The Superintendence of Banks authorized to incorporate in the consolidation, financial statements of subsidiaries with accounting practices differ from the Accounting Manual for Financial Institutions without being homogenized to the accounting practice of the Bank. Under IFRS all subsidiaries in a consolidated group should use the same accounting policies.

Differences between accounting practices for Insurance Companies and International Financial Reporting Standards.

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i) As established by the Superintendence of Insurance, short-term insurance contracts are recorded as revenue when billed; as a result, unearned premium reserves are computed based on specific percentages according to the line of business and are not based on a pro-rata distribution over the term of the policy. These minimum percentages are established in Article 141 of the Insurance and Surety Bonds Law No. 146-02, as follows:

- 15% Transportation and freight
- 5% Collective and individual life, accident and health, provided premiums are collected on a monthly basis
- 40% Surety bonds
- 40% Other insurance

In accordance with International Financial Reporting Standards, income from insurance contracts, both general and short-term life insurance, is recorded proportionately over the term of the policy. The amount of the premium paid when the policy is issued, as well as the portion relating to the unexpired risk, should be recorded as deferred income.

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

For long-term insurance contracts without a guaranteed minimum term (e.g. long-term death or survivorship), premiums are recognized as a deferred income, which is increased by the interest or changes in the unit price and decreased for management fees, death benefits and any other deductions.

ii) The following items are considered as investments up to the limits permitted by Law No. 146-02:

♦ Mortgage loans.
♦ Certificates of deposit in domestic banks.
♦ Reserves held by local insurers and reinsurers.
♦ Real estate located in the country
♦ Shares and bonds of domestic corporations.
♦ Liquid financial instruments.
♦ Negotiable securities placed through the Dominican stock exchange.
♦ Investments in foreign currency.

In accordance with Insurance and Surety Bonds Law No. 146-02 governing private insurance operations, an amount equivalent to the sum of the mathematical risk reserves - general and personal insurance and surety bonds, catastrophic, specific and statutory - must be invested in any of the aforementioned categories and any amount in excess of the maximum percentage should be classified as other investments.

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In accordance with IFRS investments are classified into four (4) categories: financial assets at fair value with changes through profit and loss, held-to-maturity financial assets, loans and receivables, and available-for-sale financial assets. According to IFRS investments must be recognized initially at fair value and subsequently to its initial recognition are measured at amortized cost, fair value through profit or loss, or fair value with changes in equity depending on its initial classification. Additionally, IFRS does not provide for Other Investments classification.

iii) The Superintendence of Insurance requires that short-term investments, highly liquid investments and investments easily convertible to cash be presented as investments. International Financial Reporting Standards require that such investments be presented as cash equivalents.

iv) Revenues and expenses pertaining to prior years are recorded in the year they are identified. International Financial Reporting Standards require that these transactions be recorded retroactively correcting the previously reported financial statements, including presentation of the statement of financial position for the most recent three (3) years.

v) The preparation of a statement of changes in shareholders' equity disclosing the composition and changes in the accounts that comprise shareholders' equity is not required, nor is the presentation of a statement of comprehensive income disclosing the nature and amount of items corresponding to other comprehensive income. IFRS requires the presentation of a statement of changes in stockholders' equity and a statement of comprehensive income as part of the basic financial statements.

vi) Premiums receivable that are considered uncollectible by the Company are reversed against revenue. In accordance with IFRS, premiums receivable should be assessed regularly and a provision should be created for amounts deemed uncollectible. This provision is recorded through a charge to operating expenses.

vii) Investments in equity instruments are recorded initially at cost using the equity method. Additionally, parent companies are allowed to issue financial statements and consolidation is not required. IFRS requires consolidation for parent companies and the issue of separate financial statements is not allowed except for specific situations.

viii) The effects of reinstatement and liquidation of reinsurance contracts are adjusted with the reinsurer on the final liquidation date of the contract. IFRS requires that changes in insurance contracts be estimated and recorded in profit or loss based on such estimations.

ix) The recognition of specific reserves for claims incurred but not reported at the statement of financial position date is not required. IFRS requires creating a provision (IBNR) for those probable and quantifiable losses and that this be recorded through a charge to operations of the year in which the incident occurred.

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x) International Financial Reporting Standards requires an entity 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 of the Dominican Republic do not provide for guidance on accounting of derivatives.

xi) There are certain differences in presentation and disclosures between the accounting practices established by the Superintendence of Insurance of the Dominican Republic and financial statements prepared in accordance with International Financial Reporting Standards.

xii) International Financial Reporting Standards requires to perform a Liability adequacy test, which is basically a calculation based on a statistical methodology that determines if provisions recorded by the Bank are adequate to honor possible commitments arising from insurance contracts. Accounting practices of the Superintendence of Insurance do not require this kind of provisions.

xiii) The Bank accounts for salvages and recoveries in off-balance sheet accounts. International Financial Reporting Standards establish that at the balance sheet date such assets shall be measured at fair value less any cost of sale and recognized as other assets against a deduction of the cost of the claims that gave rise to the salvages in the period in which the Bank obtained the rights over the salvages and recoveries.

xiv) According to accounting practices of the Superintendence of Insurance savings account component of life insurance contracts are not accounted separately in the balance sheet. International Financial Reporting Standards require to separate and recognized as a liability a saving account when it is a component of an insurance contract.

xv) Accounting practices of the Superintendence of Insurance do not require to separate revenue for the rendering of a service that is a component of an insurance contract. International Financial Reporting Standards requires to separate from an insurance contract a component of rendering of service for which the Bank does not keep any insurance risk. Such component should be recognized as a liability, and any unearned commission collected on the intermediation of the service shall be deferred.

(Continues)

xvi) Accounting practices of the Superintendence of Insurance require the additional costs incurred in the process of acquisition and issuance of insurance contracts is recognized as expenses when they occur. According to IFRS these costs must deferred and recognized as expense using the straight line method over the life of the related insurance contract.

xvii) Accounting practices of the Superintendence of Insurance, establishes the classification of Property, plant and equipment indistinctively of the use of the assets. IFRS requires that Property, plant and equipment which intended to be used to obtain revenue from rent shall be classified as investment property. The recognition and presentation of investment property differs from the assets that are being used in as Property, plant and equipment.

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

2.2 Use of estimates

The preparation of the interim consolidated financial statements requires management to make estimates and assumptions that affect the amounts of assets and liabilities reported and the disclosure of contingent assets and liabilities as of the date of the consolidated financial statements, and the amounts reported as current revenues and expenses. Estimates are used mainly in the determination of provisions for assets subject to risk, bonuses and other employee benefits, depreciation, impairment of assets, income tax and contingencies. Actual results may differ from such estimates.

2.3 Consolidation

The interim consolidated financial statements include the accounts of Banco de Reservas de la República Dominicana, Banco de Servicios Múltiples, and subsidiaries owned either directly or indirectly in more than 50%, which are: Peaje Dominicano, S. A. and Tenedora Banreservas, S. A. and subsidiaries, whicht include Seguros Banreservas, S. A. and subsidiaries, Reservas Inmobiliaria, S. A. and subsidiaries, Administradora de Fondos de Pensiones Reservas, S. A. and Inversiones & Reservas, S. A. Additionally, Administradora de Riesgo de Salud Reservas, Inc., a non-profit entity whose net assets are included as other liabilities.

All these entities are located and incorporated under the laws of the Dominican Republic. The balances and transactions among the consolidated entities are eliminated in consolidation. The accounting policies of the subsidiaries are substantially consistent with the accounting policies adopted by the Bank except for the regulated companies which prepare its financial statements accounting with the accounting practices issued by the Superintendency of Insurance of the Dominican Republic and the Superintendency of Pensions and Health of the Dominican Republic.

The Superintendence of Banks of the Dominican Republic approved the incorporation of the financial statements of these subsidiaries without homoginizing its accounting practices to the ones followed by the Bank.

(Continues)

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

Notes to the Interim Consolidated Financial Statements

As of March 31, 2013 and December 31, 2012 and for the three month Periods ended as of March 31, 2013 and 2012

(In thousands of Dominican Pesos)

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

Subsidiaries	Country of Operation	% of Ownership
Tenedora Banreservas, S. A. and Subsidiaries	Dominican Republic	97.65
Peaje Dominicano	Dominican Republic	100.00
Administradora de Riesgo de Salud Reservas, Inc.	Dominican Republic	-

Intragroup balances and income and expenses arising from intragroup transactions were eliminated in preparing the consolidated financial statements.

The Superintendence of Banks of the Dominican Republic auhorized the Bank to not eliminate in the consolidation the allowance for investment in subsidiaries. This allowance is used in the consolidation to comply with other provisions required at consolidated level.

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

The Bank is the most important entity and provides financial intermediation services such as loans, investments, certicate of deposits and financing to the Dominican Government, its autonomous entities and state enterprises (public sector) and to privately owned enterprises and the general public (private sector).

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

It is a Non-For Profit organization dedicated to the management of health insurance plans, established by the National Council of Social Security, in accordance to Law No. 87-01 and its complementary regulations.

(Continues)

Peaje Dominicano, S. A.

This Company was incorporated under the laws of the Dominican Republic and manages the operations of the toll stations of the Duarte and 6 de Noviembre highways, as well as the Sanchez road, and other related activities, such as collection, installation of updated technology instruments, maintenance of equipment, supervision of service staff in the stations and coordination of the security personnel. Furthermore, the Company is also managing a business parking building.

Tenedora Banreservas, S. A. and Subsidiaries

It is the parent Company of the following subsidiaries:

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

This company is authorized to operate under the Law of Insurance No. 146-02.

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

The Administradora de Fondos de Pensiones Reservas, S. A. is dedicated to the administration of pension funds of third parties, or plans and pension funds of companies or associations that are entrusted for administration on the basis of specific contracts, according to Law 87-01 that created the Dominican system of Social Security and the complementary regulations to this law.

Currently, AFP Reservas manages Pension Fund T-1 AFP Reservas (Contribution), Pension Fund T-4 AFP Reservas (Distribution) and Pension Funds T-5 AFP Reservas (Social Solidarity), according to Law 87-01.

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

Reservas Inmobiliarias, S. A. and Subsidiary, performs real estate transactions, such as buying, selling, leasing, management and development of real state properties.

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

Inversiones & Reservas, S. A., was incorporated under the laws of the Dominican Republic. The Company's main purposes consist of buying and selling securities, exchange of securities, underwriting part or the whole, issuance of securities for subsequent trade to the public, promoting and facilitating the issuance of securities in public offerings and to perform all operations authorized by the Superintendence of Securities of the Dominican Republic.

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2.4 Loan Portfolio

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

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

The Bank assigns to commercial loans that have been restructured an initial classification no lower than "C" independently of their capability and payment behavior and country risk; this can be changed subsequently to a lower risk category based on satisfactory payment behavior. The Bank also is required to create an allowance for consumer and mortgage loans that have been restructured and classified no lower than "D." Such classification may be subsequently changed based on payment behavior, but cannot be classified lower than "B."

Furthermore, the Bank applies the arrears method to past due loans for more than 90 days considering the total amount of principal past due when one installment payment has fallen into arrears.

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

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

2.5.1 Allowance for loan losses

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

According to these regulations, the estimate of loan loss reserves depends upon the type of loan: major commercial debtors, minor commercial debtors, consumer and mortgage loans. The estimation of loan loss reserves for major commercial debtors is based on a detailed quarterly review of each debtor's solvency, payment history and country risk performed by the Bank for 100% of its major commercial debtors and subject to review by the Superintendence of Banks, using specific percentages based on debtor classification.

Minor comercial debtors' classification is based only in payment history. The Superintendence of Banks of the Dominican Republic, through Circular Letters 001/11 dated July 25, 2011 and expiration date June 30, 2013, allows financial institutions when performing evaluations regarding minor debtors to take into consideration only the payment history. After the expiration of the aformentioned Instruction Letter, minor debtors will be classified quarterly considering the categorized analisys of each debtor based on solvency and as established in the Regulation for

(Continues)

Asset Valuation and the evaluation of other factors such as: liquidity ratio, profitability ratio, leverage ratio, market analisys, payment performance history, country risk and alignment.

Furthermore, such regulation requires a provision for the effect of exchange fluctuations on foreign currency loans classified as D and E and considers 20% of the amount past due on collateralized loans for more than 90 days in arrears.

Through SB Circular: No. 002/11 dated July 25, 2011, the Superintendence of Banks granted a waiver for the positive difference in the exchange rate on foreign currency loans, classified in categories D and E, accordingly. As required in Circular letter No. 004/09 dated March 24th, 2009, a period of two (2) years was established beginning on the date of the aforementioned regulation to constitute provisions caused by positive differences in exchange rate.

Additionally, establishes that the amount of the allowance that the banks will present at the date of this Instruction Letter will be transferred to the account 129.01.M.08 "additional provision for risky assets" and can be used to cover requirements of provisions for risk on the different types of assets.

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

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

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

Multi-use collateral ("garantías polivalentes")

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

Specific use collateral ("garantías no polivalentes")

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

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

2.5.2 Allowance for loans portfolio of the public sector

Until November 2012 major comercial debtors of the public sector were evaluated only at a credit rating level considering that the documentation contains in the credit files, evidence of budgetary allocation, authorization of the Ministry of Finance on flows allocated in the Government Budget of the Dominican Republic and behavioral evidence corresponding to payment following the Instructional Guidelines for Investment Credit Evaluation and Contingent Operations of the Public Sector, and clarifications and circulars related.

In December 2012 the Superintendence of Banks of the Dominican Republic authorized the Bank to not constitute allowance for public sectors loans classified as risk A (see note 3).

2.5.3 Allowance for interest receivable

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

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

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2.5.4 Allowance for other assets

Banking Regulations for Asset Valuation (REA) set forth a maximum term of three years, starting after the expiration of 120-day period after foreclosure, to create a provision for assets received in setlement of loans. Reserves should be established as follows if assets remain unsold:

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

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

Existing reserves for loan losses relating to collateral that has been foreclosed must be transferred to “allowance for losses on assets received in loan settlements.”

Impairment in the value of assets received in setlement of loans, calculated as the difference between book and market values determined by independent appraisers, is charged as expense when determined.

2.5.5 Allowance for contingencies

The allowance for contingent obligations, included in “other liabilities”, relates to provisions for guarantees granted, endorsements, letters of credit and credit lines available for credit cards, among others. Such provision is determined along with the rest of the debtor’s obligations and is made depending on the risk classification of the debtor and on collateral acceptable for the calculation of the provision. The nature, amounts and estimation of contingent liabilities are described in note 28 of the interim consolidated financial statements-statury basis.

2.6 Employee benefit cost

2.6.1 Bonuses and other benefits

The Bank accounts for employee benefits such as bonuses, Christmas bonus, vacation and other benefits according to the Labor Law in The Dominican Republic and its own incentive policies for employees.

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2.6.2 Retirement and pension plan

The Bank (Parent Company only) has a defined benefit pension plan and other pensions for employees that are not covered by Social Security Law No. 87-01 of May 9, 2001, which established the Social Security System of the Dominican Republic. As established by the by-laws of the Pension Plan approved by the Board of Directors of the Bank, the contribution of the Bank (Parent Company only) to the Plan is 5.40% of the monthly salaries paid to officers and employees, plus 2.5% of the gross profits of the Bank (Parent Company only) and extraordinary contributions. In December 31, 2010, the Superintendence of Banks allowed that the liability for the defined benefit pension plan be recognized prospectively on a eight (8) year period beginning in December 2011 using the straigh line method.

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

Also, the Bank makes contributions, in accordance with the requirements of the Social Security Law No. 87-01, dated May 9, 2001 which created the Social Security System of the Dominican Republic. This system operates under a format of individual capitalization accounts and is comprised of contributions to be made by the employer and employee and that must be managed by the Administradora de Fondos de Pensiones (AFP). The contributions made by the Bank are recognized as expenses as incurred. When the employee reaches retirement age, they will receive the balance of their account plus the financial return from the AFP.

2.6.3 Severance compensation

The Labor Code of the Dominican Republic sets forth the payment of indemnities ("auxilio de preaviso") to employees whose contracts have been terminated without just cause. The Bank records these payments as expenses when paid.

2.7 Valuation of investments

2.7.1 Investments in debt securities

Investments are accounted for at cost less required allowance.

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

(Continues)

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

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

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

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

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

2.7.2 Investments in shares

Investments in shares are carried at cost, net of allowance for losses.

Allowance for investments in shares is determined using the same criteria as for major commercial debtors. (See note 2.5.1)

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

2.8.1 Basis of recognition

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

2.8.2 Depreciation

Depreciation percentages are the followings:

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

2.9 Assets received in loan settlements

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

a) Value agreed upon payment in kind or the award price in a public auction.

b) Market value at the date assets are received.

c) Outstanding balance of the loan plus interest and/or accounts receivable, which are being cancelled.

The valuation reserve for these assets is determined following the criteria established by the Superintendence of Banks, as described in note 2.5.4.

2.10 Deferred charges

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

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

2.11 Assets and liabilities in foreign currency

Amounts in the accompanying interim consolidated financial statements are presented in Dominican pesos (RD$). Assets and liabilities in other currencies are translated using the exchange rate set by the Central Bank of the Dominican Republic at the date of the interim consolidated financial statements. Transactions during the year and income and expenses are translated at the exchange rate at the date of the transaction. Resulting gains or losses of the translation of assets and liabilities in foreign currency are recognized under other income (expense) in the accompanying consolidated income statements.

(Continues)

At March 31, 2013 and December 31, 2012, the exchange rates established by the Central Bank of the Dominican Republic were RD$41.0212 and RD$40.2612, respectively.

2.12 Revenue recognition and most significant expenditures

2.12.1 Finance income and expenses

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

Under the authorization of the Superintendence of Bank of the Dominican Republic, the Bank records as interest income, the commisions on discount of invoices when they are collected.

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

Interest income on investments are recognized in the accrual basis using the effective interest rate. Revenues from the rest of the services rendered by the Bank are accounted for when they are generated.

2.12.2 Revenue recognition of insurance companies

The most important insurance contracts issued by the Bank's insurance subsidiary are as follows:

(a) Short-term insurance contracts - These are annual, semi-annual or quarterly contracts with renewable options issued by the company and covering personal risks and recorded 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 are not recognized in the consolidated financial statements.

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In connection with the terms and conditions agreed with the reinsurers, premiums ceded in reinsurance are recognized at the time of recording the premium income.

Cancelled premiums are recognized as a deduction of the income for premiums issued.

2.12.3 Revenues from the Fund Pension Administrator (AFP)

The Administrator of Pension Funds (AFP) receives a management fee and a complementary commission from its affiliates and employeer, as well as a fee for optional services offered.

Income from the management fees results from the management of personal accounts on behalf of the affiliates to the Pension Fund T-1 (Contribution) and T-4 (Distribution) , and is recognized upon receipt of the resources corresponding to the contributions of the affiliates based on 0.5% of the monthly quotable salary.

The income from the complementary annual commission of the Pension Fund T-I (Contribution), T-4 (Distribution) and T-5 (Social Solidarity) equals to 30% of the excess of yield porfolio of the weighted average rate of the previous month for all terms of time deposits, indefinite certificates of deposit and financial certificates issued by commercial and multiple services banks. The rate is reported to the AFP by the Superintendence of Pensions according to the information provided by the Central Bank of the Dominican Republic.

Monthly charges from complementary annual commissions are made on the basis of 50% of the previous month, with the exception of the first month of the year in which is charged 100% of the previous month’s balance, following the guidelines of Resolution No. 34 -03, No. 232-05 and No. 239-05.

2.12.4 Revenues for services to the Health Insurance Administrator (ARS)

The Health Insurance Administrator (ARS) recognizes revenues for services under the accrual method. Health Services Plan are recognized and billed when UNIPAGO (entity in charge of processing the Database of the Dominican Social Security System) sends the affiliation report to the ARS. Complementary plans and voluntary plans are recognized when the coverage becomes effective.

2.12.5 Revenues from real estate

Revenues from sale of apartments, houses and land properties are recognized when all the risks and rewards of ownership or property has been transferred, which regularly occurs upon closure of sales contracts and thus receiving a substantial part of the price agreed upon.

(Continues)

Income fees from the sale of properties, interest on investments and other income are accounted for when earned.

Income from leasing of real estate and equipment rental is accounted for under the accrual basis of accounting, (i.e., when the service has been rendered).

2.12.6 Toll revenue

Revenue from management of toll stations is recognized under the accrual basis of accounting, (i.e., when the services have been offered to the customers).

2.12.7 Revenues from Reservas Asistencia

Revenue from the rendering of services for road, home and personal assistance are recognized using the accrual basis of accounting, that is, when services have been rendered to the customers.

2.13 Provisions

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

2.14 Income tax

According to the Banks's Organic Law, the Bank is exempted from income tax payment. However, the Bank calculates and voluntarily pays income tax following the guidelines of the Tax Code and specific criteria, considering that the beneficiary is also the Dominican Government. In this regard, the Bank recognizes the tax effects of transactions in the year in which they are included in profit or loss, regardless of when they are recognized for tax purposes, including provisions for risky assets and special contributions of the Bank's employees Pension Plan, among others.

Pursuant to paragraph "A" of Article 24 of Law No. 8-90 regarding the establishment of new free zones and the growth of existing ones, Operadora de Zonas Francas Villa Esperanza S. A. is also exempt from payment of income tax, in force until 2017. 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 are included in profit or loss, regardless of when they are recognized for tax purposes.

Total expense caused by income tax is recognized in the interim consolidated statement of income-statutory basis.

(Continues)

2.15 Financial instruments

A financial instrument is defined as cash, evidence of a property right or interest in an entity, or a contract that creates an obligation or a right to pay or receive cash or another financial instrument from a second entity in terms potentially favorable to the first entity. It is also established that for deposits with an indefinite term, such as checking and savings accounts, the market value is the amount payable to presentation.

For those financial instruments without available quoted prices, market value is estimated using present value techniques or other valuation methods. These techniques are subjective and significantly affected by the assumptions used, such as discount rates, estimated cash flows and estimated prepayments. To this effect, resulting estimated values cannot be verified by comparison to independent markets and, in many cases, such securities cannot be realized immediately.

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

Short-term financial instruments

Short-term financial instruments, both assets and liabilities, are carried at the cost recorded in the Group's consolidated balance sheet. This cost is similar to market value because of the relatively short-term period between the origination of the instruments and their subsequent realization. This category includes: available funds, acceptances receivable and outstanding, interest receivable and interest payable.

Investments in securities

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

It is not possible to estimate a market value for certificates of deposits outstanding as there is no active market for these instruments in the Dominican Republic.

(Continues)

Loan portfolio

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

Interest on financial assets and liabilities

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

2.16 Derecognition of financial assets

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

2.17 Impairment of assets

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

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

2.18 Contingencies

The Bank defines contigencies, as the credit risks assumed in certain operations that might become direct future credits, and generate obligations to third parties, depending on possible future events.

2.19 Accounts receivable

Accounts receivable are recorded at amortized cost net of any impairment loss.

The allowance for doubtful accounts is recognized through a charge to expense when the Group's management determines that collectability is doubtful based on payment history, the economy and other factors that affect the industry and the specific client.

(Continues)

(In thousands of Dominican Pesos)

2.20 Mathematical and technical life insurance reserves

Mathematical and technical life insurance reserves are calculated on the basis of net premiums and consider mortality tables and interest used by the Bank.

Mathematical reserves for life insurance consist of the amount equivalent to the difference between the present value of the Bank's obligations towards the insured and the present value of the insured obligations towards the Bank, which is determined based on actuarial calculations.

Resolutions 293-09 and 294-09, changed the basis for calculating these provisions, considering the indexed salary which should be determined in accordance to the changes in the consumer price index reported by the Central Bank of the Dominican Republic. When the application of this basis results in a lower amount, the original basis of calculation should be maintained. Reserves for outstanding casualty claims regarding to disability and survivorship should amount to a 45% of the estimated actuarial reserve.

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

Collective life, personal accidents and health insurances, provided premium are collected on a monthly basis	5%
Personal accidents when the premium is collected at terms	40%
Survivorship and disability	5%

2.21 Reserve for unearned insurance premiums

As established by Law No. 146-02 of the Superintendence of Insurance, unearned premium reserves, commissions on unearned premiums and commissions earned on assigned reinsurance premium are determined based on fixed percentages, as follows:

Transportation and freight	15%
Bank guarantees	40%
For other insurances	40%

2.21.1 Specific reserve

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

2.21.2 Amortization of non-proportional contracts - catastrophic premiums

(Continues)

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

2.21.3 Incurred But Not Reported claim reserves (IBNR)

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

2.22 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 economy environment that is subject to risk and rewards that are different to other segments in other economy environment.

2.23 Distribution of dividends

The Bank distributes profits to shareholders for an amount lower than the accrued benefits minus interest and commissions receivable on loans and investments net of any reserves. The distribution of dividends to the Dominican Republic State is exempt from income tax payment.

3 Change in accounting policy

On December 14th, 2012, through Letter 0981, the Superintendence of Banks of the Dominican Republic authorized the Bank to valuate the public sector loan portfolio using the same methodoly used for the valuation of investments in securities issued or guranteed by the Dominican Goverment with an allowance requirement of 0%, thus established that public sector loans that are classified in risk category A do not require any allowance.

The effect of this change in the accounting policy is a decrease in the allowance required of approximately RD$640,000 as of December 31, 2012.

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

Notes to the Interim Consolidated Financial Statements

As of March 31, 2013 and December 31, 2012 and for the three month
Periods ended as of March 31, 2013 and 2012

(In thousands of Dominican Pesos)

4 Transactions in foreign currency and exchange exposure

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

	March 31, 2013		December 31, 2012	
	US$	RD$	US$	RD$
Assets				
Available funds	387,283	15,886,799	418,279	16,840,399
Investments, net	35,751	1,466,531	35,773	1,440,249
Loan portfolio, net	1,405,203	57,643,126	1,419,463	57,149,297
Customer acceptances	-	-	4,808	193,574
Accounts receivable	154,020	6,318,105	152,106	6,123,977
Investments in shares	831	34,094	831	33,459
Other assets	29	1,196	212	8,542
Total assets	1,983,117	81,349,851	2,031,472	81,789,497
Liabilities				
Customer deposits	1,292,315	52,939,845	1,386,262	55,812,571
Deposits from local financial institutions	78,223	3,208,786	200,854	8,086,642
Borrowed funds	256,375	10,516,833	398,815	16,056,777
Acceptances outstanding	-	-	4,808	193,574
Subordinated debt	300,917	12,343,975		
Other liabilities	23,325	956,829	32,450	1,306,475
Total liabilities	1,951,155	79,966,268	2,023,189	81,456,039
Net foreign exchange position	**31,962**	**1,383,583**	**8,283**	**333,458**

The exchange rates used to translate foreign to local currency was RD$41.0212 and RD$40.2612 for March 31,2013 and December 31,2012 respectively.

(Continues)

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

Notes to the Interim Consolidated Financial Statements

As of March 31, 2013 and December 31, 2012 and for the three month
Periods ended as of March 31, 2013 and 2012

(In thousands of Dominican Pesos)

5 Available funds

Available funds are summarized as follows:

	March 31, 2013	December 31, 2012
Cash (a)	7,511,484	6,340,721
Central Bank of the Dominican Republic (b)	32,935,260	32,697,055
Foreign Banks (c)	1,355,939	2,278,057
Other funds:		
Items in transit (d) (e)	1,632,697	1,459,933
	43,435,380	**42,776,266**

(a) Includes US$64,945 in 2013 and US$43,834 in 2012.

(b) Includes US$288,406 in 2013 and US$316,607 in 2012.

(c) Includes US$33,055 in 2013 and US$56,582 in 2012.

(d) Includes US$877 in 2013 and US$1,256 in 2012.

(b) Represents checks received from other banks to be collected through the clearing system.

At March 31, 2013 and December 31, 2012, mandatory deposits (*encaje legal*) requirements in pesos was RD$22,880,357 and RD$21,838,143, and the legal dollar reserve requirement was US$276,719 and US$301,462, respectively. For this purpose, the Bank maintains in cash with the Central Bank of the Dominican Republic and loan portfolio in productive sector amounts of RD$22,901,806 and US$288,484 in 2013 and RD$21,860,549 and US$316,255 in 2012.

6 Interbank funds

The following is a detail of interbank funds granted and received during the periods ended March 31, 2013 and December 31, 2012:

	March 31, 2013			
	Interbank Assets			
Bank	Quantity	Amount in RD$	No. of Days	Weighted Average Rate
Banco Múltiple Santa Cruz, S. A.	2	1,400,000	3	6.50%
Banco BDI	4	100,000	8	6.50%
Banco BHD	2	300,000	0	0.00%
Banco Vimenca, C. por A.	1	50,000	1	6.75%
Banco Múltiple Caribe, S. A.	3	150,000	3	7.00%

(Continues)

(In thousands of Dominican Pesos)

Citibank, N. A.	2	700,000	1	6.50%
		1,440,000		

	December 31, 2012			
	Interbank Assets			
Bank	Quantity	Amount in RD$	No. of Days	Weighted Average Rate
Banco Múltiple Santa Cruz, S. A.	2	90,000	3	8.50%
Banco BDI	4	170,000	3	8.51%
Banco Vimenca, C. por A.	1	50,000	1	10.00%
Banco Múltiple Caribe, S. A.	5	240,000	1	8.56%
Citibank, N. A.	2	450,000	16	9.92%
		1,000,000		

During March 31, 2013 and December 31, 2012, the Bank granted interbank funds to different financial institutions; however, at March and December 31, 2013 and 2012, there are no balances in interbank funds.

7 Investments in debt instruments

A detail of investments in debt instruments is described as follows:

March 31, 2013				
Type of investment	Issuer	Amount in RD$	Average Weighted Rate	Maturity
Other investment in debt securities:				
Bonds : Law 131-11	Government of the Dominican Republic	9,336,224	11.70% - 15.95%	2014 - 2021
Financial Certificate and overnight	Central Bank of the Dominican Republic	17,734,747	3.00% -16%	2013 - 2019
Bonds: Law 121-05	Government of the Dominican Republic			

(Continues)

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

Notes to the Interim Consolidated Financial Statements

As of March 31, 2013 and December 31, 2012 and for the three month Periods ended as of March 31, 2013 and 2012

(In thousands of Dominican Pesos)

	(note 27)	1,500,000	2.00% plus inflation	2015
Financial Certificate	Citibank, represents US$5,107	209,503	4.00% and 4.25%	2014 and 2015
Bonds: Law 366-09	Government of the Dominican Republic	1,069,941	10.50% - 16.00%	2013 - 2020
Bonds: Law 361-11	Government of the Dominican Republic	572,293	15.00% - 16.95%	2019 - 2022
Bonds: Laws 193-11	Government of the Dominican Republic	462,637	5.00%	2016
Bonds: Law 99-01	Government of the Dominican Republic	450,000	1.00%	2019
Bonds: Law 175-12	Government of the Dominican Republic represents US$25,574	1,049,035	7.00%	2023
Bonds: Law 58-13	Government of the Dominican Republic	1,026,479	12.50% hasta 18.50%	2018 hasta 2028
Financial Certificate	Deposits made by funds Administrator invested in in different institutions	424,971		
Financial Certificate	Banco Nacional de Fomento Vivienda y Producción	567,453	2.00% and 9.50%	2013 - 2017
Financial Certificate	Asociación Popular de Ahorros y Préstamos	174,366	4.00% - 8.43%	2013
Corporate Bonds	Includes several Dominican companies US$3,009	141,581	6.00% - 7.00%	2014 – 2016
Bonds SHE/DGCP	Government of the Dominican Republic, companies US$1,096	546,721	14.71%	2017 – 2021
Corporate Bonds	Parallax Valores, Puesto de Bolsa, S. A.	210,489	10.50%-12.25%	2013- 2015
Financial Certificate	Asociación Peravia de Ahorros y Préstamos	39,571	8.10%	2013
Financial Certificate	Asociación Cibao de Ahorros y Préstamos	31,582	5.00%	2013
Financial Certificate	Asociación La Nacional de Ahorros y Préstamos	34,787	8.00%	2013
Financial Certificate	Asociación La Vega Real de Ahorros y Préstamos	2,156	6.65%	2013
Financial Certificate	Asociación Maguana de Ahorros y Préstamos	4,536	9.00%	2013
Financial Certificate	Asociación Romana de Ahorros y Préstamos	64,758	8.86%	2013
Financial Certificate	Asociación Duarte de			

(Continues)

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

Notes to the Interim Consolidated Financial Statements

As of March 31, 2013 and December 31, 2012 and for the three month Periods ended as of March 31, 2013 and 2012

(In thousands of Dominican Pesos)

	Ahorros y Préstamos	4,338	9.00%	2013
Financial Certificate	Asociación Mocana de Ahorros y Préstamos	72,615	5.00%	2013
Financial Certificate	Banco Ademi, S. A.	11,880	6.00% - 10.20%	2013
Financial Certificate	Banco Caribe, S. A., represents US$156	18,521	4.00% -10.08%	2013
Financial Certificate	Banco Centroamericano de Integración Económica	100,000	12.00%	2013
Financial Certificate	Banco León, S. A.	56,989	7.25%	2013
Financial Certificate	Banco Promérica S. A.	140,576	6.75% - 9.40%	2013
Financial Certificate	Banesco, S. A.	38,775	5%	2013
Financial Certificate	Corporación de Crédito América	360	9.50%	2013
Financial Certificate	Motor Crédito, S. A. Banco de Ahorro y Crédito	21,390	10.25%	2013
Financial Certificate	Banco Santa Cruz, S. A.	6,144	8.25%	2013
Financial Certificate	Banco de las Américas, S. A.	47,406	9.33%	2013
Bonds	Government of the Dominican Republic	5,186	2.50% and 5.00%	Past Due
Financial Certificate	Asociación Bonao de Ahorros y Préstamos	16,023	5.50%	2013
Restricted securities available				
Financial Certificate	Central Bank of the Dominican Republic	254,933	13.00% - 16.00%	2014 - 2015
Bonds: Law 366-09	Government of the Dominican Republic	1,537,714	13.00% - 16.00%	2017-2020
Bonds: Law 131-11	Government of the Dominican Republic	1,106,001	14.00%	2018
Mortgage notes	Banco Múltiple BHD, S. A.	201	5.81%	2013
Financial Certificate	Asociación Popular de Ahorros y Préstamos	3,000	4.00%	2013
Bonds	United States Treasury, represents US$679	27,868	13.00% - 16.00% plus Libor	2024
		39,123,750		
	Interest Receivable, includes US$356	1,011,789		
		40,135,539		
	Allowance for losses on investment, includes US$226	(32,697)		

(Continues)

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

Notes to the Interim Consolidated Financial Statements

As of March 31, 2013 and December 31, 2012 and for the three month Periods ended as of March 31, 2013 and 2012

(In thousands of Dominican Pesos)

40,102,842

December 31, 2012				
Type of investment	Issuer	Amount in RD$	Average Weighted Rate	Maturity
Other investment in debt securities:				
Bonds : Law 131-11	Government of the Dominican Republic	9,611,890	11.70% - 15.95%	2014 - 2021
Financial Certificate and overnight	Central Bank of the Dominican Republic	15,306,376	5.00% -16%	2012 - 2019
Bonds: Law 121-05	Government of the Dominican Republic (note 27)	1,500,000	2.00% plus inflation	2015
Financial Certificate	Citibank, represents US$5,273	212,305	4% and 4.25%	2014 and 2015
Bonds: Law 366-09	Government of the Dominican Republic	1,170,563	10.50% - 16.00%	2013 - 2020
Bonds: Law 361-11	Government of the Dominican Republic	1,249,831	15.00% - 16.95%	2019 - 2022
Bonds: Laws 193-11	Government of the Dominican Republic	493,278	5.00%	2016
Bonds: Law 99-01	Government of the Dominican Republic	525,000	1.00%	2019
Bonds: Law 175-12	Government of the Dominican Republic represents US$25,573	1,029,600	7.00%	2023
Financial Certificate	Deposits made by funds Administrator invested in in different institutions	398,813		
Financial Certificate	Banco Nacional de Fomento Vivienda y Producción	548,198	2.00% and 9.14%	2013 - 2017
Financial Certificate	Asociación Popular de Ahorros y Préstamos	165,580	8.43% - 12.65%	2013
Corporate Bonds	Includes several Dominican companies US$3,023	131,019	6.00% - 7.00%	2014 – 2016
Bonds SHE/DGCP	Government of the Dominican Republic	456,055	13.19% -16.00%	2017 – 2021
Corporate Bonds	Parallax Valores, Puesto de Bolsa, S. A.	161,165	10.50%-12.25%	2011- 2013

(Continues)

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

Notes to the Interim Consolidated Financial Statements

As of March 31, 2013 and December 31, 2012 and for the three month Periods ended as of March 31, 2013 and 2012

(In thousands of Dominican Pesos)

Financial Certificate	Asociación Peravia de Ahorros y Préstamos	24,167	8.10%	2013
Financial Certificate	Asociación Cibao de Ahorros y Préstamos	31,158	5.00%	2013
Financial Certificate	Asociación La Nacional de Ahorros y Préstamos	34,110	8.00%	2013
Financial Certificate	Asociación La Vega Real de Ahorros y Préstamos	2,129	6.65%	2013
Financial Certificate	Asociación Maguana de Ahorros y Préstamos	4,536	9.00%	2013
Financial Certificate	Asociación Romana de Ahorros y Préstamos	64,758	8.86%	2013
Financial Certificate	Asociación Duarte de Ahorros y Préstamos	4,243	9.00%	2013
Financial Certificate	Asociación Mocana de Ahorros y Préstamos	71,721	5.00%	2013
Financial Certificate	Banco Ademi, S. A.	56,254	6.00% - 10.20%	2013
Financial Certificate	Banco Caribe, S. A., represents US$671 and RD$11,598	39,451	4.00% -10.08%	2013
Financial Certificate	Banco Centroamericano de Integración Económica	100,000	12.00%	2013
Financial Certificate	Banco León, S. A.	56,446	7.25%	2013
Financial Certificate	Banco Promérica S. A.	137,553	9.40% - 12.75%	2013
Financial Certificate	Banesco, S. A.	38,129	5%	2013
Financial Certificate	Corporación de Crédito América	353	9.50%	2013
Financial Certificate	Motor Crédito, S. A. Banco de Ahorro y Crédito	21,050	8.00%	2013
Financial Certificate	Banco Santa Cruz, S. A.	6,020	8.00%	2013
Financial Certificate	Banco de las Américas, S. A.	46,919	9.33%	2013
Bonds	Government of the Dominican Republic	5,186	2.50% and 5.00%	Past Due
Financial Certificate	Asociación Bonao de Ahorros y Préstamos	5,875	5.50%	2013
Restricted securities available				
Financial Certificate	Central Bank of the Dominican Republic	150,038	13.00%	2015
Bonds: Law 366-09	Government of the Dominican Republic	1,537,960	13.00% and 16.00%	2017-2020
Bonds: Law 131-11	Government of the Dominican Republic	1,104,632	14.00%	2018
Mortgage notes	Banco Múltiple BHD, S. A.	201	6.45%	2013

(Continues)

(In thousands of Dominican Pesos)

Financial Certificate	Asociación Popular de Ahorros y Préstamos	3,000	5.00%	2013
Bonds	United States Treasury, represents US$673	27,089	13.00% and 16.00% plus Libor	2024
		36,532,651		
	Interest Receivable, includes US$786	925,457		
		37,458,108		
	Allowance for losses on investment, includes US$226	(32,697)		
		37,425,411		

8 Loan portfolio

a) Following is an analysis of the loan portfolio by type of loan as of March 31, 2013 and December 31, 2012 :

	March 31, 2013			December 31, 2012		
	Public Sector	Private Sector	Total	Public Sector	Private Sector	Total
Comercial loans:						
Advances on demand accounts	-	4,113	4,113	-	2,902	2,902
Loans (includes US$1,417,754 and US$1,437,046 in 2013 and 2012)	76,534,767	44,995,597	121,530,364	77,601,397	45,010,873	122,612,270
Discounted invoices	-	1,620	1,620	-	1,644	1,644
Financial leases (includes US$1,765 and US$2,024 in 2013 and 2012 respectively)	72,407	46,568	118,975	81,486	49,374	130,860
Letters of credit (include US$5,986 and US$5,856 in 2013 and 2012,						

(Continues)

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

Notes to the Interim Consolidated Financial Statements

As of March 31, 2013 and December 31, 2012 and for the three month Periods ended as of March 31, 2013 and 2012

(In thousands of Dominican Pesos)

respectively)	-	245,556	245,556	-	41,451	41,451
Advances on export note (includes US$50 and US$1,030 in 2013 and 2012, respectively)	-	2,051	2,051	-	235,786	235,786
Sale of goods received in credit recovery	-	83	83			
Other credit	-	5,577	5,577	-	704	704
	76,607,174	45,301,165	121,908,339	77,682,883	45,342,734	123,025,617
Consumer credit:						
Credit card, (includes US$8,035 and US$8,344 in 2013 and 2012)		2,531,720	2,531,720		2,709,285	2,709,285
Consumer loans (includes US$3,768 and US$2,235 in 2013 and 2012, respectively)	-	14,624,997	14,624,997	-	13,446,543	13,446,543
	-	17,156,717	17,156,717	-	16,155,828	16,155,828
Mortgage loans:						
Residential (includes US$1,423 and US$1,481 in 2013 and 2012)	-	14,564,197	14,564,197	-	14,066,365	14,066,365
Construction, improvements, repairs, expansion and others	-	399,812	399,812	-	397,954	397,954
	-	14,964,009	14,964,009	-	14,464,319	14,464,319
	76,607,174	77,421,891	154,029,065	77,682,883	75,962,881	153,645,764
Interest receivable (includes US$7,116 and US$6,142 in 2013 and 2012 respectively)	113,965	908,790	1,022,755	91,602	797,719	889,321
Allowance for loans losses And interest receivable includes US$40,694 and US$44,785 in 2012						

(Continues)

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

Notes to the Interim Consolidated Financial Statements

As of March 31, 2013 and December 31, 2012 and for the three month Periods ended as of March 31, 2013 and 2012

(In thousands of Dominican Pesos)

and 2011 respectively)	(17,354)	(5,243,376)	(5,260,730)	(16,593)	(5,231,264)	(5,247,857)
	76,703,785	**73,087,305**	**149,791,090**	**77,757,892**	**71,529,336**	**149,287,228**

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

	March 31, 2013			December 31, 2012		
	Public Sector	Private Sector	Total	Public Sector	Private Sector	Total
Current (i) (includes US$1,325,984 and US$1,344,606 in 2013 and 2012)	76,606,604	68,585,968	145,192,572	77,682,882	67,259,633	144,942,515
Restructured (ii) (includes US$4,158 and US$5,871 in 2013 and 2012)	570	350,640	351,210	-	382,038	382,038
Past due:						
31 to 90 days(iii) (includes US$945 and US$4,808 in 2013 and 2012)	-	206,739	206,739	-	271,827	271,827
Over 90 days (iv) (includes US$28,955 and US$32,490 in 2013 and 2012)	-	2,258,090	2,258,090	1	3,013,580	3,013,581
Legal collection (v) (includes US$78,739 and US$70,331 in 2013 and 2012)	-	6,020,454	6,020,454	-	5,035,803	5,035,803
Interest receivable						
Current (i) (includes US$3,312 and US$2,545 in 2013 and 2012)	113,965	514,135	628,100	91,602	404,480	496,082
31 to 90 days (iii) (includes US$151 and US$12 in 2013 and 2012)	-	33,243	33,243	-	26,907	26,907
Over 90 days (iv) (includes US$977 and US$1,147 in 2013 and						

(Continues)

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

Notes to the Interim Consolidated Financial Statements

As of March 31, 2013 and December 31, 2012 and for the three month Periods ended as of March 31, 2013 and 2012

(In thousands of Dominican Pesos)

2012)	-	166,322	166,322	-	200,645	200,645
Restructured (ii), (Includes US$15 and US$52 in 2013 and 2012)	-	2,203	2,203	-	3,385	3,385
Legal collection (v) (includes US$2,661 and US$2,386 in 2013 and 2012)	-	192,887	192,887	-	162,302	162,302
	76,721,139	78,330,681	155,051,820	77,774,485	76,760,600	154,535,085
Allowance for loans and interest receivable (includes US$40,694 and US$44,785 in 2013 and 2012)	(17,354)	(5,243,376)	(5,260,730)	(16,593)	(5,231,264)	(5,247,857)
	76,703,785	**73,087,305**	**149,791,090**	**77,757,892**	**71,529,336**	**149,287,228**

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

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

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

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

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

(Continues)

(In thousands of Dominican Pesos)

c) *By category of collateral:*

	March 31, 2013			December 31, 2012		
	Public Sector	Private Sector	Total	Public Sector	Private Sector	Total
Multi use collateral (i)	13,711	46,409,528	46,423,239	16,156	45,364,790	45,380,946
Specific use collateral (ii)	-	2,452,498	2,452,498	-	2,335,802	2,335,802
Without collateral un- secured(iii)	76,593,463	28,559,865	105,153,128	77,666,727	28,262,289	105,929,016
	76,607,174	77,421,891	154,029,065	77,682,883	75,962,881	153,645,764
Interest receivable	113,965	908,790	1,022,755	91,602	797,719	889,321
Allowance for losses and interest receivable	(17,354)	(5,243,376)	(5,260,730)	(16,593)	(5,231,264)	(5,247,857)
	76,703,785	**73,087,305**	**149,791,090**	**77,757,892**	**71,529,336**	**149,287,228**

(i) Multi-use collateral are real estate assets that are not specific to a certain activity, can be used for a variety of purposes, easy to convert to cash, easy to appraise, easy to foreclose upon, transferrable without excessive costs and of stable value.

These collateral are considered between 50% and 100% of its value for risk coverage depending on the collateral. These collateral are considered for coverage according to the following detail:

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

(Continues)

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

Notes to the Interim Consolidated Financial Statements

As of March 31, 2013 and December 31, 2012 and for the three month Periods ended as of March 31, 2013 and 2012

(In thousands of Dominican Pesos)

(ii) Specific-use collateral are assets that have one or specific use and are thus difficult to sell.

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

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

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

At March 31, 2013 and December 31, 2012 includes RD$76,574,189 thousand and RD$77,666,727 thousand of public sector loans, which were included in the Budget of Revenues and Public Expenses Law ("Presupuesto de Ingresos, y Ley de Gastos Públicos") authorized by the Ministry of Finance or specific laws approving these loans.

d) By source of funds:

	March 31, 2013			December 31, 2012		
	Public Sector	Private Sector	Total	Public Sector	Private Sector	Total
Own funds	76,607,174	76,762,116	153,369,290	77,682,883	75,220,270	152,903,153
Banco Nacional de Fomento de la Vivienda y la Producción	-	13,113	13,113	-	13,550	13,550
International financial institutions	-	646,662	646,662	-	729,061	729,061
Other local institutions	-	-	-	-	-	-
	76,607,174	77,421,891	154,029,065	77,682,883	75,962,881	153,645,764
Interest receivable	113,965	908,790	1,022,755	91,602	797,719	889,321
Allowance for loans losses and interest receivable	(17,354)	(5,243,376)	(5,260,730)	(16,593)	(5,231,264)	(5,247,857)
	76,703,785	73,087,305	149,791,090	77,757,892	71,529,336	149,287,228

(Continues)

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

Notes to the Interim Consolidated Financial Statements

As of March 31, 2013 and December 31, 2012 and for the three month Periods ended as of March 31, 2013 and 2012

(In thousands of Dominican Pesos)

e) By term:

	March 31, 2013			December 31, 2012		
	Public Sector	Private Sector	Total	Public Sector	Private Sector	Total
Short-term (up to one year)	31,972,982	29,906,497	61,879,389	52,039,099	29,856,720	81,895,819
Medium term (more than one year and up to three (3) years)	43,617,089	33,914,159	77,531,248	22,048,550	32,925,265	54,973,815
Long-term (more than three (3) years)	1,017,193	13,601,235	14,618,428	3,595,234	13,180,896	16,776,130
	76,607,174	77,421,891	154,029,065	77,682,883	75,962,881	153,645,764
Interest receivable	113,965	908,790	1,022,755	91,602	797,719	889,321
Allowance for loans losses and interest receivable	(17,354)	(5,243,376)	(5,260,730)	(16,593)	(5,231,264)	(5,247,857)
	76,703,785	**73,087,305**	**149,791,090**	**77,757,892**	**71,529,336**	**149,287,228**

f) By economic sectors:

	March 31, 2013			December 31, 2012		
	Public Sector	Private Sector	Total	Public Sector	Private Sector	Total
Government	76,424,834	-	76,424,834	77,500,528	-	77,500,528
Financial sector	182,340	9,468	191,808	182,355	5,676	188,031
Non financial sector						
Agriculture, livestock and forestry	-	3,376,713	3,376,713	-	4,195,495	4,195,495
Fishing	-	2,754	2,754	-	3,118	3,118
Mining and quarries	-	329,458	329,458	-	327,060	327,060
Manufacturing	-	1,906,283	1,906,283	-	2,041,976	2,041,976
Electricity, gas and water	-	1,998,512	1,998,512	-	1,811,937	1,811,937
Construction	-	8,274,830	8,274,830	-	8,116,154	8,116,154

(Continues)

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

Notes to the Interim Consolidated Financial Statements

As of March 31, 2013 and December 31, 2012 and for the three month Periods ended as of March 31, 2013 and 2012

(In thousands of Dominican Pesos)

Wholesale and Retail business	-	27,123,261	27,123,261	-	26,595,391	26,595,391
Hotels and restaurants	-	2,121,750	2,121,750	-	2,125,232	2,125,232
Transportation, warehousing and communication	-	209,121	209,121	-	195,713	195,713
Real estate and leasing activities	-	14,669,228	14,669,228	-	14,179,660	14,179,660
Education	-	21,613	21,613	-	21,326	21,326
Health and social services	-	220,533	220,533	-	186,405	186,405
Other non-specific activities	-	1,423	1,423	-	1,910	1,910
Private households with local services	-	17,156,944	17,156,944	-	16,155,828	16,155,828
	76,607,174	77,421,891	154,029,065	77,682,883	75,962,881	153,645,764
Interest receivable	113,965	908,790	1,022,755	91,602	797,719	889,321
Allowance for loans and interest receivable	((17,354)	(5,243,376)	(5,260,730)	(16,593)	(5,231,264)	(5,247,857)
	76,703,785	**73,087,305**	**149,791,090**	**77,757,892**	**71,529,336**	**149,287,228**

At March 31, 2013 and December 31, 2012 loans to private sector include RD$550,000, equivalent to credit line operations with contractors who are working with the Dominican Government. These credits are guaranteed by the Dominican Republic Government, and the Superintendence of Banks authorized the risk "A" classification with a provision of 1%.

Interest receivable include RD$125,000 and RD$109,900 at March 31, 2013 and December 31, 2012 , of loans granted to Credit Cards holders.

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

(Continues)

(In thousands of Dominican Pesos)

9 Customer acceptances

A summary of customer acceptances as of March 31, 2013 and December 31, 2012is as follows:

	March 31, 2013		December 31, 2012	
Correspondent Bank	Amount RD$	Maturity	Amount RD$	Maturity
Wells Fargo Bank, represents US$83, in 2012	-	-	3,330	2013
Deustche Bank/Standard Chartered, Band, represents US$30	-	-	1,200	2013
Bank of America, corresponds to US$4,695	-	-	189,044	2013
	-		-	
	-		**193,574**	

10 Accounts receivable

As of March 31, 2013 and December 31, 2012 accounts receivable comprise:

	2013	2012
Commissions receivable	1,943	8,371
Other receivables:		
Accounts receivable from employees	17,264	17,858
Recoverable expenses	82,427	80,371
Security deposits	19,499	19,032
Other deposits	2,014	2,014

(Continues)

(In thousands of Dominican Pesos)

Receivable from factoring operations (includes US$154,020 and US$152,091 in 2013 and 2012, respectively) (a)	6,318,104	6,123,355
Accounts receivable from real estate and leasing	15,273	7,093
Management funds	196,703	237,405
Commissions receivable:		
Others (include US$15 in the 2012)	194,041	103,456
	6,847,268	**6,598,955**

a) As of March 31 2013 and December 31, 2012, corresponds to factoring operations with Constructora Norberto Odebretch, Ministerio de Obras Públicas y Comunicaciones and Empresa de Generación Hidroeléctrica Dominicana, authorized by the Superintendence of Banks through Circulars SB: ADM/0303/12 dated: June 28, 2012.

11 Insurance premiums receivable

A summary of premiums receivable as of March 31, 2013 and December 31, 2012 is listed:

	2013	2012
General insurances	1,349,757	1,130,412
Life insurance	143,391	72,993
	1,493,148	**1,203,405**

Corresponds to premiums receivable on individual, property and casualty insurance. In accordance to Article 73 of Law 146-02 on Insurance of the Dominican Republic, for policies to be valid, the insurance company, general or local agents must receive full payment of the premium within the first 10 days of issuance, or otherwise agree to receive at least 25% of the total premium. Certain financing terms might be agreed by the parties, but payment cannot exceed 120 days from the beginning of the term of the policy.

(Continues)

(In thousands of Dominican Pesos)

12 Assets received in loan settlements

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

	2013	2012
Securities	-	-
Furniture and equipment	12,100	18,662
Real estate	5,544,126	5,670,464
	5,556,226	5,689,126
Allowance for losses on assets received in loan settlements	(3,767,374)	(3,624,695)
	1,788,852	**2,064,431**

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

	March 31, 2013	
	Amount	Allowance
Up to 40 months:		
Furniture and equipment	2,927	(4,363)
Real estate	4,207,479	(2,224,975)
Over 40 months:		
Generic	-	(194,216)
Furniture and equipment	7,173	(7,173)
Real estate	1,336,647	(1,336,647)
Total	**5,554,226**	**(3,767,374)**

(Continues)

(In thousands of Dominican Pesos)

	December 31, 2012	
	Amount	Allowance
Up to 40 months:		
Furniture and equipment	6,218	(4,514)
Real estate	4,049,763	(1,982,409)
Over 40 months:		
Generic	-	(4,627)
Securities	12,444	(12,444)
Real estate	1,620,701	(1,620,701)
Total	**5,689,126**	**(3,624,695)**

13 Investments in shares

A detail of investments in shares consist of:

March 31, 2013					
Investments Amount in RD$	Percentage of Shares	Types of Shares	Face Value RD$	Market Value RD$	Number of Shares
269,644	10%	Common	100	(a)	523,054
35,217	0%	Common	249	691	128,776
21,001	24%	Common	1,000	(a)	17,500
8,037	11%	Common	100	(a)	80,372
6,922	10%	Common	100	(a)	69,221
618	3%	Common	5	(a)	123,689
2,503	(b)				
343,942					
(151,132)	Allowance for investments in shares.				
192,810					

December 31, 2012					
Investments Amount in RD$	Percentage of Shares	Types of Shares	Face Value RD$	Market Value RD$	Number of Shares
269,644	10%	Common	100	(a)	523,054
34,565	0%	Common	249	621	128,776
21,001	24%	Common	1,000	(a)	17,500
8,037	11%	Common	100	(a)	80,372
6,922	10%	Common	100	(a)	69,221

(Continues)

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

Notes to the Interim Consolidated Financial Statements

As of March 31, 2013 and December 31, 2012 and for the three month Periods ended as of March 31, 2013 and 2012

(In thousands of Dominican Pesos)

618	3%	Common	5	(a)	123,689
2,510	(b)				
343,297					
(151,115)	Allowance for investments in shares.				
192,182					

(a) There is no active security market in Dominican Republic where the market value of these shares may be observed; nevertheless, for investment in shares of companies that trade in active markets and whose book value amounted to RD$35.2 and RD$34.6 thousand for March 31 2013 and December 31 2012, the market value was equal to RD$128.9 thousand and RD$110.4 thousand, respectively.

(b) Correspond to investments in several entitites.

Investments in shares include US$831 net of US$27 and US$28 of reserve, for March 31 2013 and Decembre 31 2012, respectively.

14 Property, furniture and equipment

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

	March 31, 2013					
	Land and Improvements	Building	Furniture and Equipment	Leasehold Improvements	Construction and acquisition in Process (a)	Total
Gross balance at January 1st, 2013	1,196,684	3,472,372	4,823,304	51,677	509,906	10,053,943
Acquisitions	-	48,579	192,569	-	304,911	546,059
Retirements	-	-	(156,083)	(20,399)	(242,170)	(418,652)
Reclassifications	-	-	62,740	-	-	62,740
Transfers	-	-	-	-	-	-
Gross balance at March 31, 2013	1,196,684	3,520,951	4,922,530	31,278	572,647	10,244,090
Accumulated Depreciation at January 1st, 2013	-	(1,014,040)	(3,124,575)	(36,652)	-	(4,175,267)
Depreciation expense	-	(57,658)	(153,386)	(4,943)	-	(215,987)
Retirements	-	-	73,573	20,399	-	93,972
Accumulated depreciation at March 31, 2013	-	(1,071,698)	(3,304,388)	(21,196)	-	(4,297,282)
Property, furniture and equipment at March 31, 2013	**1,196,684**	**2,449,253**	**1,718,142**	**10,082**	**572,647**	**5,946,808**

(Continues)

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

Notes to the Interim Consolidated Financial Statements

As of March 31, 2013 and December 31, 2012 and for the three month Periods ended as of March 31, 2013 and 2012

(In thousands of Dominican Pesos)

	December 31, 2012					
	Land and Improvements	Building	Furniture and Equipment	Leasehold Improvements	Construction and acquisition in Process (a)	Total
Gross balance at January 1st, 2012	1,126,957	3,408,126	4,541,190	86,989	533,631	9,696,893
Acquisitions	48,139	1,652	35,844	-	572,439	658,074
Retirements	-	-	(55,886)	(46,958)	(223,727)	(326,571)
Reclassifications	21,588	3,959	-	-	-	25,547
Transfers	-	58,635	302,156	11,646	(372,437)	-
Gross balance at December 31, 2012	1,196,684	3,472,372	4,823,304	51,677	509,906	10,053,943
Accumulated Depreciation at January 1st, 2012	-	(842,958)	(2,752,489)	(44,691)	-	(3,640,138)
Depreciation expense	-	(171,082)	(404,963)	(38,919)	-	(614,964)
Retirements	-	-	32,877	46,958	-	79,835
Accumulated depreciation at December 31, 2012	-	(1,014,040)	(3,124,575)	(36,652)	-	(4,175,267)
Property, furniture and equipment at December 31, 2012	**1,196,684**	**2,458,332**	**1,698,729**	**15,025**	**509,907**	**5,878,676**

a) Correspond mainly to acquisition, remodeling and construction of offices where some branches operate or are in process to open.

15 Other assets

Following is a summary of other assets as of March 31, 2013 and December 31, 2012:

	March 31, 2013	December 31 2012
Deferred charges:		
Commissions to insurance agents on unearned premiums	210,554	192,612
Prepaid insurances	105,330	151,943
Deferred non-proportional reinsurance premium ceded (a)	176,609	269,506
Prepaid income tax	250,432	734,164

(Continues)

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

Notes to the Interim Consolidated Financial Statements

As of March 31, 2013 and December 31, 2012 and for the three month Periods ended as of March 31, 2013 and 2012

(In thousands of Dominican Pesos)

Credit from taxes on financial assets	451,727	485,597
Credit from taxes ISR	535,950	
Other prepaid payments	408,984	177,089
Interest and prepaid commissions	30,236	32,395
Reinsurance and co-insurance payables	-	49,154
Other deferred charges	48,523	49,702
	2,218,345	2,142,162
Intangible assets:		
Other deferred charges (b)	175,285	175,285
Accumulated amortization	(94,130)	(87,694)
	81,155	87,591
Other assets:		
Stationery and other materials	147,931	113,213
Inventory- credit card	10,107	11,278
Library and artwork	22,894	23,064
Items pending allocation (c), (includes US$29 and US$212 in 2013 and 2012)	81,876	56,099
Balances among offices (d)	-	5,876
Others	17,767	34,888
	280,575	244,418
	2,580,075	**2,474,171**

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

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

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

(d) The Bank recognizes in this line item net of transactions among branches that due to operational reasons cannot be immediately recognized in the corresponding accounts.

(Continues)

(In thousands of Dominican Pesos)

16 Summary of allowances for assets subject to risk

A summary of the changes in allowances for loan losses is shown below:

	March 31, 2013					
	Loan Portfolio	Investments	Interest Receivable	Other Assets (a)	Contingencies (b)	Total
Balances at January 1st, 2013	4,849,779	182,481	399,409	3,624,695	147,165	9,203,529
Constitution of reserves	130,000	-	109,070	-	-	239,070
Write-offs against reserves	(44,525)	-	-	(18,010)	-	(62,535)
Transfers from other reserves	(94,689)	-	-	160,689	(52,500)	13,500
Release of reserves	-	-	(111,463)	-	-	(111,463)
Effects of change in exchange rates	24,481	16	-	-	1,836	26,333
Balances at March 31, 2013	4,865,046	182,497	397,016	3,767,374	96,501	9,308,434
Minimum reserves required at March 31, 2013 (c)	4,551,841	163,124	16,283	3,573,158	24,280	8,333,686
Excess (deficit) in the minimum reserves required March 31, 2013 (d)	**313,205**	**19,373**	**380,733**	**194,216**	**72,221**	**974,748**

(Continues)

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

Notes to the Interim Consolidated Financial Statements

As of March 31, 2013 and December 31, 2012 and for the three month Periods ended as of March 31, 2013 and 2012

(In thousands of Dominican Pesos)

	December 31, 2012					
	Loan Portfolio	Investments	Interest Receivable	Other Assets (a)	Contingencies (b)	Total
Balances at January 1st., 2012	4,487,392	247,147	245,301	3,277,969	137,139	8,394,948
Constitution of reserves	870,225	-	415,316	331,070	64,000	1,680,611
Write-offs against reserves	(427,859)	-	(5,934)	(190,855)	-	(624,649)
Transfers from other reserves	(82,212)	(64,700)	(3,700)	206,512	(55,900)	-
Release of reserves	-	-	(251,576)	-	-	(251,576)
Effects of change in exchange rates	2,233	34	2	-	1,926	4,195
Balances at December 31, 2012	4,849,779	182,481	399,409	3,624,695	147,165	9,203,529
Minimum reserves required at December 31, 2012 (c)	4,624,726	168,006	382,107	3,620,069	47,485	8,842,393
Excess (deficit) in the minimum reserves required December 31, 2012 (d)	**225,053**	**14,477**	**17,302**	**4,626**	**99,680**	**361,136**

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

(b) This provision is included in the line item of other liabilities in note 21 and the expense for constitution is included in the operating expense item in the accompanying interim consolidated income statements.

(c) Represents the amounts of allowance determined by a self-assessment performed by the Bank as of March 31, 2013 and December 31, 2012.

(Continues)

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

Notes to the Interim Consolidated Financial Statements

As of March 31, 2013 and December 31, 2012 and for the three month Periods ended as of March 31, 2013 and 2012

(In thousands of Dominican Pesos)

(d) At March 31, 2013 and December 31, 2012, the minimum required provision corresponds to the amounts determined at such date based on the self evaluation made by the Bank plus other adjustments made. In case that the provisions determined are lower than the provisions made, the Superintendence of Banks does not allow the release of provisions without the previous authorization from such Superintendence.

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

17 Customer deposits

Following is a detail of these accounts:

a) By type

	March 31, 2013				
	Local Currency RD$	Weighted Average Rate	Foreign Currency RD$	Weighted Average Rate	Total RD$
Demand	40,395,585	0.16%	-	-	40,395,585
Savings	34,427,118	2.71%	17,799,845	1.05%	52,226,963
Time	2,814	6.52%	35,093,940	3.23%	35,096,754
Interest	223,522		46,060	3.23%	269,582
	75,049,039		**52,939,845**		**127,988,884**

b) By sector

	March 31, 2013				
	Local Currency RD$	Weighted Average Rate	Foreign Currency RD$	Weighted Average Rate	Total RD$
Public sector non-financial	25,782,338		2,786,400		28,568,738
Private sector non-financial	49,003,499		50,099,337		99,102,836
Non-resident	39,680		8,048		47,728
Interest	223,522		46,060		269,582
	75,049,039		**52,939,845**		**127,988,884**

(Continues)

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

Notes to the Interim Consolidated Financial Statements

As of March 31, 2013 and December 31, 2012 and for the three month Periods ended as of March 31, 2013 and 2012

(In thousands of Dominican Pesos)

c) By maturity date

	March 31, 2013				
	Local Currency RD$	Weighted Average Rate	Foreign Currency RD$	Weighted Average Rate	Total RD$
0 to 30 days	73,509,511		22,734,859		96,244,370
31 to 60 days	313		3,789,984		3,790,297
61 to 90 days	576		4,945,741		4,946,317
91 to 180 days	512		7,525,923		7,526,435
181 to 360 days	-		8,080,520		8,080,520
More than 1 year	1,314,605		5,816,758		7,131,363
Interest	223,522		46,060		269,582
	75,049,039		**52,939,845**		**127,988,884**

a) By type

	December 31, 2012				
	Local Currency RD$	Weighted Average Rate	Foreign Currency RD$	Weighted Average Rate	Total RD$
Demand	33,772,422	0.31%	-	-	33,772,422
Savings	33,856,813	2.70%	20,956,731	1.08%	54,813,544
Time	2,820	6.52%	34,855,840	3.26%	34,858,660
	67,632,055	**1.51%**	**55,812,571**	**2.44%**	**123,444,626**

b) By sector

	December 31, 2012				
	Local Currency RD$	Weighted Average Rate	Foreign Currency RD$	Weighted Average Rate	Total RD$
Public sector non-financial	20,430,786	0.35%	2,259,509	1.61%	22,690,295
Private sector non-financial	47,162,002	2.02%	53,544,512	2.48%	100,706,514
Non-resident	39,267	0.34%	8,550	1.08%	47,817
	67,632,055	**1.51%**	**55,812,571**	**2.44%**	**123,444,626**

(Continues)

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

Notes to the Interim Consolidated Financial Statements

As of March 31, 2013 and December 31, 2012 and for the three month Periods ended as of March 31, 2013 and 2012

(In thousands of Dominican Pesos)

c) By maturity

	December 31, 2012				
	Local Currency RD$	Weighted Average Rate	Foreign Currency RD$	Weighted Average Rate	Total RD$
0 to 30 days	67,629,539	4.01%	27,789,175	2.01%	95,418,714
31 to 60 days	559	6.86%	3,177,229	3.14%	3,177,788
61 to 90 days	533	6.80%	3,920,397	3.33%	3,920,930
91 to 180 days	402	6.71%	8,805,077	3.43%	8,805,479
181 to 360 days	-	-	7,307,344	3.24%	7,307,344
More than 1 year	1,022	6.01%	4,813,349	3.79%	4,814,371
	67,632,055	1.51%	55,812,571	2.44%	123,444,626

At March 31, 2013 and December 31, 2012 customer deposits include restricted amounts for the following concepts:

	March 31, 2013				
	Inactive Accounts	Seized Funds	Deceased Customers	Security Deposits	Total RD$
Customer Deposits:					
Demand	43,300	409,899	18,941	-	472,140
Saving	890,012	135,391	207,542	135,801	1,368,746
Time	-	1,735	116,066	3,255,678	3,373,479
	933,312	547,025	342,549	3,391,479	5,214,365

	December 31, 2012				
	Inactive Accounts	Seized Funds	Deceased Customers	Security Deposits	Total RD$
Customer Deposits:					
Demand	32,142	442,616	15,588	-	490,346
Saving	920,348	121,523	188,730	122,007	1,352,608
Time	-	1,665	115,455	3,087,866	3,204,986
	952,490	565,804	319,773	3,209,873	5,047,940

(Continues)

(In thousands of Dominican Pesos)

At March 31, 2013 and December 31, 2012, customer deposits include amounts from inactive accounts as detailed below:

	March 31, 2013		
	From 3 to 10 years	More than 10 years	Total
Customer Deposits:			
Demand	42,475	825	43,300
Saving	877,200	12,812	890,012
	919,675	**13,637**	**933,312**

	December 31, 2012		
	From 3 to 10 years	More than 10 years	Total
Customer Deposits:			
Demand	31,168	974	32,142
Saving	907,047	13,301	920,348
	938,215	**14,275**	**952,490**

18 Deposits from local financial institutions

A summary of the deposits from local financial institutions are as follows:

a) By type

	Marzo 31, 2013				
	Local Currency RD$	Weighted Average Annual Rate	Foreign Currency RD$	Weighted Average Annual Rate	Total RD$
Demand	1,585,601	0.16%	-	-	1,585,601
Savings	297,879	2.71%	83,299	1.05%	381,178
Time	82	6.52%	3,125,137	3.23%	3,125,219
Interest	627		350		977
	1,884,189		**3,208,786**		**5,092,975**

(Continues)

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

Notes to the Interim Consolidated Financial Statements

As of March 31, 2013 and December 31, 2012 and for the three month Periods ended as of March 31, 2013 and 2012

(In thousands of Dominican Pesos)

b) By maturity date

	March 31, 2013				
	Local Currency RD$	Weighted Average Annual Rate	Foreign Currency RD$	Weighted Average Annual Rate	Total RD$
0 to 30 days	1,848,781		915,917		2,764,698
31 to 60 days	30		1,134,137		1,134,167
61 to 90 days	50		182,433		182,483
91 to 180 days	-		17,928		17,928
181 days to 1 year	-		958,024		958,024
More than 1 year	35,328		347		35,675
	1,884,189		**3,208,786**		**5,092,975**

a) By type

	December 31, 2012				
	Local Currency RD$	Weighted Average Annual Rate	Foreign Currency RD$	Weighted Average Annual Rate	Total RD$
Demand	2,027,222	0.33%	-	-	2,027,222
Savings	105,324	2.70%	73,757	1.08%	179,081
Time	82	6.47%	8,012,885	2.25%	8,012,967
	2,132,628	**0.45%**	**8,086,642**	**3.23%**	**10,219,270**

b) By maturity

	December 31, 2012				
	Local Currency RD$	Weighted Average Annual Rate	Foreign Currency RD$	Weighted Average Annual Rate	Total RD$
0 to 30 days	2,132,576	3.47%	5,189,822	2.45%	7,322,398
31 to 60 days	-	0.00%	26,933	2.40%	26,933
61 to 90 days	50	6.50%	998,415	3.02%	998,465
91 to 180 days	-	-	1,420,269	3.00%	1,420,269
181 days to 1 year	-	-	451,203	2.90%	451,203
More than 1 year	2	5.63%	-	-	2
	2,132,628	**0.45%**	**8,086,642**	**3.23%**	**10,219,270**

(Continues)

(In thousands of Dominican Pesos)

The Bank has obligations with customers for RD$35,755 and RD$38,151, as of March 31, 2013 and December 31, 2012, respectively, which are restricted by seizures, inactive, dormant accounts and/or from deceased customers.

At March 31, 2013 and December 31, 2012, the status of inactive and/or dormant accounts of deposits of financial institutions in the country and abroad, is as follows:

	2013	2012
Three (3) to 10 year term	**338**	**644**

19 Borrowed funds

Following is a detail of borrowed funds:

March 31, 2013					
Borrower	Type	Collateral	Rate	Maturity	Balance
a) From local financial institutions:					
Banco Nacional de Fomento de la Vivienda y la Producción	Loan	Unsecured	13.5%	2013	RD$ 9,239
b) From foreign financial institutions:					
Bladex Panamá, corresponds to US$60,000	Credit line	Unsecured	3.10% up to 3.13%	2013	2,461,272
Citibank, corresponds to US$69,000	Credit line	Secured*	1.76% up to 5.05%	2013 y 2014	2,830,463
The Exp. Imp. Bank of Korea, Corresponds to US$2,587	Loan	Unsecured	2.76%	2015,y 2016	106,136
Eximbank, Rep. Of China - Taiwán, represents US$240	Loan	Unsecured	0.50% up to 1.28%	2013	9,864
Eximbank, Rep. Of China - Taiwán, represents US$319	Loan	Unsecured	0.50% up to 0.78%	2015 y 2016	13,104
Wells Fargo Bank, correspond to US$59,246	Loan	Unsecured	2.36% up to 2.70%	2015 y 2016	2,430,361
Bancoldex corresponds to US$2,500	Loan	Unsecured	2.28%	2013	102,553
Standard Chartered correspond To US$60,000	Loan	Unsecured	1.8% up to 1.9%	2013	2,461,272
					10,415,025
c) Others					19,715
d) Interest payable, includes US$2,482					101,810
					RD$ 10,545,789

(Continues)

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

Notes to the Interim Consolidated Financial Statements

As of March 31, 2013 and December 31, 2012 and for the three month Periods ended as of March 31, 2013 and 2012

(In thousands of Dominican Pesos)

* Collateral corresponds to bonds issued by the Dominican Republic Government for US$25,000.

December 31, 2012						
Borrower	Type	Collateral	Rate	Maturity		Balance
a) From local financial institutions:						
Banco Nacional de Fomento de la Vivienda y la Producción	Loan	Unsecured	13.5%	2012	RD$	10,577
b) From foreign financial institutions:						
Bladex Panamá, corresponds to US$65,000	Credit line	Unsecured	2.61% up to 3.13%	2013		2,616,978
Citibank, corresponds to US$116,000	Credit line	Secured*	1.50% up to 5.05%	2013 y 2014		4,670,299
US Century Bank, corresponds to US$5,000	Credit line	Unsecured	2.02%	2013		201,307
BPD Internacional Bank, represents US$5,000	Credit line	Unsecured	2.00%	2013		201,307
Mercantil Commercebank, represents US$25,000	Credit line	Unsecured	1.82%	2013		1,006,530
The Exp. Imp. Bank of Korea, Corresponds to US$3,064	Loan	Unsecured	3.26%	2013, y 2016		123,363
Eximbank, Rep. Of China - Taiwán, represents US$498	Loan	Unsecured	0.50% up to 1.28%	2013/2016		20,036
Eximbank, Rep. Of China - Taiwán, represents US$85	Loan	Unsecured	1.28%	2013		3,400
Wells Fargo Bank, correspond to US$114,246	Loan	Unsecured	1.84% up to 2.27%	2013		4,599,700
Bancoldex corresponds to US$2,500	Loan	Unsecured	2.28%	2013		100,653
Standard Chartered correspond To US$60,000	Loan	Unsecured	1.8% up to 1.9%	2013		2,415,672
						15,959,275
c) Others						19,715
d) Interest payable, includes US$2,422						97,535
					RD$	**16,087,072**

* Collateral corresponds to bonds issued by the Dominican Republic Government for US$30,000.

(Continues)

(In thousands of Dominican Pesos)

20 Certificates of deposits

Following is a detail of certificates of deposits as of March 31, 2013 and December 31, 2012:

a) By type:

	March 31, 2013	
	Local Currency RD$	Weighted Average Annual Rate
Financial Certificates	**69,153,712**	**6.52%**

	December 31, 2012	
	Local Currency RD$	Weighted Average Annual Rate
Financial Certificates	**67,334,379**	**6.66%**

b) By sector:

	March 31, 2013	
	Local Currency RD$	Weighted Average Annual Rate
Non-financial public sector	14,734,367	6.52%
Non-financial private sector	38,951,111	6.52%
Financial sector	15,463,234	6.52%
Non resident	5,000	6.52%
	69,153,712	**6.52%**

	December 31, 2012	
	Local Currency RD$	Weighted Average Annual Rate
Non-financial public sector	10,570,250	5.76%
Non-financial private sector	40,190,256	6.76%

(Continues)

(In thousands of Dominican Pesos)

Financial sector	16,568,873	6.98%
Non resident	5,000	2.25%
	67,334,379	**6.66%**

c) By maturity date:

	March 31, 2013	
	Local Currency RD$	Weighted Average Annual Rate
From 0 to 30 days	12,496,379	6.52%
From 31 to 60 days	7,607,133	6.52%
From 61 to 90 days	8,759,346	6.52%
From 91 to 180 days	20,774,406	6.52%
From 181 days to one year	11,650,226	6.52%
More than one year	7,866,222	6.52%
	69,153,712	**6.52%**

	December 31, 2012	
	Local Currency RD$	Weighted Average Annual Rate
From 0 to 30 days	14,686,780	6.81%
From 31 to 60 days	9,164,087	6.08%
From 61 to 90 days	11,725,940	5.96%
From 91 to 180 days	10,785,295	6.63%
From 181 days to one year	12,091,334	6.57%
More than one year	8,880,943	8.07%
	67,334,379	**6.66%**

(Continues)

(In thousands of Dominican Pesos)

At March 31, 2013 and December 31, 2012, certificates of deposit include restricted amounts for the following detailed concepts:

	March 31, 2013		
	Deceased Customers	Security Deposits	Total
Certificates of deposits	129,949	5,144,893	5,274,842

	December 31, 2012		
	Deceased Customers	Security Deposits	Total
Certificates of deposits	122,810	4,937,905	5,060,715

21 Other liabilities

Following is a description of other liabilities as of March 31, 2013 and December 31, 2012:

	2013	2012
Demand obligations, includes US$1,067 and US$863 as of 2013 and 2012, repectively (a)	1,12,805	3,366,841
Term obligations, includes US$20,115 and US$27,883 as of 2013 and 2012, respectively (b)	825,136	1,122,621
Unclaimed third party balances, includes US$741 and US$655 as of 2013 and 2012, respectively	157,017	150,574
Sundry creditors:		
Commissions payable	54,848	36,291
Accounts payable to suppliers	26,005	63,423
Withholding tax payable of third parties	36,012	30,059
Other sundry creditors	681,592	1,133,257
Other sundry creditors:		
Reserves for contingent operations, includes US$1,109 and US$2,403 as of 2013 and 2012, respectively(c)	96,501	147,165
Other provisions:		
1% Tax on productive assets	278,997	118,694
Income tax payable	291,595	6,543
Provision for litigation	111,594	105,394

(Continues)

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

Notes to the Interim Consolidated Financial Statements

As of March 31, 2013 and December 31, 2012 and for the three month Periods ended as of March 31, 2013 and 2012

(In thousands of Dominican Pesos)

Bonus and other employee benefits	419,915	1,123,055
Systemic Risk Prevention Program	91,449	96,782
Contingency fund	47,235	62,851
Accrued expenses payable	79,487	140,980
Credit card and electronic transactions	9,861	34,024
Defined benefit obligations:		
Extraordinary contributions to Pension Plan	102,056	1,274,093
Other reserves (includes US$6 in 2013 and 2012)	351,814	158,510
Items pending for allocation, includes US$287 and US$640 as of 2013 and 2012, respectively (d)	283,986	272,970
Administration funds of the Public Sector	106,720	67,024
Commissions to agents for Outstanding premiums	161,275	135,142
Tax on outstanding premiums	181,486	159,845
Withholding taxes to reinsurers	9,007	30,692
Payments received in advance	85,751	83,518
Others	126,151	116,726
	5,628,295	**10,037,074**

(a) Corresponds to financial obligations assumed by the Bank and payable on demand that includes certified checks, administration checks and others.

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

(c) Corresponds to provisions for contingent operations as per requirement of The Superintendence of Banks of the Dominican Republic (See note 16).

(d) Corresponds to creditors balances that for internal operating reasons or characteristics of the operation cannot be registered immediately on the final accounts.

(Continues)

(In thousands of Dominican Pesos)

22 Subordinated debt

	March 31, 2013			
Tipo	Local Currency RD$	Weightd Average Rate	Type of Money	Contractual Term
Subordinated debt correspond a US$297,417	12,200,401	7.125%	Dollar	10 Years
Interest paid correspond a US$3,500	143,574			
	12,343,975			

23 Technical reserves

The subsidiaries, Seguros Banreservas, S. A. and ARS Banreservas, S. A., maintain an going specific mathematical risk reserves set up to meet commitments that derive from the current insurance policies which amounted to RD$1,823,128 and RD$1,683,645 as of March 31, 2013 and December 31, 2012, respectively.

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

	March 31, 2013		
	Mathematical Reserves	Specific Reserves and Ongoing Risk	Total
Balance as of January 1st, 2013	80,828	1,602,817	1,683,645
Reserve increase	64,636	1,561,492	1,626,128
Decrease of reserve	(66,725)	(1,497,383)	(1,564,108)
Balance as of March 31, 2013	**78,739**	**1,666,926**	**1,745,665**

(Continues)

(In thousands of Dominican Pesos)

	December 31, 2012		
	Mathematical Reserves	Specific Reserves and Outgoing Risk	Total
Balance as of January 1st, 2012	56,183	1,554,985	1,611,168
Reserve increase	74,320	1,571,176	1,645,496
Decrease of reserve	(49,675)	(1,523,344)	(1,573,019)
Balance as of December 31, 2012	**80,828**	**1,602,817**	**1,683,645**

24 Income tax

The Bank and its subsidiaries calculate and pay income tax individually. The consolidated entities calculate income tax based on its accounting practices to comply with current legal requirements.

Income tax expense for the three month periods ended as of March 31, 2013 and 2012 is compose of the following:

	2013	2012
Income tax expense	271,403	70,698
	271,403	**70,698**

Law No.253-12 (concerning the strengthening of the collection ability and revenue capacity of the country for the fiscal and development sustainability), introduced significant changes to the Dominican tax law with reference to income tax expense, taxes on equity, Value Added Services (VAT) and selected tax on purchases, other measurements were adopted and requirements of General Rule 04-2011 concerning Transfer Pricing were expanded. Some of the main changes are the following:

(a) Extension of corporate income tax rate of 29% until 2013 and future reductions to 28% in 2014 and 27% beginning in 2015.

(b) Increase of VAT rate from 16% to 18% and the adoption of a reduced tax (8%) but progressive for certain products.

(Continues)

(In thousands of Dominican Pesos)

(c) Article 308 of the Dominican Tax Code established through Law 11-92 was modified to require entities that pay or credit dividends; or conduct any form of retained earnings distribution to individuals or entities, residents or non-residents of the Dominican Republic, to withhold and pay to the tax authorities a 10% tax on dividends paid.

25 Responsibilities

The subsidiaries Seguros Banreservas, S. A. and ARS Banreservas S. A. in addition to the balances of obligations related to the retained insured risks amounting to RD$982,351,434 and RD$705,634,063 as of March 31, 2013 and December 31, 2012 , respectively, have memorandum balances for salvages warehouse amounting to RD$19,689 for March 31, 2013 and December 31 2012.

As of March 31, 2013 and December 31, 2012 the retained risk assumed and assigned to insurance companies, are as follows:

	March 31, 2013	December 31, 2012
Responsibility assumed on insurance policies	982,351,434	705,634,063
Responsibility assigned on insurance policies	530,603,351	742,534,845
Less mathematical reserves	(78,739)	(80,828)
	1,512,876,046	**1,448,088,080**

26 Reinsurance

Transfer of a part or the whole risk accepted by an insurer to other insurer or reinsurer, naming original insurer to the former and reinsurer to the latter.

The reinsurers that support the companies are the following:

March 31, 2013			December 31, 2012		
Reinsurer	Type of Contract	Share (%)	Reinsurer	Type of Contract	Share (%)
Switzerland	Surplus	20	Switzerland	Surplus	20
	Cuota Share	65/100		Cuota Share	65/100
Korean	Surplus	6.5/1.50	Korean	Surplus	6.5/1.50
	Quota Share	10.00		Quota Share	10.00
XL RE L.A	Surplus	5.00			
	Cuota Share	10/15	XL RE L.A	Surplus	5.00
				Cuota Share	10/15
Hannover XL	Cuota Share	10.00	Hannover XL	Surplus	10.00

(Continues)

(In thousands of Dominican Pesos)

Nacional Borg	Surplus	7.00	Nacional Borg	Surplus	7.00
	Cuota Share	10.00		Cuota Share	10.00
Axis	Surplus	7.00	Axis	Surplus	7.00
Venezuela	Cuota Share	10.00			
General Re,	Surplus	45/35	General Re,	Surplus	40/35/10
Everest-JLT	Surplus	13/34.15	Everest-JLT	Surplus	13/34.15
	Cuota Share	40/45		Cuota Share	40/45
Navigators	Surplus	8.5/9.00	Navigators	Surplus	8.5/9.00
Redbridge	Surplus	100.00	Redbridge	Cuota Share	100.00
Thompson	Surplus	13.85	Thompson	Surplus	13.85
Awac-JLT	Surplus	3.00/2.00	Awac-JLT	Surplus	3.00/2.00
Siruis-JLT	Surplus	15.00	Siruis-JLT	Surplus	15.00

27 Equity

A summary of the Banks' equity, owned 100% by the Government of the Dominican Republic, is presented below:

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

The Bank's equity contributions are as follows:

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

b) RD$200,000 as contribution in certified bonds issued by the National Treasury in 1988.

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

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

The Bank's net profit must be used in the following manner:

50% - For amortization of no less than 5% of Certified bonds issued by the National Treasurer on behalf of the Dominican Republic Government, plus interest. The resulting surplus will cover the debt of the Dominican Government and its dependencies as approved by the Board of Directors, upon previous notice to the Executive Power.

(Continues)

35% - To Transfer to the reserve account.

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

As per to the First Resolution of the Ordinary Session of January 12, 2012, the Board of Directors approved dividends in the amount of RD$2,481,180 during 2011 as follows:

i) RD$868,413 transferred to equity reserve.
ii) RD$75,000 to redeem the National Treausry vouchers.
iii) RD$6,000 to offset interest on Treasury vouchers.
iv) RD$372,177 to offset the Dominican State debts, of which RD$184,415 have been used as of December 31, 2011.
v) RD$1,159,590 to be paid to the Dominican Republic Government in cash.

Aditionally, According to the First Resolution of the Ordinary Session of January 10, 2013, the Board of Directors approved dividends in the amount of RD$2,221,574 during 2012 as follows:

i) RD$777,551 transferred to equity reserve.
ii) RD$75,000 to redeem the National Treausry vouchers.
iii) RD$5,250 to offset interest on Treasury vouchers.
iv) RD$333,236 to offset the Dominican State debts.
v) RD$1,030,537 to be paid to the Dominican Republic Government in cash.

Also, acccording to the first Ordinary Resolution dated January 10th, 2013, the Board of Directors met and approved that retained earnings available for distribution to be granted in cash to the Dominican Republic Government and the corresponding 15% to pay off debts ,-as well as retained earnings for those concepts corresponding to year 2010 and 2011, be distributed as dividends to the Dominican State or capitalized at request of the Ministry of Finance and that previous to the delivery or capitalization, an acknowledgement of receipt must be presented to the Boad of Directors for their knowledge and approval.

Other equity reserves

In accordance with the Bank's organic law, the Bank must segregates 35% of its yearly net profit to equity reserves. As of December 31, 2012 the Bank segregated the equity reserve in the amount of RD$777,551.

Through Circular Letter SB/0682 dated December 31, 2010 the Superintendence of Banks issued a no objection to the application within the fiscal year of the segregation of 35% of net income as other equity reserves, provided that they are restricted to the guidelines for distribution of profit set by the supervisory body.

(Continues)

(In thousands of Dominican Pesos)

Revaluation Surplus

The Bank revalued its land and buildings to their estimated market value determined by independent appraisers in the year 2004, as allowed by the Prudential Rules of Capital Adequacy. The value of the revaluation was RD$915,737 and its presented net of the accumulated depreciation in the consolidated balance sheet. The Bank classified this amount as secondary capital, with the authorization of the Superintendence of Banks of the Dominican Republic.

28 Segment information

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

March 31, 2013					
Segment	Company	Jurisdiction	Functional Currency	Equity Shares	Percentage of Voting Rights Direct and Indirect
Finance	Banco de Reservas de la República Dominicana, Banco de Servicios Múltiples	Dominican Republic	RD$	3,500,000	100%
Insurance and related Services	Tenedora Banreservas, S. A. and Subsidiaries	Dominican Republic	RD$	1,501,431	97.67%
Services	Peaje Dominicano, S. A.	Dominican Republic	RD$	405	100%
				5,001,836	
	Other consolidation adjustments			(1,501,836)	
				3,500,000	

Assets, liabilities, income, expenses and net income for elimination that comprise the Consolidated Bank, are shown below:

March 31, 2013					
Company	Assets	Liabilities	Income	Expenses	Profit or Loss
Banco de Reservas de la República Dominicana, Banco de Servicios Múltiples	249,526,253	230,972,773	6,430,039	5,658,309	771,730
Tenedora Banreservas, S. A. and Subsidiaries	8,196,586	4,021,791	1,496,442	1,235,607	260,835
ARS Reservas, Inc.	216,753	90,452	110,087	109,180	907
Peaje Dominicano, S. A.	82,214	1,381	6,676	6 ,130	546
	258,021,806	235,086,397	8,043,244	7,009,226	1,034,018
Other consolidation adjustments	(5,480,271)	(1,488,334)	(61,594)	(50,136)	(11,458)
	252,541,535	**233,598,063**	**7,981,650**	**6,959,090**	**1,022,560**

(Continues)

(In thousands of Dominican Pesos)

December 31, 2012					
Segment	Company	Jurisdiction	Functional Currency	Equity Shares	Percentage Of Voting Rights Direct and Indirect
Finance	Banco de Reservas de la República Dominicana, Banco de Servicios Múltiples	República Dominicana	RD$	3,500,000	100%
Related Services	Tenedora Banreservas, S. A. and Subsidiaries	República Dominicana	RD$	1,501,431	97%
Services	Peaje Dominicano, S. A.	República Dominicana	RD$	405	100%
				5,001,836	
	Other consolidation adjustments			(1,501,836)	
				3,500,000	

Assets, liabilities, income, expenses and net income for elimination that comprise the Consolidated Bank, are shown below:

December 31, 2012					
Company	Assets	Liabilities	Income	Expenses	Profit or Loss
Banco de Reservas de la República Dominicana, Banco de Servicios Múltiples	246,347,178	228,035,178	26,251,673	23,877,152	2,374,521
Tenedora Banreservas, S. A. and Subsidiaries	7,298,228	3,412,432	6,383,714	5,572,275	811,439
ARS Reservas, Inc.	200,065	76,042	433,839	413,016	20,823
Peaje Dominicano, S. A.	84,974	3,903	84,034	108,331	(24,297)
	253,930,445	231,527,555	33,153,260	29,970,774	3,182,486
Other consolidation adjustments	(5,467,457)	(1,496,836)	(1,152,500)	(277,894)	(874,606)
	248,462,988	230,030,719	32,000,760	29,692,880	2,307,880

29 Commitments and contingencies

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

(Continues)

(In thousands of Dominican Pesos)

	At March 31, 2013	At December 31, 2012
Collateral granted:		
Endorsements	1,344,943	1,526,778
Other collateral granted	191,540	185,881
Unpaid letters of credit issued	425,242	395,594
Credit lines of automatic use	5,729,021	5,404,100
	7,690,746	**7,512,353**

At March 31, 2013 and December 31, 2012 the Bank has reserves for possible losses from this operation for the amounts of RD$96,501 and RD$147,165 respectively, which are included as reserves for contingent operations under other liabilities.

As of March 31, 2013 and December 31, 2012, the insurance subsidiary and the Health Insurance Administrator reported contingent liabilities for retained risk, estimated as follows:

	2013	2012
General risks	975,312,480	604,475,211
Individual life insurance	132,570	33,211,329
Collective life insurance	26,563,389	67,947,523
	1,002,008,439	**705,634,063**

According to the practices of the insurance company, most risks retained are reinsured under catastrophic coverage and excess loss and consequently, it is estimated that additional losses that the Bank might incur would not be significant.

(a) Leasing of offices, buildings and cash teller machines (ATM)

The Bank has subscribed lease contracts of buildings where some of its administrative offices, service offices, business centers and ATM's are located. For the three month periods ended as of March 31, 2013 and 2012, expenses for this concept amounted to RD$67,511 and RD$49,779, respectively, which are registered in other operating expenses in the accompanying consolidated income statements - statutory basis.

(b) Superintendence of Banks Fees

The Monetary Board of the Dominican Republic, requires the financial entities to make a contribution in order to cover the inspection services that are conducted by the Superintendence of Banks of the Dominican Republic. The expense for this concept for the three month periods

(Continues)

ended as of March 31 2013 and 2012, was of approximately RD$103,753 and RD$93,888, respectively, and it is registered in other operating expenses in the accompanying consolidated income statements - statutory basis.

(c) Contingency Fund

Article 64 of the Monetary and Financial Law No. 183-02 dated November 21, 2002 and the Regulation for the Operation of the Contingency Fund, assumed through 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 entities of financial intermediation for this Fund.

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

Expenses for this concept for the three month periods ended as of March 31, 2013 and 2012, was of approximately RD$44,000 and RD$54,966, respectively, and it is registered in the line item other operating expenses in the accompanying consolidated income statements - statutory basis.

(d) Fund of Banking Consolidation

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

Expenses for this concept for the three month periods ended as of March 31, 2013 and 2012, was of approximately RD$80,750 and RD$90,404, respectively and it is registered in the line item other operating expenses in the accompanying income statements - statutory basis.

(e) Credit Cards Licenses

MasterCard Credit Card

The Bank maintains a contract for the nonexclusive use of the MasterCard brand for charge card services, credit or debit card. The Bank does not pay fees for the rights of use of MasterCard. The Bank has the commitment to open a line of credit for no less than US$5 for each Master Card Gold issued. The license is perpetual; subject to the termination provisions set forth-in the contract.

(Continues)

(In thousands of Dominican Pesos)

Visa Credit Card

The Bank has a contract with a foreign company for the nonexclusive use of Visa and Electron charge card services, credit or debit card. The Bank does not pay fees for the rights of use of Visa. The duration of the license is perpetual, subject to termination as stated in the contract.

(f) Lawsuits

As of March 31, 2013 and December 31, 2012, there are several lawsuits and demands originated in the normal course of the Banks operations. The Bank considers jointly with its legal advisors that the resolution of these claims will not result in an adverse material effect. As of March 31, 2013 and December 31, 2012, the amount reserved to face these demands is of RD$111,594 and RD$105,394, respectively, and it is registered in other liabilities in the accompanying consolidated balance sheets - statutory basis.

(g) Taxes on Financial Assets

Article 12 of Law No. 139-11 dated June 22, 2011, established for a period of two (2) years after the promulgation of the Law, an annual tax of 1% on the average productive financial assets net of some exempt amounts. It also exempts the financial institutions from the obligation of liquidating and paying the tax to the total assets as established by Law 557-05. Article 40 of Law 253-12 dated November 9, 2012, extended until December 31, 2013 the current period of the Tax on the Net Productive Financial Assets. At March 31, 2013 and 2012, recorded expenses for this concept for the amounts of approximately RD$370,233 and RD$297,205, respectively, which is included in the line item of other operational expenses in the accompanying consolidated income statements - statutory basis.

30 Memorandum accounts for funds under management

Memorandum accounts for funds under management, including the balance of memorandum accounts in March 31, 2013 and December 2012 respectively, which are presented in the balance sheet consist of:

	March 31, 2013	December 31, 2012
PROMIPYME resources	700,079	568,278
PROMIDIGNA resources	98	98
PROMIPYME - PROCREA	369	187
SEH-PETROCARIBE resources	209	209
PROMICENTRAL	751,073	809,137
PROMIPYME- Fondos Fonper	640,324	737,859

(Continues)

(In thousands of Dominican Pesos)

PROMIPYME - PRESAAC loans	12,951	19,153
PROAPA loans	27,698	28,232
MI PRIMER PROGRESO loans	19,701	20,366
MI PRODEMICRO loans	10,701	12,476
Solidary banking	199,688	56,842
	2,362,891	**2,252,837**

The subsidiary Administradora de Fondos de Pensiones Reservas, S. A., manages the T-1 Pension Funds (Contributive), T-4 (distribution) and T-5 (Social Solidarity) for RD$42,833,060 and RD$40,100,381 in 2013 and 2012, respectively.

31 Financial income and expenses

A summary of financial income and expenses during the three month periods ended at of March 31, 2013 and 2012 is as follows:

	March 31, 2013	March 31, 2012
Financial Income:		
Loan portfolio		
Commercial loans	3,197,994	3,279,372
Consumer loans	839,896	715,404
Mortgage loans	383,484	323,059
	4,421,374	4,317,835
Other Investments - debt securities	1,064,218	1,116,269
Gain from investment	222,032	13,079
Insurance premiums net of returns and cancellations:		
Premiums written	938,671	1,376,870
Total	**6,644,295**	**6,824,053**
Financial expenses:		
Customer deposits	600,457	577,750
Certificates of deposits	1,255,981	1,516,249
	1,856,438	2,093,999

(Continues)

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

Notes to the Interim Consolidated Financial Statements

As of March 31, 2013 and December 31, 2012 and for the three month
Periods ended as of March 31, 2013 and 2012

(In thousands of Dominican Pesos)

Borrowings:		
Borrowed funds	97,143	98,132
Investments:		
Amortization of premium from investments in other debt securities	-	-
Loss from investments	26,796	22,953
	26,796	22,953
Reinsurance:		
Reinsurance cost	479,386	800,365
Contractual losses and obligations:		
Casualties losses and contractual obligations	287,841	280,420
Expenses for technical adjustment to reserves:		
Creation of reserves	(1,658)	595
Release of reseves	(58,388)	9,511
	(60,046)	10,106
Acquisition expense, conservation and premium collection:		
Commission and other acquisition costs of the insurance company	122,462	115,492
Total	**2,810,020**	**3,421,467**

32 Income (expenses) for exchange differences

A detail of the main income and expenses due to exchange differences were recognized during the three month periods ended on March 31, 2013 and 2012 are as follows:

	2013	2012
Income due to foreign exchange:		
Loans	898,029	177,332
Investments	22,987	13,226
Available funds	285,651	115,287
Accounts receivable	116,244	106,210
Non financial investments	2,536	633
Other assets	156	426
Other exchange differences	662	341
Sub-total	1,326,265	413,455

(Continues)

(In thousands of Dominican Pesos)

Expenses due to foreign exchange:		
Customer deposits	(996,326)	(336,034)
Borrowed funds	(256,051)	(100,132)
Financial obligation	(18,834)	(29,295)
Loans portfolio	(65,684)	(28,375)
Investments	(46)	(19)
Available funds	(2,622)	(987)
Other liabilities	(1,482)	(587)
Sub total	(1,341,045)	(495,429)
	(14,780)	**(81,974)**

33 Other operating income (expenses)

A summary of other operational income (expenses) for the three month periods ended as of March 31, 2013 and 2012 is as follows:

	2013	2012
Other operating income:		
Credit card fees	94,108	83,993
Commission on service:		
Commission on draws and transfers	29,170	30,015
Commission on certification of checks	3,332	2,964
Commision on collections	1,126	1,255
Other commission receivable	419,937	405,427
Commission on letters of credit	4,678	17,523
Commission on collaterals granted	10,546	25,045
	468,789	482,229
Commission for exchange:		
Gains on foreign exchange	135,396	159,997
Other operational income :		
Available funds	3,352	4,923
Commissions and sale of properties	-	-
Claims for medical services	107,514	103,135
Other services and contingencies	394,058	201,072
	504,924	309,130

(Continues)

(In thousands of Dominican Pesos)

Total other operational income	1,203,217	1,035,349
Other operating expenses:		
Commission on services:		
Correspondent services	3,797	4,976
Other services	38,570	40,520
	42,367	45,496
Sundry expenses:		
Commission for exchange	1,213	988
Other operating expenses	12,921	10,524
Commissions and sale of property, furniture and equipment	4,083	1,700
Claims for medical services	101,868	102,291
	120,085	115,503
Total other operating expenses	**162,452**	**160,999**

34 Other income (expenses)

Other revenues and expenses during the three month periods ended on March 31 2013 and 2012 is shown below:

	2013	2012
Other income:		
Recovery of written off assets	18,506	27,708
Decrease of reserves for risky assets	57,572	51,488
Gain on sales of assets	10,674	8,129
Non-financial investments	665	13,534
Leases of property	4,127	3,443
Others	42,602	25,058
	134,146	129,360

(Continues)

(In thousands of Dominican Pesos)

Other expenses:		
Expenses from assets received in settlements of loans	-	6,754
Sale of assets received in settlement of loans	5,479	-
Penalties for breach	168	16
Donations	1,370	1,728
Losses from thefts, assaults and frauds	16,641	2,449
Others	31,142	79,299
	54,800	90,246
Otros income, net	**79,346**	**39,114**

35 Personnel compensation and benefits

A summary of personnel compensations of March 31, 2013 and 2012 is as following:

	2013	2012
Salaries, wages and benefits to employees	1,155,698	914,779
Social Security	108,308	100,798
Contributions to pension plans	201,382	172,808
Other	472,601	425,639
	1,937,989	**1,614,024**

These amounts include RD$42.5 and RD$38.1 for 2013 and 2012, respectively, of compensation to the senior managers of the Bank, excluding the members of the Board of Directors.

As of March 31, 2013 and 2012, the Bank had 7,978 and 8,299 employees, respectively.

(In thousands of Dominican Pesos)

36 Risk assessment

A summary of assets and liabilities subject to the interest rates risk at March 31, 2013 and December 31, 2012 are shown below:

Interest rate risk

	March 2013		December 2012	
	Local Currency	Foreign Currency	Local Currency	Foreign Currency
Assets sensitive to interest rates	119,077,538	1,440,743	116,861,128	1,170,849
Liabilities sensitive to interest rates	(148,269,300)	(2,140,003)	(139,459,396)	(2,004,672)
Net position	**(29,191,762)**	**(699,260)**	**(22,598,268)**	**(833,823)**
Interest exposure	**538,445**	**560,149**	**530,299**	**81,226**

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

Liquidity risk

A detail of the maturity of assets and liabilities as of March 31, 2013 and December 31, 2012, is shown below:

	March 31, 2013					
	Up to 30 Days	31 to 90 Days	91 days to one year	1 to 5 Years	Over 5 years	Total
Assets:						
Available funds	43,435,380	-	-	-	-	43,435,380
Investments	6,396,969	974,999	4,933,163	11,956,207	15,874,201	40,135,539
Loan portfolio	31,328,123	10,727,516	20,386,865	57,051,674	35,557,642	155,051,820
Investments in shares, net	-	-	-	-	343,942	343,942
Accounts receivable	6,463,067	-	1,867,490	-	21,443	8,352,000
Other assets (i)	81,876	151,116	-	-	22,894	255,886
Total assets	**87,705,415**	**11,853,631**	**27,187,518**	**69,007,881**	**51,820,122**	**247,574,567**

(Continues)

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

Notes to the Interim Consolidated Financial Statements

As of March 31, 2013 and December 31, 2012 and for the three month Periods ended as of March 31, 2013 and 2012

(In thousands of Dominican Pesos)

Liabilities:						
Customer deposits	96,539,310	8,778,354	15,539,858	5,321,789	1,809,573	127,988,884
Deposits of local and foreign financial institutions	2,764,698	1,316,650	975,951	-	35,676	5,092,975
Certificates of deposits	12,810,317	16,582,463	31,894,710	7,866,222	-	69,153,712
Borrowed funds	2,478,474	3,624,877	3,687,043	755,395	-	10,545,789
Subordinated debt			143,574		12,200,401	12,343,975
Other liabilities (ii)	2,652,926	-	1,276,309	287,180	1,411,880	5,628,295
Total liabilities	117,245,725	30,302,344	53,517,445	14,230,586	15,457,530	230,753,630

	December 31, 2012					
	Up to 30 Days	31 to 90 Days	91 days to one year	1 to 5 Years	Over 5 years	Total
Assets:						
Available funds	42,776,266	-	-	-	-	42,776,266
Investments	3,925,919	940,534	586,734	11,730,920	20,274,001	37,458,108
Loan portfolio	48,968,377	9,810,961	23,926,518	47,769,030	24,060,199	154,535,085
Acceptances receivable	190,244	3,330	-	-	-	193,574
Investments in shares, net	-	-	-	-	343,297	343,297
Accounts receivable	117,954	7,172,840	164,919	-	357,024	7,812,737
Other assets (i)	61,975	115,950	-	-	82,892	260,817
Total assets	96,040,735	18,043,615	24,678,171	59,499,950	45,117,413	243,379,877
Liabilities:						
Customer deposits	95,710,213	7,183,728	16,115,123	2,971,416	1,464,146	123,444,626
Deposits of local and foreign financial institutions	7,322,398	1,025,398	1,871,471	3	-	10,219,270
Certificates of deposits	14,782,589	21,578,620	23,007,651	7,965,519	-	67,334,379
Borrowed funds	1,292,313	4,290,745	9,470,781	1,033,233	-	16,087,072
Outstanding acceptances	190,244	3,330	-	-	-	193,574
Other liabilities (ii)	7,280,687	-	193,095	240,607	2,326,001	10,040,390
Total liabilities	126,578,444	34,081,821	50,658,121	12,210,778	3,790,147	227,319,311

(i) This corresponds to the operations that represent a collection right for the Bank.

(ii) This is related to the operations that represent an obligation of payment for the Bank.

(Continues)

(In thousands of Dominican Pesos)

Following is the detail of liquidity ratios for the Bank (Parent Company only) as of March 31, 2013 and December 31, 2012:

	March 31, 2013		December 31, 2012	
	Local Currency	Foreign Currency	Local Currency	Foreign Currency
Liquidity risk:				
15 days adjusted	176.09%	200.33%	90.03%	186.44%
30 days adjusted	204.55%	221.98%	171.90%	253.08%
60 days adjusted	174.73%	172.62%	157.55%	172.29%
90 days adjusted	160.48%	175.24%	134.69%	166.13%
Position:				
15 days adjusted	10,118,948	208,407	(1,243,413)	199,630
30 days adjusted	12,953,407	347,904	12,028,679	391,003
60 days adjusted	12,225,384	272,788	13,816,611	275,524
90 days adjusted	12,855,667	297,011	10,813,767	263,768
Overall (months)	(12.59)	(63.13)	(9.41)	(21.13)

The regulations on liquidity risk establish that the maturities of liabilities for the period of 30 days should be covered by assets maturing in at least 80% of that amount for both currencies. At March 31, 2013 and December 31, 2012, the Bank (Parent Company) had a coverage of 204.55% and 171.90% in local currency, respectively, and 221.98% and 253.08% in foreign currency, respectively, exceeding the minimum required. For a period of 90 days it is required 70% of maturity of the adjusted liabilities. At March 31, 2013 and December 31, 2012, this ratio showed 160.48% and 134.69% in local currency, respectively, and 175.24% and 166.13% in foreign currency, respectively. The consolidated global position of assets and liabilities in local and foreign currency at March 31, 2013 and December 31, 2012, mature in 12.59 and 9.41 and 63.13 and 21.13, months, respectively, before the liabilities.

37 Fair value of financial instruments

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

	March 31, 2013		December 31, 2012	
	Book Value	Fair Value	Book Value	Fair Value
Financial assets:				
Available funds	43,435,380	N/A	42,776,266	N/A
Investments, net (a)	40,102,842	N/A	37,425,411	N/A
Loan portfolio, net (a)	149,791,090	N/A	149,287,228	N/A
Investments in shares, net (b)	192,810	N/A	192,182	N/A
	233,522,122		**229,681,087**	

(Continues)

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

Notes to the Interim Consolidated Financial Statements

As of March 31, 2013 and December 31, 2012 and for the three month Periods ended as of March 31, 2013 and 2012

(In thousands of Dominican Pesos)

Liabilities				
Customer deposit	127,988,884	N/A	RD 123,444,626	N/A
Deposit from local and forgein institutions				
Certificates of deposits	5,092,975	N/A	10,219,270	N/A
Issued (a)				
Borrowed	69,153,712	N/A	67,334,379	N/A
Funds (a)				
	10,545,789	N/A	16,087,072	N/A
	212,781,360		**217,085,347**	

(N/A) Not available.

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

(b) There is not an active stock market in The Dominican Republic where fair value of these investments in shares can be obtained; nevertheless, for investments in shares of entities that quoted in active markets had a book value of RD$35,217 and RD$34,565 repectively, fair value was RD$128,894 and RD$110,361, repectively.

38 Transactions 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 related parties for financial institutions.

Operations and significant balances with related parties as of March 31, 2013 and December 31, 2012 as defined by these regulations, are as follows:

	March 31, 2013			
	Current Loans	Past due Loans	Total	Collateral
Related through ownership	76,607,174	-	76,607,174	Unsecured
Related through management	5,878,185	17,256	5,895,441	2,070,177

(Continues)

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

Notes to the Interim Consolidated Financial Statements

As of March 31, 2013 and December 31, 2012 and for the three month Periods ended as of March 31, 2013 and 2012

(In thousands of Dominican Pesos)

	December 31, 2012			
	Current Loans	Past due Loans	Total	Collateral
Related through ownership	77,682,882	1	77,682,883	Unsecured
Related through management	5,391,587	19,370	5,410,957	3,710,660

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

The Bank maintains the amount of loans granted to related parties of the management within the limits set forth by the banking regulations.

As of March 31, 2013 and December 31, 2012, loans and deposits related to the management of the Bank includes RD$5,895 million and RD$5,411 million, respectively, granted to employees at rates more favorable than those with unrelated parties in accordance with the policy for personnel incentives.

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

	March 31, 2013		December 31, 2012	
	Effects on Balance	Revenue (Expenses)	Effects on Balance	Revenue (Expenses)
Loan portfolio	76,607,174	1,853,821	77,682,883	4,671,488
Demand deposits	26,545,542	72,316	21,924,272	317,542
Savings deposits	1,292,152	-	1,356,992	-
Other investment in debt securities	18,115,510	466,150	18,047,940	2,147,884
Time deposits	16,609,968	(163,682)	11,723,549	(1,245,414)
Interest receivable	701,809	-	338,244	-
Accounts receivable	6,326,221	-	18,205,982	-
Other liabilities	723,784	-	232,061	-

(In thousands of Dominican Pesos)

39 Pension fund

The Bank (parent company) makes contributions to the following pension plans:

a) A pension plan with defined benefits and other pension plan for the employees that are not covered by Social Security Law No. 87-01 dated May 9, 2001, established by the Social Security System of the Dominican Republic. According to the regulations of the Pension Plan, approved by the Bank´s Board of Directors, the contributions of the Bank to this plan amounts to 5.40% of the monthly salaries paid to officers and employees, plus 2.5% of the Bank´s gross profits. Additionally, the Bank may make extraordinary contributions based on the results of actuarial studies. A summary of the financial information on the plan (unaudited) is as follows:

	2013	2012
Present value of obligation for past service	(11,688,221)	(11,688,221)
Net assets of the plan	5,968,451	5,463,018
Net postion of the fund	**(5,719,770)**	**(6,225,203)**

The expenses recognized during the three months periods ended as of March 31, 2013 and 2012 amounted to RD$201,382 and RD$172,208, respectively. These expenses include extraordinary contributions amounting to RD$60,575 in both years and a liability of RD$904,614 recognized in 2012 with the purpose to cover the deficit until 2019, according to autorization of the Superintendence of Banks of The Dominican Republic.

The Superintendence of Banks through Circular Letter SB ADM/0681/10 of December 31, 2010, did not object that the Bank recognizes from 2011, an extraordinary annual payment of RD$242,300 for a period of nine years, to cover the actuarial deficit determined in accordance to the actuarial study carried out in 2007. For such effect, the Bank was required to submit to the SIB the Minutes of the Board of Directors that approved the transaction, a study with its recommendations concerning the financial position and viability over the next nine years and the balance of the actuarial deficit inclued in the plan dated December 31, 2010.This information was provided through letter ADM-1384-11 of March 14, 2011.

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

(Continues)

(In thousands of Dominican Pesos)

40 Non-monetary transactions

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

	2013	2012
Write-off of loan portfolio and investment receivable	44,526	480,745
Write-off of assets received in in loan settlements	174,510	190,856
Assets received settlements of loans	84,956	346,561
Transfer of allowance between loan portfolio and assets received in settlement of loans	332,197	342,286
Transfer between allowance for assets received in settlement of loans and loan portfolio	-	3,700
Transfers between allowance of interest receivable and allowance of loan portfolio	85,091	206,511
Transfers between allowance for contingencies and allowances for loan portfolio	-	55,900
Transfers between allowance for investments and allowance for loan portfolio	52,500	64,700
Sale of assets received in loan settlement with credit facilities	4,340	11,676
Amortization of treasury bonds	75,000	75,000
Interest on Treasury Bonds	5,250	6,000
Transfer of net income for the period to other equity reserves	-	777,551
Debt amortization of the Dominican Government	-	220,492
Transfer of factoring transactions to Loans portfolio	-	11,939,137

(Continues)

41 Subsequent events

Date March 21, 2013, through the circular SB: No. 003-13, the Superintendence of banks approved and put into effect the instructions for the preparation and presentation of the strategic plans. It is intended to establish the basic criteria that must follow intermediary financial institutions, in the preparation and presentation of the strategic plans.

42 Footnote disclosures required by the Superintendence of Banks

Resolution No. 13-1994 of the Superintendence of Banks of the Dominican Republic and its amendments, sets the minimum disclosures that the interim consolidated financial statements of financial institutions should include. As of December 31, 2012 the following notes are not included as they are not applicable or required:

- Subordinate obligations
- Earnings per share

Other disclosures:

- Discontinued significant operations
- Changes in share ownership
- Reclassification of liabilities of relative significance
- Gains or losses on sales of fixed assets or other assets, in subsidiaries, branches or offices abroad
- Losses arising from disasters
- Effects of change in market value over the book value of the investment in securities.

(Continues)